

Construction Industry Council

Committee on Procurement

Meeting No. 002/11 of Committee on Procurement (Com-PCM) was held on Friday, 13 May 2011 at 3:00p.m. at Meeting Room 1, CIC Headquarters Building, 15/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong

The following items have been discussed at the Com-PCM Meeting No. 002/11:

Agenda Item	Paper	Major Resolutions/ Progress Highlights
2.1.	CIC/PCM/R/001/11	Confirmation of the Progress Report –Members approved the Progress Report of Meeting No. 001/11 held on 29 March 2011.
2.2.	CIC/PCM/R/001/11	Matters Arising from the Previous Meeting – <u>Agenda item 1.3:</u> An informal discussion chaired by the Committee Chairman was held with some of the key industry players to solicit their views and feedback on the proposed initiatives. The proposed Terms of Reference and Membership Lists for the Task Force on NEC3 Collaborative Contracts and the Task Force on Competition Bill were drafted. This item was discussed under agenda items 2.5 and 2.6. <u>Agenda item 1.4:</u> This item was discussed under agenda item 2.7.
2.3.	CIC/PCM/P/005/11	Presentation by ACEHK/AAP/ACQS on “Issues of Common Concern to Professional Practices” – Members took note of the paper CIC/PCM/P/005/11 on the background of the presentation delivered by representatives from ACEHK, AAP, and ACQS. Members noted the following issues of common concern to professional practices: <ul style="list-style-type: none">● prefer to have separate appointment of consultants for different disciplines (e.g. architects, engineers, surveyors, etc.)● request for mandatory payment (mobilization) upon appointment of consultant● recommend to offer remuneration for Design-and-Build tender submission

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		<ul style="list-style-type: none"> ● request for additional payment for project prolongation ● express concern on scope of services outside the ambit and expertise of the consultants ● against imposing unlimited liability on consultants <p>The Chairman remarked that the Task Force on the Selection of Consultants and Contractors would take note of these concerns in their work.</p>
2.4.	Presentation	<p>Presentation by Urban Renewal Authority (URA) on Repair, Maintenance, Alternations and Addition (RMAA) Works – Members shared the experience from URA on the contract procurement on RMAA Works involved in the “Operation Building Bright”. Members noted that since a new Committee on RMAA Works would be formed under the Council soon, a Task Force on RMAA Works under the Com-PCM would not be formed to avoid possible duplication of effort. Nevertheless, the Com-PCM would be pleased to provide input and suggestions on RMAA Works if necessary.</p>
2.5.	CIC/PCM/P/006/11	<p>Proposed Terms of Reference (ToR) and Membership List for the Task Force on NEC3 Collaborative Contracts – Members took note of Paper CIC/PCM/P/006/11 which included the proposed ToR and Membership List of the Task Force on NEC3 Collaborative Contracts. Members agreed to adopt the proposed ToR subject to the following amendment:</p> <p style="text-align: center;"><i>suite</i></p> <ul style="list-style-type: none"> ● “ 1. To review the features of NEC form of contracts and deliberate its suitability for the application in Hong Kong Construction Industry;” <p>Members agreed Mr Ho Sing-mo from CLP Power to be the Chair of the Task Force and seven organizations would be invited to join the Task Force as Members including the Architectural Services Department, Drainage Services Department, Housing Authority (HA), Airport Authority Hong Kong (AAHK), MTR Corporation Limited (MTRC), Real Estate Developers Association of Hong Kong (REDA), and the Hong Kong Construction Association (HKCA). The formal invitation letters would be issued to the nominating organizations accordingly. <i>(Post-meeting note:(a) Development Bureau was also included in view of their active promotion on the use of NEC in public works contract on a pilot scheme basis. (b) invitation letters were sent on 19 May 2011)</i></p>

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2.6.	CIC/PCM/P/007/11	Proposed Terms of Reference (ToR) and Membership List for the Task Force on Competition Bill – Members took note of Paper CIC/PCM/P/007/11 which included the proposed ToR and Membership List of the Task Force on Competition Bill. Members approved the proposed ToR and agreed Dr Andrew Simpson from HKPolyU to be the Chair of the Task Force. Six organisations would be invited to join the Task Force as Members including the Development Bureau, MTRC, REDA, HKCA, Hong Kong Construction Sub-contractors Association, and Hong Kong General Building Contractors Association. The formal invitation letters would be issued to the nominating organizations accordingly. <i>(Post-meeting note: invitation letters were sent on 20 May 2011)</i>
2.7.	CIC/PCM/P/008/11	Progress Report of the Task Force on Contract Price Fluctuation System (CPFS) for Private Sector Construction Contracts – Members were briefed on the views of the Council on the final draft of the Guidelines on CPFS for Private Sector Construction Contracts. It was discussed at Council that all Guidelines published by the CIC should be applicable to both the public and private sectors of the construction industry of Hong Kong. The final draft of the Guidelines would be revised and circulated to the Committee Members for review before its submission to the next Council meeting in June 2011 for approval.
2.8.	Verbal Report	Progress Report of the Task Force on the Selection of Consultants and Contractors – It was reported that some comments were received from members of the Task Force and Task Groups on the list of content of the Guidelines for the Selection of Consultants when it was first drafted and circulated for members’ review in mid-March 2011. A Task Group meeting would be held by end May/early June.
2.9.	CIC/PCM/P/009/11	Year Plan 2011/2012 Progress Review – Members took note of Paper CIC/PCM/P/009/11 regarding the progress review of the Year Plan 2011/2012 for the Com-PCM. Regarding the potentiality of developing the Guidelines on the Milestone Payment, the Task Force Chair would solicit further views and comments from relevant stakeholders and decide the way forward for

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		discussion at the next Committee meeting.
2.10.	AOB	<p>Sharing issues discussed in the Committee on Construction Site Safety (Com-CSS) and the Committee on Manpower Training and Development (Com-MTD) – The Chairman kindly offered to share the issues currently discussed in the Com-CSS and Com-MTD if Members were interested. It was proposed that such brief discussion would be held after the Committee meeting from next meeting onwards.</p> <p>Issue on Risk Sharing – A Member raised a common concern about the risk sharing issue on the purchase of Demand Bond. As advised by the Chairman, the Secretariat would put this subject matter on the Agenda of the next meeting for Members’ discussion.</p>