

Construction Industry Council

Committee on Subcontracting

Meeting No. 002/11 of the Committee on Subcontracting for 2011 was held on 8 March 2011 (Tuesday) at 2:30pm at Room 1201, Murray Building, Central, Hong Kong.

Summary notes of the Committee on Subcontracting Meeting No. 002/11:

Agenda Item	Paper	Major Resolutions/ Progress Highlights
2.1	CIC/SBC/R/001/11	<u>Confirmation of the Progress Report</u> – Members of the Com-SBC approved the Progress Report CIC/SBC/R/001/11 of the last meeting held on 7 January 2011.
2.2		<u>Matters Arising from the Previous Meeting</u> - 2.2.1 Task Force on Security of Payment Legislation - Members were briefed on the latest progress of the industry-wide survey on payment practice conducted by the Development Bureau. Questionnaire had been finalised and training would be provided for the front-line interviewers to collect accurate and useful information from selected samples for devising practical solutions to improve the payment practice in construction industry. Members of Hong Kong Construction Association and The Hong Kong Federation of Electrical and Mechanical Contractors had volunteered to provide assistance in the training sessions for the interviewers.

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		2.2.4 Voluntary Supplier Registration System - The issue was discussed at the CIC meeting and no further action for the Committee was necessary.
2.3		<p><u>Mandatory Provident Fund</u> - Members were introduced by the representatives from the Mandatory Provident Fund Schemes Authority (MPFA) on the industry schemes specifically designed for the site personnel who were employed for a fixed period of fewer than 60 days. Members in general commented that the calculation of MPF contributions should be simplified to minimise the administrative costs and to avoid ambiguity and confusion causing unnecessary disputes between contractors and workers.</p> <p>Three calculation methods were proposed at the meeting:</p> <ul style="list-style-type: none"> i) based on the current daily paid principle by using contribution table; ii) to set a 2-tier contributions with reference to daily wages; or iii) to determine only one fixed sum of daily contribution. <p>MPF representatives would help relay Members' suggestions to MPFA's Regulation and Policy Division.</p>
2.4	SBC/SCDC/R/001/11	<u>Task Force on Standard Contract Provisions for Domestic Subcontractors</u> – Mr. Tang Ki-cheung, chairman of the Task Force, briefed Members on the progress of discussion on

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		clause 6 “Prices”. This clause being discussed at the 8th meeting was fairly controversial and it was expected that the deliberation would be completed at the next meeting.
2.5	CIC/SBC/P/013/11	<p><u>Task Force on Voluntary Subcontractor Registration Scheme Stage 2</u> – Reported by Tse Chun-yuen, chairman of the Task Force, the new composition of the Management Committee for the VSRS Stage 2 was proposed with a new member to be nominated by the Hong Kong Construction Sub-Contractors Association, one member to be nominated by MTRC or AAHK to replace the member representing Hong Kong Clients Forum and a new member to be nominated by the Labour Department.</p> <p>Members generally expressed that it was appropriate for the Labour Department to be involved in the registration approval procedures and regulatory hearing to serve as a neutral party to balance any inevitable conflict of interest among members from different sectors of the industry.</p> <p>Only lenient regulatory action would be imposed for non-convicted case of non-payment of wages, ie. the most serious regulatory action was to suspend the registration for a maximum period of three months and would not revoke the registration.</p> <p>Members generally supported the proposed improvements to VSRS Stage 2 but emphasised the importance of striking the right balance between the level of regulatory action and the impact to the industry to avoid mistakenly accuse those small-sized subcontractors who had blundered into the circumstances of late payment of wages and MPF contribution.</p>

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2.6	CIC/SBC/P/014/11	<u>Update on VSRS Operations</u> - The Secretariat updated Members on VSRS operations, including the latest number of applications, relocation of VSRS registration office, the implementation of shorter turnaround time “2+6” weeks on 1 March as well as the organisation of the first briefing session on 8 April 2011.
2.7		<u>Any Other Business</u> - a Member solicited support from industry practitioners to actively participate in the survey with face-to-face interviews to be conducted in March to April 2011 as mentioned in Paragraph 2.2.1 above.