

Construction Industry Council

Committee on Procurement

Meeting No. 003/10 of Committee on Procurement (Com-PCM) was held on Wednesday, 6 October 2010 at 2:30p.m. at Room 1201, Murray Building, Garden Road, Central, Hong Kong

The following items have been discussed at the Com-PCM Meeting No. 003/10:

Agenda Item	Paper	Major Resolutions/ Progress Highlights
3.1	CIC/PCM/R/002/10	Confirmation of the Progress Report – the Progress Report CIC/PCM/R/002/10 of the last meeting held on 22 June 2010 was approved without amendment.
3.2	CIC/PCM/R/002/10	Matters Arising from the Previous Meeting – <u>Agenda item 2.2:</u> Com-PCM and CIC Secretariat had an informal luncheon with REDA to exchange ideas on relevant subjects on 13 September 2010. <u>Agenda item 2.4</u> Housing Authority’s request for CIC to consider the initiative on Voluntary Supplier Management System (VSMS) would be reviewed by the Committee on Sub-contracting (Com-SBC). There would be no action for Com-PCM at the moment.
3.3	CIC/PCM/P/013/10	Progress Report of Meeting No. 003/10 of the Task Force on CPFS for Private Sector Construction Contracts - <u>Contract Price Fluctuation System (CPFS) for Private Sector Construction Contracts</u> The first four chapters of the proposed Guidelines were drafted and circulated to the Task Force (TF) for review. Drafting work for the main Chapter, How to adopt CPFS, had commenced. Overall progress was satisfactory. <u>IPS/Milestone Payment</u> The Task Force had agreed on the revised programme in which tasks on IPS/Milestone Payment would be handled after completion of the drafting work of the Guidelines on CPFS.

Agenda Item	Paper	Major Resolutions/ Progress Highlights
3.4	Verbal report	<p>Progress Report of Meeting No. 003/10 of the Task Force on Selection of Consultants and Contractors – The last TF meeting was held on 4 October 2010. The Task Groups had largely completed the consolidation works of the findings which were circulated to the TF members for comment. In addition, the TF had discussed the possible way forward and concluded that the following actions should be taken:</p> <ul style="list-style-type: none"> i. To continue with the consolidation works on the findings of the Task Groups, and ii. To prepare a situation evaluation / summary report for Com-PCM. <p>In order to avoid any possible duplication of efforts in dealing with the same issues in the Com-SBC, the Chairman directed CIC Secretariat to keep Com-SBC informed of what had been discussed in this Task Force.</p>
3.5	CIC/PCM/P/014/10	<p>Year Plan 2010/2011 – The proposed duration of some tasks in both Task Forces were lengthened while the overall completion dates remained unchanged. Members concurred with the proposed adjustments and endorsed the revised Year Plan 2010/2011 (see Annex A).</p>
3.6.1	AOB	<p>Guidelines on Partnering had been issued in August 2010. A technical seminar would be organised to promote the concept of partnering and collaborative contracting. Members were encouraged to support and participate in the technical seminar.</p>
3.6.2	AOB	<p>New Initiatives for 2011 and beyond - The following new initiatives were briefly discussed but not yet confirmed:</p> <ul style="list-style-type: none"> ➤ Risk Management ➤ How procurement practices relate to Sustainability and Corporate Responsibility ➤ Procurement of Repair, Maintenance, Alternation and Additions (RMAA) works to resolve the safety and quality issues <p>The CIC Secretariat reported that Committee on Construction Site Safety (Com-CSS) was tasked to look into the safety issues of RMAA works. Com-PCM Chair would raise it in the coming Council meeting and seek direction on this issue for the Com-PCM as appropriate.</p>

		Committee on Procurement Work Plan 2010/2011																																					
Task Ref. No.	Task	2009					2010												2011												Current Status	Remarks							
		7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11			12						
A. Contract Price Fluctuation System (CPFS) for Private Sector Construction Contracts																																							
A. 1	Prepare TOR and Membership List for Com-PCM endorsement, and invite the agreed stakeholders to join the Task Force																																					completed	The ToR and Membership List were endorsed by Com-PCM on 21/5; with revisions proposed and agreed by TF members.
A. 2	Take stock of experience of CPFS applied in HK (and other jurisdictions if necessary)																																					completed	Meeting No. 001/09 of the TF was held on 30/6. The stock of experience from HD, DEVB & MTRCL in the application of CPFS were taken.
A. 3	Consolidate useful CPFS principles applicable to HK and identify direction for further development																																					completed	Meeting No. 001/10 of the TF held on 30/3. The outline of the Guidelines was discussed and agreed.
A. 4	Drafting of Guidelines																																					in progress	Meetings No. 002/10 and 003/10 of the TF were held on 8/6 and 10/8. The outline of the Guidelines was further revised and drafting works in progress.
A. 5	Consult stakeholders on the draft Guidelines and fine-tuning																																					in progress	Chapters 1 - 4 of the guidelines drafted and circulated to TF Members for comments.
A. 6	Seek endorsement by the Com-PCM and the CIC for issuance																																						
B. Milestone Payment (same Task Force on CPFS for Private Sector Construction Contracts)																																							
B. 1	Initial discussion																																					completed	The first TF meeting on 30/6/09 had kicked off the initial discussion on milestone payment.
B. 2	Take stock of experience of "milestone payment" applied in HK (and other jurisdictions if necessary)																																					completed	HD, DEVB & MTRCL had shared their experience in the management of milestone payment in the TF Meeting on 28/9/09.
B. 3	Consolidate useful "milestone payment" principles applicable to HK and identify direction for further development																																					pending completion of Guidelines on CPFS first	Members deliberated on the pros and cons of Milestone payment at Meetings No. 001/10 and 002/10 of the TF held on 30/3 and 8/6.
B. 4	Drafting of Guidelines <i>(Detailed programme to be developed)</i>																																						
B. 5	Consult stakeholders on the draft Guidelines and fine-tuning <i>(Detailed programme to be developed)</i>																																						
B. 6	Seek endorsement by the Com-PCM and the CIC for issuance <i>(Detailed programme to be developed)</i>																																						

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C. Selection of Consultants and Contractors																																
C. 1	Prepare TOR and Membership List for Com-PCM endorsement, and invite the agreed stakeholders to join the Task Force																													completed	The ToR and Membership List were endorsed by Com-PCM on 9 July 09.	
C. 2	Deliberate the concerns, approaches and criteria in the selection of consultants and contractors																														completed	Members had deliberated on the issues and concerns of the selection systems at the TF meeting on 12 Nov 09.
C. 3	Consolidate the agreed principles and consult stakeholders																														in progress	Stock of experience were taken in various TF meetings on 5 Oct 09, 12 Nov 09, 21 Jan 10 and 8 Apr 10. Task Groups have been formed to continue the discussion.
C. 4	Propose recommendations on the way forward and follow up actions <i>(Detailed programme to be developed based on scope of follow up actions)</i>																													in progress	The TF meeting 003/10 was held on 4 Oct 10 to start deliberation of the way forward	
C-a: Task Group on the Selection of Consultants																																
C-a. 1	Deliberate the concerns, approaches and criteria in the selection of consultants																														completed	The 1st TG meeting was held on 29/4 to deliberate the concerns, approaches and criteria in the selection of consultants.
C-a. 2	Consolidate the agreed principles and consult stakeholders																														in progress	The 2nd TG meeting was held on 2/6. Members views on the possible solutions to individual issues were considered and under consolidation.
C-a. 3	Propose recommendations on the way forward and follow up actions <i>(Detailed programme to be developed based on scope of follow up actions)</i>																														in progress	The 2nd TG meeting was held on 2/6. Members views on the possible solutions to individual issues were considered and under consolidation.
C-b: Task Group on the Selection of Contractors																																
C-b. 1	Deliberate the concerns, approaches and criteria in the selection of contractors																														completed	The 1st TG meeting was held on 5/5 to deliberate the concerns, approaches and criteria in the selection of contractors.
C-b. 2	Consolidate the agreed principles and consult stakeholders																														in progress	The 2nd TG meeting was held on 8/6. Members views on the possible solutions to individual issues were considered and under consolidation.
C-b. 3	Propose recommendations on the way forward and follow up actions <i>(Detailed programme to be developed based on scope of follow up actions)</i>																														in progress	The 2nd TG meeting was held on 8/6. Members views on the possible solutions to individual issues were considered and under consolidation.

Legend:

- original schedule (baseline)
- Revised programme
- Extended programme
- actual progress

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Note: Updated "Tasks" are shown in blue characters