## **Construction Industry Council**

## **Committee on Procurement**

Meeting No. 004/10 of Committee on Procurement (Com-PCM) was held on Tuesday, 30 November 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. 004/10:

Agenda Item	Paper	Major Resolutions/ Progress Highlights
4.1	CIC/PCM/R/003/10	Confirmation of the Progress Report – the Progress Report CIC/PCM/R/003/10 of the last meeting held on 6 October 2010 was approved subject to one amendment to the list of attendees that the name of Mr MW WONG should be removed as he did not attend the last meeting.
4.2	CIC/PCM/R/003/10	Matters Arising from the Previous Meeting –         Agenda item 3.4:         CIC colleagues responsible for secretarial support to the Committee on Subcontracting would be kept informed of the works of the TF on SCC.         Agenda item 3.6.1:         The Technical Seminar on Collaborative Contracting Approach would be held on 12 Jan 2011 at Theatre, Level 2, Fo Tan Railway House. CIC Secretariat thanked the Chairman for his assistance and MTRC for sponsoring of the seminar venue. Registration was opened from the date of the meeting until 20 December 2010. Members were encouraged to participate and assist to promote the event to their organisations, if appropriate. The target number of participants was 150.         Agenda item 3.6.2:         This item would be discussed under agenda item 4.6.
4.3	CIC/PCM/P/015/10	Competition Bill – Members received a presentation from representatives of Hogan Lovells, Mr Henry WHEARE and Mr Damon SO, on the background and possible impacts of the Competition Bill to the industry. Members were requested to review and provide feedback to the CIC Secretariat before next

## CIC/CMT/P/061/10 (for discussion)

Agenda Item	Paper	Major Resolutions/ Progress Highlights									
		Committee meeting, on the need for setting up a task force to review the issues and take up the follow up actions, e.g. drafting of a set of guidance notes similar to the one adopted in the United Kingdom, i.e. Construction Industry Competition Law Code of Conduct, suggest membership of the possible Task Force as well as provide input on its terms of reference, as if appropriate, for consideration.									
4.4	CIC/PCM/P/016/10	Collaborative Contract – NEC3 – Members received presentations from representative of CLP Power, Mr Sing-mo HO and representative of Drainage Service Department, Mr Keith TAM, on their experience in the adoption of NEC3 form of contracts in maintenance contract and capital works project. Members were requested to review and provide feedback to the CIC Secretariat on the necessity of setting up a task force to review the benefits and provide guidance to the industry, membership and terms of reference, before the next Committee meeting for further deliberation.									
4.5	CIC/PCM/P/017/10	Key Performance Indicators (KPIs) for Construction Industry - Members received a presentation from Dr Li, Senior Manager (Research) of CIC Secretariat on the proposed initial key performance indicators for construction industry and made comments and suggestions to the development of KPIs for the industry. In particular, Members remarked that the implications and how KPIs could address the core issues of the industry and relate to the development of the industry should be defined. Also, additional KPIs on the measurement of efficiency and productivity, research and development / innovation, training needs to cope with local and overseas' demand on both labours and professionals should be developed. Furthermore, the data collected should be comprehensive reflecting the whole industry, i.e. comprising both public and private sectors.									
4.6	CIC/PCM/P/018/10	Repair, Maintenance, Alternations and Additions Works (RMAA) - Members took note of the paper which provided a brief background of the procurement of RMAA works and a summary of observations of RMAA works under the OBB Scheme. Members were requested to review and provide feedback to the CIC Secretariat before the next Committee meeting for further deliberation.									
4.7	CIC/PCM/P/019/10	Draft Guidelines on Contract Price Fluctuation System for Private Sector Construction Contracts - The Task Force Chair (Mr Steve GRIFFIN) briefed Members on the content of the draft guidelines.									

## CIC/CMT/P/061/10 (for discussion)

Agenda Item	Paper	Major Resolutions/ Progress Highlights
		Members were requested to provide comments to both the Task Force Chair and the CIC Secretariat in two-week time. Comments would be incorporated and the final draft would be submitted to the Committee at its next meeting for endorsement and then approval by the Council for issuance. The final draft would be sent for legal vetting, if necessary, in parallel.
4.8	CIC/PCM/P/020/10	Progress Report of Meeting No. 003/10 of the Task Force on the Selection of Consultants and Contractors (TF on SCC) - Members took note of the paper no. CIC/PCM/P/020/10 which was reported by the Task Force Chair (Mr Kevin POOLE) verbally in the last Committee meeting.
4.9	CIC/PCM/P/021/10	Situation Report of TF on SCC – The Task Force Chair briefed Members on the works of the Task Force, the recommended actions together with the associated revised programme of the Task Force.
		It was also reported there were possible solutions suggested in the Task Groups to resolve the issues but they were immature to be presented to the Committee as more time would be needed for deliberation in order to reach consensus.
4.10	CIC/PCM/P/022/10	Year Plan 2010/2011 – Members took note of the revised Year Plan 2010/2011 in which the programme of the TF-SCC was updated to cope with the recommendations of the Situation Report. Members concurred with the proposed adjustments and endorsed the revised Year Plan 2010/2011. (see Annex A).
4.11	CIC/PCM/P/023/10	Meeting Schedule for 2011 - Members took note of the meeting schedule for 2011.
4.12.1	AOB	Nomination of Co-opted Member - Members had no objection to the proposed nomination of Mr Thomas KK Ho, representative of the Hong Kong Institute of Surveyors, as a co-opted member of the Committee.
4.12.2	AOB	Technical Seminar - Members were encouraged to participate and register for the Seminar on the concept of partnering and collaborative contracting to be held in Jan 2011 as soon as possible, as seats were limited.

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	Committee on Procurement Work Plan 2010/2011											
Task Ref. No.	Task	<b>2009</b> 7 8 9 10 11 12	<b>2010</b> 1 2 3 4 5 6 7 8 9 10 11 12	<b>2011</b> 1 2 3 4 5 6 7 8 9 10 11 12	Current Status	Remarks						
A. Contra Contracts	A. Contract Price Fluctuation System (CPFS) for Private Sector Construction											
	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	The initial draft guidelines is mostly ready and circulated to Com-PCM for comment						
A. 6	Seek endorsement by the Com-PCM and the CIC for issuance											
	ne Payment											
B. 1	k Force on CPFS for Private Sector Construction Contracts) Initial discussion				completed	The first TF meeting on 30/6/09 had kicked off the initial discussion on milestone payment.						
В. 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.						
В. 3	Consolidate useful "milestone payment" principles applicable to HK and identify direction for further development					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 (Detailed programme to be developed)											
B. 5	Consult stakeholders on the draft Guidelines and fine-tuning (Detailed programme to be developed)											
B. 6	Seek endorsement by the Com-PCM and the CIC for issuance (Detailed programme to be developed)											

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	Committee on Procurement Work Plan 2010/2011												
Task Ref.	Task	2009 2010				20	11		Current Status	Remarks			
No.		789	10 11 12	1 2 3	3 4 5	6 7 8 9	9 10 11 12	2 1 2 3	4 5 6	7 8 9 10 1	11 12		
C. 1	on of Consultants and Contractors 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 (Detailed programme to be developed based on scope of follow up actions)											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						Ì						
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 (Detailed programme to be developed based on scope of follow up actions)											in progress	A situation report is presented to Com-PCM for discussion.
C-a. 4	Develop the list of short-term measures for critical issues requiring urgent attention												
C-a. 5	Deliberate the implementation details, including preparation of relevant documentation, of the proposed improvement measures												
C-a. 6	Consult stakeholders, solicit supports from the relevant parties & device timeline for implementation												
C-a. 7	Deliberate the scope of the possible Guidelines to be taken up by this TF												
C-a. 8	Drafting of Guidelines (Detailed programme to be developed)												
C-a. 9	Consult stakeholders on the draft Guidelines and fine-tuning (Detailed programme to be developed)												
C-a. 10	Seek endorsement by the Com-PCM and the CIC for issuance (Detailed programme to be developed)												

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	Committee on Procurement Work Plan 2010/2011												
Task Ref.	ask Ref. No. Task		2009 2010						20	11		Current Status	Remarks
No.			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		
C-b. 1	Group on the Selection of Contractors 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.
	Propose recommendations on the way forward and follow up actions (Detailed programme to be developed based on scope of follow up actions)											in progress	A situation report is presented to Com-PCM for discussion.
	Develop the list of short-term measures for critical issues requiring urgent attention												
	Deliberate the implementation details, including preparation of relevant documentation, of the proposed improvement measures												
~	Consult stakeholders, solicit supports from the relevant parties & device timeline for implementation												
C-b. 7	Deliberate the scope of the possible Guidelines to be taken up by this TF						i						
C-b. 8	Drafting of Guidelines (Detailed programme to be developed)												
	Consult stakeholders on the draft Guidelines and fine-tuning (Detailed programme to be developed)												
	Seek endorsement by the Com-PCM and the CIC for issuance (Detailed programme to be developed)												

Legend:

original schedule (baseline) Extended programme based on recommendations actual progress

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Note: Updated "Tasks" are shown in blue characters