

Construction Industry Council
Committee on Construction Procurement

Meeting No. 001/18 of the Committee on Construction Procurement (Com-CPT) was held on Thursday, 14 May 2018 at 2:30pm at the Boardroom, CIC Headquarters, 38/F, COS Centre, 58 Tsun Yip Street, Kwun Tong, Kowloon.

Summary Notes of the Com-CPT Meeting No. 001/18:

Agenda Item	Paper	Major Resolutions / Progress Highlights
1.1	CIC/CPT/R/004/17 (for discussion)	Confirmation of the Minutes of Meeting No. 004/17 Members took note of the Paper CIC/CPT/R/004/17 and confirmed the Minutes of Meeting No. 004/17 held on Thursday, 14 December 2017.
1.2	CIC/CPT/R/004/17 (for discussion)	Matters Arising from the Last Meeting (a) <u>Item 4.2(a)</u> – The proposal to set up a Task Force to examine risk sharing issues would be discussed under agenda item 1.7. (b) <u>Item 4.2(d)</u> – Members noted that the framework of the CIC’s research fund was being revamped to introduce additional funding schemes to attract more industry participation and practical application of research outcomes, the revised research fund framework would be presented at the next Com-CPT meeting.
1.3	-	Progress Update on the Research titled “A Roadmap to Enhance the Subcontractor Management Mechanism in Hong Kong” A number of enhancements had been proposed to strengthen the regulatory actions under the SRS and to open up the scheme for participation by smaller companies. The following areas were being examined in the study: <ul style="list-style-type: none">- Criteria and entry barrier to be considered for registration;- Collection and dissemination of subcontractor’s performance data under the SRS; and- Incentives for adopting SRS in the private sector.

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		<p>A number of interviews had been conducted with industry stakeholders and the initial views on the key dimensions of registration criteria were as follows:</p> <ul style="list-style-type: none"> - Safety performance and qualified safety personnel; - Expertise and continuous professional development (CPD) requirements of the key management and site supervisory team; - Track record and financial strength; and - A proportion of staff being employed on monthly wages with a view to building a stable workforce. <p>The recommendations on SRS enhancements would be finalised for Com-CPT Members' further consideration in around September 2018.</p>
1.4	<p>CIC/CPT/P/001/18 CIC/CPT/P/002/18 (for discussion)</p>	<p>3-year Strategic Plan 2019-2021 and Business Plan 2019 of the Committee on Construction Procurement (including the Subcontractor Registration Scheme)</p> <p>Members endorsed the 3-year Strategic Plan and business plan of the Com-CPT and SRS, covering the following areas:</p> <p>(a) <u>to build a healthy construction market (reasonable contract price and construction period)</u></p> <p>The CIC would organise seminars for employers of both the public and private sector to share information on upcoming tenders in the near to mid-term future with consultants and contractors.</p> <p>(b) <u>to promulgate the fair and efficient allocation of contract risks</u></p> <p>The CIC would commission a study with emphasis on the cost benefits, specifically life-cycle cost of a project when risks are allocated optimally.</p> <p>(c) <u>to foster a collaborative culture</u></p> <p>The CIC would organise regular partnering workshops for industry stakeholders.</p> <p>(d) <u>to prepare the industry for the enactment of the Security of Payment Legislation</u></p> <p>The CIC would raise awareness of SoP among the construction industry via seminars and workshops.</p>

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		<p>(e) <u>to enhance the Subcontractor Registration Scheme</u> Details discussed under agenda item 1.3</p> <p>(f) <u>to upgrade the IT Systems and Staff Resources deployed to SRS</u> The CIC would upgrade the hardware and software of the SRS system and strengthen its staff resources in the enhancements to the SRS and the derived services for registered subcontractors.</p>
1.5	CIC/CPT/P/003/18 (for information)	<p>Update on Subcontractor Registration Scheme (SRS) Operations Members took note of the report on SRS Operations. There were 5,891 companies registered under the SRS with an increase of around 132 Registered Subcontractors compared to that of the last report in December 2017. A total of 118 regulatory actions had been taken against subcontractors mainly for late payments of workers' wages, MPF contributions and contraventions of safety regulations involved fatality. The new term of office of Management Committee (MC) of the SRS membership was approved at the Council Meeting on 27 April 2018. Ir CHAN Chi-chiu was appointed as the Chairman of the MC.</p>
1.6	-	<p>Progress Update of the Task Force on Selection of Contractors Members noted that the Task Force had examined a number of issues related to the best practices of selecting contractors including types of contracts, tender documents, types of tender and tender assessment. The report would be sent to a few respected industry figures for peer review.</p>
1.7	-	<p>Proposed Establishment of a Task Force to Address the Issue of Unfair Contract Conditions in Construction Projects Members took note of the proposal to set up the Task Force on Reasonable Contract Period. The scope of the Task Force would include a study to establish benchmarks for reasonable contract period and to promulgate the fair and reasonable time compensation in construction contracts.</p>
1.8	CIC/CPT/P/004/18 (for information)	<p>Updated Meeting Schedule for 2018 Members noted the tentative meeting schedule for 2018.</p>

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1.9	-	Any Other Business (a) <u>Progress Update of the Task Force on RMAA Procurement</u> : The assignment brief for engaging a consultant for the study on RMAA procurement issues was being finalised and would be issued for tender shortly. (b) <u>Other A.O.B.</u> : Ir Albert CHENG thanked Ir Henry FUNG for his contribution in the past few months on procurement and other industry development matters. Ir FUNG would leave the CIC at the end of May.

Remarks: The mentioned papers discussed at the Committee on Construction Procurement and the full minutes can be made available to Council Members from the CIC Secretariat upon request.