

**Minutes of 11th Meeting of
Construction Industry Council
held on 28 August 2008 at 2:30 p.m.
in Room 1201, Murray Building, Garden Road, Central**

Present

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| Mr Keith KERR | Chairman |
| Mr Russell BLACK | |
| Dr Andrew CAHN | |
| Ms Teresa CHENG | |
| Mr T T CHEUNG | |
| Mr James CHIU | |
| Mr CHOI Chun-wa | |
| Mr Stanley HUI | |
| Prof J M KO | |
| Mr Thomas KWOK | |
| Mr W H LAM | |
| Mr Peter LEE | |
| Mr NG Koon-kwan | |
| Mr WAN Koon-sun | |
| Mr Conrad WONG | |
| Mr Billy WONG | |
| Mr YU Wai-wai | |
| Mr C K MAK | Permanent Secretary for Development (Works) |
| Mr H W CHEUNG | Director of Buildings |
| Ms Ada FUNG | for Permanent Secretary for Transport and Housing (Housing) |
| Mr Enoch LAM | Deputy Secretary for Development (Works)2 |
| Mr K K YEUNG | Principal Assistant Secretary for Development (Works)1 |
| Mr K H TAO | Chief Assistant Secretary for Development (Works)1 |
| Mr Solomon WONG | Assistant Secretary for Development (Policy & Development)3 |
| Mr Christopher TO | Executive Director (Designate), CIC |
| Mr Charles WONG | Executive Director (Acting), CIC |
| Mr Alex LEUNG | Senior Manager (Council Services), CIC |
| Mr Ivan WONG | Senior Manager (Council Services), CIC |
| Ms Phoebe LEUNG | Manager (Council Services), CIC |

Apologies

Mr Francis BONG
Mr Thomas HO
Ir Edgar KWAN
Mr S S LEE
Mr TSE Chun-yuen

The Chairman welcomed the representatives of the Construction Industry Council Staff General Union to the open-door session of the meeting.

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Agenda Item 1: Confirmation of Minutes of the 10th Meeting held on 20 June 2008

2. The minutes circulated to Members on 25 August 2008 were confirmed without further amendments being made.

Agenda Item 2: Matters Arising

3. Members noted the following matters arising from the minutes of the last meeting –

(a) Paragraph 2(c)

The Development Bureau had secured the agreement from other Bureaus managing subvented projects to implement the Pay for Safety Scheme;

(b) Paragraph 4

The Objections Committee agreed to the publication of its decisions on generic cases on the CIC website and the Accounts Department would make corresponding arrangements;

(c) Paragraph 7

The Secretariat is in the process of negotiating with Hong Kong Construction Association to extend the service agreement for 6 months and is preparing a paper on transitional arrangements for discussion;

(d) Paragraph 8

Since mid-July 2008, the provisions for contract price fluctuations had been included in all public works contracts irrespective of the contract duration;

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(e) Paragraph 9

The Committee on Procurement had discussed the contract price fluctuation system for private sector construction contracts at its 5th meeting and the proposed actions would be discussed at the latter part of the meeting; and

(f) Paragraph 10

The proposals submitted by the British Chamber of Commerce were discussed by the Committee on Construction Site Safety at its 6th meeting.

Agenda Item 3: Guidelines on Administration Charges for Reporting of Site Accidents
[Paper No. CIC/082]

4. The imposition of administration charges by main contractors on subcontractors for providing services on the reporting of site accidents involving employees of subcontractors and processing of employees' compensation claims had been discussed by an Informal Task Force led by Ms Teresa Cheng. The Informal Task Force drafted the Guidelines on Administration Charges for Reporting of Site Accidents (Guidelines) with a view to putting forward good practices should the imposition of administration charge become necessary with a view to encouraging clear and reasonable rates of administration charges to be properly set out in tender documents and subcontracts.

5. Having considered the recommendations by the Committee on Subcontracting, Members endorsed the promulgation of the Guidelines and advised the Committee on Subcontracting to report to CIC in the first half of 2009 whether the guidelines had in fact been actually adopted.

Secretariat

Agenda Item 4: 5th Progress Report of Committee on Procurement
[Paper No. CIC/083]

6. At its 5th meeting held on 1 August 2008, the Committee was requested by the ICAC to establish a list of ethical consultants together with a reference database in relation to the cost of R&M works with a view to combating the rising corruption within the management and maintenance of private buildings. Members considered the proposal

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would involve a lot of complication in particular the mechanism for delisting without actual conviction. A task force including representatives from the Buildings Department would be formed under the Committee to examine the proposal.

7. The Committee also discussed the possible inclusion of contract price fluctuation provisions in private sector construction contracts and was of the opinion that it was inappropriate for CIC to take any views on how risk of contract price fluctuation should be shared between clients and contractors in private sector contracts. Though, the Secretariat would draft guidelines on contract price fluctuation system for voluntary adoption by private sector clients.

8. A task force would be formed under the Committee to undertake the drafting of the guidelines on partnering.

Agenda Item 5: 5th Progress Report of Committee on Manpower Training and Development
[Paper No. CIC/084]

9. The Committee held its 6th meeting on 19 August 2008 to review the progress and methodology of the manpower research for the construction industry of Hong Kong. Constructive advice was given to CityU to improve the demand forecast model.

10. As for the study commissioned by the Government on development strategy for professional resources of Hong Kong's construction and related engineering services sector, the consultant had prepared an interim report on the demand and supply framework for forecasting the situation. The recommendations would be available at the end of 2008 or early 2009.

Agenda Item 6: 4th Progress Report of the Construction Industry Training Board
[Paper No. CIC/085]

11. At its 4th meeting held on 29 July 2008, the Board endorsed a new strategy on enrolment of new students focusing on new immigrants and ethnic minorities.

12. The Board endorsed the set up of the outdoor training centre in Tin Shui Wai which was scheduled for operation in 2009 after the Chinese

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New Year.

13. CICTA was contemplating a collaboration scheme with construction companies for training civil engineering craftsmen and would submit a detailed proposal for consideration by the Board.

14. As the cost of outsourcing E&M trade tests might increase substantially, CICTA was carrying out a feasibility study on conducting in-house trade tests. The Board would make recommendations on such issues for consideration by the Committee on Administration and Finance in due course.

**Agenda Item 7: 6th Progress Report of Committee on
Construction Site Safety
[Paper No. CIC/086]**

15. At its 6th meeting held on 14 August 2008, the Committee discussed the Pay for Safety Scheme and generally preferred mandating it through legislation. The Secretariat was directed to study the feasibility of such a proposal.

16. The Committee supported in principle Hong Kong Construction Association's proposed study on the ways for detecting welding defects in the mast section of tower cranes. The Secretariat would discuss with Hong Kong Construction Association with a view to setting the scope of the study.

17. The Informal Task Force on Permanent Safety Features had clarified with the Buildings Department, the Planning Department and the Lands Department the current provisions for granting exemptions to the enclosure of gondolas in the calculation of height restrictions and the provisions were sufficient in the views of the Task Force.

18. The Informal Task Force on Working in Hot Weather would proceed to develop a scientific method for applying the recommended safety measures.

19. To seek CIC's funding for research, Members agreed that applications from individual committees of CIC could be made directly to the Committee on Administration and Finance without the need of going through the Committee on Environment and Technology.

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Agenda Item 8: 8th Progress Report of Committee on Environment and Technology [Paper No. CIC/087]

20. At its 8th meeting held on 19 August 2008, the Committee discussed the administrative framework for co-ordinating and promoting construction research and development and agreed that the Secretariat should take stock of the construction research projects of local universities and research institutes. In response to the Chairman's request, the Secretariat with the assistance from the Development Bureau would set up a reference library listing information of previous construction research projects conducted by the Government and other industry stakeholders.

Secretariat

21. The Environmental Protection Department had launched a Carbon Reduction Campaign for greenhouse gas (GHG) emission reduction and CIC was invited to take part in this Campaign. Given that the training centres of CICTA are capable of adopting the GHG emission reduction measures as suggested by the Environmental Protection Department, the Committee recommended and CIC endorsed the signing of the Carbon Reduction Charter. The Secretariat would follow up on the signing arrangement accordingly.

Secretariat

Agenda Item 9: 5th Progress Report of Committee on Subcontracting [Paper No. CIC/088]

22. At its 5th meeting held on 14 July 2008, the Committee discussed measures for enhancing security of payment including use of properly written subcontracts, payment bond, escrow account for retention money and statutory adjudication. After much deliberation, the following work plan was agreed by the Committee:

- (a) developing CIC guidelines on security of payment;
- (b) assessing the nature and extent of the security of payment problem;
- (c) examining the justification for security of payment legislation; and
- (d) if security of payment legislation was justified, formulating the framework for the legislation.

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23. Members cautioned whether CIC had the legal capacity to manage escrow accounts for retention money. This principle should be clarified first before proceeding with further discussion on the subject. Secretariat

24. Hong Kong Construction Association had commissioned the University of Hong Kong to conduct a survey of members of Hong Kong Construction Association and The Hong Kong Federation of Electrical and Mechanical Contractors Limited on cash flow problems and the findings would be copied to CIC and the Development Bureau for information. For other parts of the construction supply chain, the Committee would conduct a similar survey and a proposal was being prepared by the Secretariat.

25. The Secretariat was conducting a survey to collect feedback from contractors and subcontractors on the proposed structure and key parameters for the Register of Subcontractors (Stage 2 of the Voluntary Subcontractor Registration Scheme). The findings would be available in September 2008.

**Agenda Item 10: 2nd Progress Report of Objections Committee
[Paper No. CIC/089]**

26. At its 2nd meeting held on 25 July 2008, the Committee decided to confirm the levy assessment for the four cases, reduce the levy for one case and seek legal advice on the other two cases. The Committee also endorsed the Levy Guide No.2 to provide guidelines pertaining to objections on levy assessment.

Agenda Item 11: Any Other Business

27. Chairman reminded all committees to review and update their work plans accordingly with a view to reporting such at the next scheduled meeting. Secretariat

******End of Open-Door Session******

**CIC Secretariat
October 2008**