

Construction Industry Council

Meeting No. 001/12 of the Construction Industry Council for 2012 was held on Friday, 24 February 2012 at 2:30pm at Meeting Room 1, Construction Industry Council Headquarters, 15/F Allied Kajima Building, 138 Gloucester Road, Wan Chai, Hong Kong.

Present	:	Shing-see LEE	(SSL)	Chairman
		Andrew CHAN	(AC)	
		Siu-hung CHAN	(SHC)	
		Hau-wai CHEUNG	(HWC)	
		Paul CHONG	(PC)	
		Luen-kiu CHOW	(LKC)	
		Thomas HO	(TH)	
		Jan-ming KO	(JMK)	
		Wo-hei LAM	(WHL)	
		Christopher LEUNG	(KYL)	
		Tak-ching MAK	(TCM)	
		Lawrence NG	(LN)	
		Kevin POOLE	(KP)	
		Bay WONG	(ByW)	
		Billy WONG	(BW)	
		Conrad WONG	(CW)	
		Mike WONG	(MW)	
		Chi-sing WAI	(CSW)	Permanent Secretary for Development (Works)
		Choi-kai AU	(CKA)	Director of Buildings
		Ada FUNG	(AF)	for Permanent Secretary for Transport and Housing (Housing)
In Attendance	:	Charmaine WONG	(HWW)	Development Bureau
		Iris CHAN	(IsC)	Housing Department
		Christopher TO	(CT)	Executive Director
		Charles WONG	(CWG)	Director (Training)
		Theresa CHAN	(TCN)	Senior Manager (Finance)
		Ivan WONG	(IW)	Senior Manager (Council Services)
		Shirley LEE	(SyL)	Manager (Council Services)
Apologies		Teresa CHENG	(TC)	
		Tai-chong CHEW	(TCC)	
		James KWAN	(JK)	
		Koon-sun WAN	(KSW)	
		Wai-wai YU	(WWY)	

MINUTES

Open-door Session
Agenda Item

Action

[The open-door session of the meeting started at 3:15pm]

**1.7 Confirmation of Minutes of the Previous Meeting
(Open-door Session)**

Members took note of Paper CIC/CMT/M/006/11 and approved the minutes of the open-door session of the 6th meeting for 2011 held on Friday, 16 December 2011 at Meeting Room 1, Construction Industry Council Headquarters, 15/F Allied Kajima Building, 138 Gloucester Road, Wan Chai, Hong Kong.

1.8 Matters Arising from the Previous Meeting (Open-door Session)

6.5 5th Meeting of Committee on Procurement for 2011

Item 4.6 Having no objection not to publish the Guidelines on Interim Payment Schedules and Milestone Payment Procedures, a Member suggest that CIC should address the problem of late or non-payment due to small claims caused by minor disputes between the main contractor and the sub-contractor.

Members were informed that a survey report on Payment Practice in the Construction Industry, which was now being reviewed by the members of the Task Force on Security of Payment Legislation, would reveal the full picture of the payment practice in the local construction industry. The findings of the survey would provide useful information for the consideration of practical solutions such as administrative measures or even legislative measures to address payment problems.

To tackle the problems at the subcontract level, the Task Force on Standard Contract Provisions for Domestic Subcontract contract would develop a set of model contract clauses for use by the main contractors and subcontractors.

Another Member asked if the contract could specify

Open-door Session
Agenda Item

Action

a longer floor cycle duration for the building construction works to improve safety. Owing to the large variety in building design, it would be impractical to specify a standard floor cycle duration. To improve safety, Committee on Construction Site Safety had been looking into the pay for safety scheme. Besides, review of method statements on those construction processes with higher risk would be focused which could help contractors and architects determine the optimal floor cycle duration with sufficient safety considerations.

1.9 **1st Meeting of Committee on Environment and Technology for 2012**

Members took note of Paper CIC/CMT/P/006/12.

The following issues were highlighted:

- Item 1.3 - The Research on Establishing a Hong Kong Based Carbon Labelling Framework for Construction Materials was carried out with good progress.
- Item 1.4 – Recommended by the Task Force on Adhesion Technologies for External Wall Tiles, the Study Report and the guidelines were endorsed. The guidelines, if published, would be in the form of reference manual. The supplementary report would be replaced by study brief for the next phase study.
- Item 1.5 – A new Working Group on Building Information Modelling would be formed under the chairmanship of Ms. Ada Fung.
- Item 1.6 – The phase one of the Research on River Sand Substitutes for Concrete Production and Cement Sand Mortar Production was carried out with good progress.
- Item 1.7 – Initiated by the Working Group on Strategic Implementation of Prefabrication and Modular Construction, a study mission would be organised to visit two leading precast products factories in Shenzhen and Huizhou on 9 March 2012.
- Item 1.9 – An environmental alert on transportation of construction waste would be issued in due course.

1.10 **1st Meeting of Committee on Subcontracting for 2012**

Members took note of Paper CIC/CMT/P/007/12.

Open-door Session
Agenda Item

Action

The following issues were highlighted:

- Item 1.4 – The Task Force on Dispute Resolution Documentation was now preparing a draft report to present sample contract clauses for the implementation of dispute resolution mechanisms. A consultation seminar would be organised to seek the views of stakeholders on the adoption of the proposed five dispute resolution methods.
- Item 1.5 – The Task Force on Standard Contract Provisions for Domestic Subcontracts had devoted tremendous effort to develop provisions for the standard domestic subcontract. The draft model subcontract would be submitted to the committee for consideration in due course.

In respect of accident compensation insurance for self-employed persons, after a couple rounds of discussion with the Hong Kong Federation of Insurers, members were clear that the extension of the Employees' Compensation Insurance to cover self-employed person was not feasible for the time being since the insurance policy was devised pursuant to the Employees' Compensation Ordinance. However, some insurance companies could offer a special endorsement to the Contractors' All Risks Insurance to provide coverage for self-employed individuals. Contractors might also take out a "Contractors Liability Policy" to cover third party liability with a standard optional extension clause - "Extension of cover for self-employed persons/sole-proprietors". To help protect benefits of self-employed individuals, Com-SBC and Com-PCM would consider ways to promote this concept for the adoption of the industry.

- Item 1.6 – The VSRS management committee would review again the appropriate regulatory actions against subcontractors who had committed safety-related offences resulting in fatality.
- Item 1.7 – To address a complaint that some workers were forced to sign contracts stated with a much lower pay than were actually paid so that amount of Contractors' liability would be reduced as they were based on the pay stated in the contract when wage arrears occurred, an informal meeting was held on 16 February among representatives from HKCA, HKCSA and the labour unions to discuss and analyse the problem in depth. It was concluded that: i) no simple solution to resolve the issue if the contracting parties (i.e. employer and employee) chose to state a reduced wage in the employment contract; ii) all parties agreed to advocate a "sunshine" approach, i.e. to state the true

**Com-SBC
&
Com-PCM**

Open-door Session

Action

Agenda Item

remuneration in the employment contract; and iii) the Secretariat would issue a wage payment alert to encourage workers to sign the written employment contracts specifying the actual wage to protect their statutory rights and/or compensation benefits.

In addition, workers were advised to make reference to the prevailing wage rates for workers and reference salary announced by labour unions for the six major selected trades, namely, bar-bending (扎鐵), concreting (泥水), painting (油漆), timber formwork (釘板), scaffolding (搭棚) and plumbing (喉管) as well as to seek assistance from Labour Relation Officer if they have encountered problems associated with wages and salary when signing employment contracts.

In addition to the reference wages for skilled workers announced by the labour unions for the six major trades, the Hong Kong Construction Subcontractors Association and the labour unions would work out a set of reference wages for semi-skilled workers for those six trades such that workers could obtain more information about the reasonable salary ranges with respect to the level of skill.

[AF left the meeting at this juncture.]

1.11 5th Meeting of Construction Industry Training Board for 2011

Members took note of Paper CIC/CMT/P/008/12.

The following issues were highlighted:

- Item 5.7 – The proposal of establishing three more outdoor training grounds in Sham Shui Po, Tuen Mun and Yuen Long to increase the training capacities had been approved. Supplemented by DEVB, two extra plots of land in Kowloon Bay and Ma Tau Wai had been allocated to CIC as outdoor training grounds to clear a huge backlog of applications.
- Item 5.17 – The funds raised from this year's CICTA Sports Day cum Fun Day would be donated to the Community Chest of Hong Kong. Suggested by the Chairman, CITB would consider donating the fund to the Construction Charity Fund next year.
- Five skills enhancement courses would be offered free of charge for three months to attract more people to join the construction industry and to upgrade workers' skills through enhanced training

Open-door Session**Action****Agenda Item**

and trade testing. This initiative would be reviewed after three-month trial period.

- Three streamlining measures had been proposed by the DEVB concerning the implementation of phase two of prohibition under the Construction Workers Registration Ordinance including: i) consideration of allowing registered workers passing certain trade tests be eligible for carrying out some related trades; ii) exemption of selected construction works such as emergency or small-scale ones; and iii) simplified registration procedures for experienced workers with relevant skills. CITB supported the proposed measures in principle subject to deliberation on the details at the next meeting.
- The preliminary report on the phase one update of the manpower forecasts for 2011 – 2014 had been submitted to the advisory sub-committee on CICMF Model chaired by TCC. CITB would call an urgent meeting with CityU Professional Services (CPS) Limited with regard to the findings. Commented by DEVB, due to the inherent issues in the methodology adopted by the model which would be addressed in the phase two update, phase two should be commenced as early as possible to avoid further delay. To expedite the phase two update, it was agreed in principle to go for a single tender or issuing a variation order to CPS to cover the comprehensive updating and enhancement of both CICMF Model and the model on professional manpower resources. A special Com-MTD meeting would be arranged as soon as possible to resolve the tendering arrangement for the phase two update.
- Recruitment of instructors had become more difficult due to the rising salaries of some trades. CIC was advised to review its policy on offering standardised pay packages to all types of instructors and providing special allowances to match the salaries against market rates such that instructors of respective trades could be recruited as soon as possible.

Com-MTD

[TCM left the meeting at this juncture.]

1.12 Any Other Business

Advised by the Chairman, the attendance rates of members would be included in the CIC Annual Report 2011.

On behalf of the Council, CT extended a vote of thanks to those members for their significant contributions to the establishment of the

Open-door Session

Action

Agenda Item

Resource Centre. The grand opening on 23 February 2012 had attracted wide media coverage.

Under the theme of Zero Accident, a Safety Week would be jointly organised by DEVB and CIC from 20 – 24 May 2012. The event would comprise of various activities such as roving exhibitions, job fair, conference, site visit and CCSAS award presentation ceremony. More details would be provided at the next scheduled meeting.

DEVB would seek consultation from the Labour Advisory Board concerning the proposed amendments to levy rates under the CICO (Cap 587) and the PMCO (Cap 360). TH advised that essential statistics for medical examination for pneumoconiosis of domestic construction workers would be reported at the upcoming council meeting.

LKC expressed his deepest gratitude and appreciation to Members and respective organisations for their support and efforts to raise funds for Construction Charity Fund.

Members were advised that the Secretary for Development would introduce the bill on amalgamation of CIC and CWRA into the LegCo on 29 February 2012.

1.13 Tentative Date of Next Meeting 002/12

The next meeting was scheduled for 27 April 2012 (Friday) at 2:30pm at Meeting Room 1, Construction Industry Council Headquarters, 15/F Allied Kajima Building, 138 Gloucester Road, Wan Chai, Hong Kong.

All to note

There being no further business, the open-door session of the meeting was adjourned at 4:25pm.

*******End of the Open-door Session*******