

Construction Industry Council

Committee on Construction Business Development

Meeting No. 001/24 of the Committee on Construction Business Development (the “Com-CBD”) for 2024 was held on Friday, 15 March 2024 at 3:30pm at the Board Room, 29/F, Tower 2, Enterprise Square Five (MegaBox), 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

Present	: Rocky POON	(LKP)	Chairperson
	David LEUNG*	(DvLg)	Prin AS (Works) 4 of Development Bureau
	Henry CHANG*	(CYS)	Ch Bldg Services Engr 2 of Housing Department
	CHAN Kim-kwong	(KKCN)	
	Calvin CHAN	(CaC)	
	CHEUNG Man-tim	(MTC)	
	Thomas HO	(KnH)	
	Louis LEE	(LMHL)	
	Barry SUM*	(BSPT)	
	Eddy TSANG	(TPC)	
	Simon WONG	(SWHW)	
Andrew YOUNG*	(AYMC)		
Ivan FU*	(FI)		
In Attendance :	Annisa NG*	(AaNg)	AS(Works Policies 4) 6
	Davy CHAN*	(DyCn)	AS (Works Policies 4) 2
	Albert CHENG	(CTN)	Executive Director
	Yan ZHOU	(YZ)	Assistant Director – Industry Development
	Timothy LEUNG	(TLG)	General Manager – Industry Development
	Gordon GUO	(GoG)	Senior Manager – Mainland Liaison Services
	Eric JIANG	(EJ)	Senior Manager – Industry Development
	Eros LAM*	(ELLT)	Manager – Management Support
	Michelle LEUNG	(MYWL)	Manager – Construction Business Development
	William WONG*	(WWYW)	Manager – Construction Productivity
	Liza LI*	(LaL)	Assistant Manager – Mainland Liaison Services

Damon HUANG	(DaH)	Assistant Manager – Mainland Liaison Services
Bosco LEUNG	(BLG)	Assistant Manager – Construction Business Development
Joyce LEUNG	(KYLg)	Senior Officer II – Construction Business Development

Apologies : Marvin CHEN (MCh)
Conrad FUNG (KKF)
J Scott MACKENZIE (JSM)
WONG Ka-lung (KLWg)

* attended the meeting online via Microsoft Teams

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Prior to the commencement of the Meeting, LKP reminded Members to declare any potential or actual conflict of interest with item(s) to be discussed at the meeting. No declaration was received during the meeting.

1.1 Confirmation of the Minutes of Meeting No. 004/23

Members took note of the paper CIC/CBDML/M/004/23 and confirmed the minutes of Meeting No. 004/23.

1.2 Matters Arising from the Last Meeting

(a) Following the item 4.2(b) from the previous meeting regarding the current state of readiness for the contractors in the RMAA field to effectively manage term contract adopting NEC, TLG reported that the CIC Secretariat has discussed this matter with the Development Bureau (“DEVB”). CIC has been advised that the adoption of NEC for term contract will proceed step by step. In the meantime, recent term contracts adopting NEC have been awarded to major contractor in RMAA field and no critical NEC management issues have been raised. The CIC Secretariat will collaborate with DEVB to provide necessary and timely training.

LKP advised to learn more about the situation regarding any difficulties from the Committee on Repair, Maintenance, Alteration and Addition (“Com-RMAA”) to facilitate

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appropriate training by the CIC. TLG agreed to collect views from the Committee Members in the upcoming Com-RMAA meeting.

- (b) Following the item 4.8 from the previous meeting regarding the progress update on the follow-up actions for recommendations of the report of the study on strategic review for uplifting construction capacity, TLG stated that the summary table reported in the previous meeting was included in the meeting document to Members for reference. The latest update would be reported under Agenda item 1.6.
- (c) Following the item 4.10(b) from the previous meeting regarding the update on the resumption of brownfield sites in Hong Kong, TLG mentioned that in accordance with the government's press release on 11 January 2024, regarding land resumption and acquisition for the remaining phase development of Kwu Tung North/Fanling North New Development Areas, the Secretariat emailed DEVB to request comprehensive information about affected business operators particularly in the construction industry. The Lands Department ("LandsD") replied on 7 February 2024 informing that letters have been sent to those affected business operators as mentioned in 2022 providing them with scheduled departure dates. Additionally, DEVB has established a multi-disciplinary team to enhance support for business operators. LandsD will maintain communication with them and provide updated information when necessary.

Moreover, the Secretariat has also requested industry associations to assist in consulting their members to collect information on the magnitude of impact and the update status for land resumption. However, as of the date of reporting, no reply has been received yet.

- (d) Following the item 4.10(f) from the previous meeting in organising a workshop to gather ideas and insights from committee members to improve safety performance from the perspective of Com-CBD, TLG reported that the respective brainstorming safety workshop was held on 15 January 2024. Subsequently, a brainstorming meeting among Council members took place on 26 January 2024, and the proposed actions would be reported under Agenda item 1.8(c).

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1.3 CIC Outstanding Contractor Award 2024

TLG briefed Members for the updates on various aspects of the Outstanding Contractor Award (“OCA”) 2024. This included information on the date, venue, categories, awards, judging panel, judging criteria, supporting organisations and promotion.

The major update was that Integrity Management Award will be introduced under the category of Major Contractor with the prerequisite requirement of joining the Integrity Charter 2.0. For the categories under Contractor, Specialist Contractor and RMAA Contractor, integrity management will be assessed based on the criteria of Environment, Social and Governance (ESG).

In addition, to align with the CIC’s “Year of Safety”, there has been a significant increase in the weightage for assessing contractors’ safety culture, which has been extended to 20% of the total.

The launching ceremony of the OCA 2024 was held on 6 March 2024 at the Multi-purpose Hall of the CIC-Zero Carbon Park.

LKP emphasised that CIC and ICAC should enhance the promotion of the Integrity Charter 2.0 to the entire construction industry.

LMHL recommended that the promotional efforts by CIC and ICAC should also target individual employees within organisations. This ensures that employees are aware of the integrity management standards of their employers and recognise how the company’s image can significantly influence their own careers. A strong initial impression is crucial.

LKP agreed with LMHL that the promotion should not only be limited to contractors but also include frontline staff and labour unions.

Members acknowledged the updates on the CIC Outstanding Contractor Award 2024.

1.4 Progress Update on Task Force on Greater Bay Area

GoG briefed Members on the progress of the Task Force on Greater Bay Area. Starting from January up to March this year, the GBA team conducted 8 visits including 6 visits to Greater Bay

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Area. Among these, 3 visits were to training institutions with representatives of the DEVB focusing on the main themes for this year which are cooperation with GBA in training, employment of professionals and AI construction. The remaining 2 visits involved companies from the GBA visiting Hong Kong to exchange experience in technology.

GoG mentioned the forthcoming work plans included the Mainland and Hong Kong Construction Forum in March 2024 such that CIC is one of the co-organisers of the forum. Additionally, job fair in April 2024, as well as two national study courses in the first and second halves of the year.

GoG also reported the 2024 Major Work Plan (“MWP”) of the Committee on Mainland Affairs in three main sections: technology exchange, business matching and strengthening ties with GBA. Regarding the cooperation of training with the training institutions in the GBA in 2024, GoG stated that the Memorandum of Understanding (“MoU”) will be scheduled to be signed during the Mainland and Hong Kong Construction Forum.

GoG briefed the contents of the MoU which consists of collaboration in training technical workers and professionals, organisation of pilot program for designated trades establishing standards for the training and skill levels of construction industry technical workers within the GBA. Through these initiatives, further development of the “One Examination, Three Certifications” arrangement in the construction industry within the GBA will be explored.

The MWP and the details of the MoU will also be reported and sought for endorsement in the upcoming Executive Committee Meeting on 22 March 2024.

EJ reported the Mainland and Hong Kong Construction Forum will be held on 26 – 27 March 2024 in Guangzhou. The objectives of the forum are to deepen cooperation between mainland and Hong Kong in the field of construction, collaborating on high-quality construction with Hong Kong, Macao and the Greater Bay Area and working together to promote the development of the "Belt and Road" initiative. The expected number of participants for the forum is up to 800.

LKP supplemented that “One Examination, Three Certifications” system for skill / trade tests in GBA benefits not only to the

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industry practitioners but also the entire construction industry, more efforts should be made through the CIC platform to cultivate this system.

KKCN reiterated that “One Examination, Three Certifications” system for trade tests must enhance the uplifting of the industry especially when importing non-local resources. Moreover KKKCN suggested considering applying the “One Examination, Three Certifications” system to material standards.

LKP responded the DEVB has noted the needs on compatibility of various standards and has been actively striving for potential opportunities.

CaC provided more updates on “One Examination, Three Certifications” system to material standards and stated that an Alliance has been established aimed at streamlining the testing standards in Greater Bay Area to be more effective and efficient.

Alternatively, TPC raised concerns about the services charges for labour import by human resources company in the Mainland. The amount spent by Hong Kong employers was not the actual amount received by the labour. LKP responded that the rate charged by accredited human resources company has been set as certain standard. In some cases, Hong Kong contractors might employ labour directly rather than through human resources company. Therefore, ensuring the salaries of labour should be secured.

Members acknowledged the updates on the progress on Task Force on Greater Bay Area.

1.5 Progress Update on Task Force on Review and Enhancement of Construction Contract Terms

TLG briefed Members on the progress of the Task Force. The Review Report of the consultancy study was approved in principle on 18 December 2023.

A total of 21 nos. of one-on-one stakeholder interviews were held in between January 2024 and March 2024 for various parties including client bodies, main contractors, sub-contractors, consultants and professional institutions. The Summary Report will be submitted by 17 March 2024.

From these interviews, several contractual pain points were

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collected such as retrospective issuance of instructions, late assessment of variations and claims, disparity of power, bonds and insurance concerns, late release of payment and bonds after completion of works, abusive use of contra charge clauses and final account settlement.

TLG mentioned that other pain points related to people and mindset, disputes arising from special conditions of contract, procedural problems, professionalism, partnerships and relationships among parties were also addressed during the interviews.

The study is scheduled to deliver the draft report in May 2024, complete the stakeholder engagement in July 2024, ready the final report in August 2024 and target to complete in October 2024.

KnH inquired whether the final report of the study would include recommendations to improve the situation regarding all pain points. KnH also asked whether the final report would make reference to reference materials previously prepared, such as template for bonds or variation management.

LKP replied that the study would provide relevant recommendations for the identified pain points while referencing existing reference materials if applicable. The follow-up action plan will be prepared after the study completed.

1.6 Progress Update on the Follow-up Actions for Recommendations of the Report of Study on Strategic Review for Uplifting Construction Capacity

TLG expressed that the follow-up actions have been reviewed by the Secretariat in collaboration with various CIC Industry Development (“ID”) departments, the Hong Kong Institute of Construction (“HKIC”) and the School of Professional Development in Construction (“SPDC”). TLG reported the updated action plan for 2024 in dealing with all the 16 initiatives / strategies.

Specifically, TLG stated strategy 4 – action to introduce wider adoption of innovative technologies to improve onsite productivity by collecting pain points through site visits / interviews has been completed under scope of Committee on Productivity. Also strategy 8 – action to leverage on overseas / mainland companies to expand on current resource pool and strategy 16 – action to

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breed new start-ups and upsize of small and medium enterprises (“SMEs”) have been completed by the establishment of GBA Hub / supply chain under scope of task force on Greater Bay Area, i.e. forthcoming committee on Mainland Affairs.

For strategy 14 – streamline design and statutory approval requirements, a meeting for self-certification was held with various government departments on 5 February 2024. A follow-up meeting to ascertain approval time pledges and explore potential streamlining processes is scheduled to be held in the end of April 2024.

LKP expressed concern about strategy 14 involves self-certification for the submissions approval by Buildings Department (“BD”) in response to the enhancing speed and enhancing efficiency in the Policy Address. TLG advised that the approval of submissions for hoarding and foundation have been discussed with BD. BD would provide reply or update after carrying out internal review.

CTN highlighted that BD would consider streamlining the duration in statutory approval processes such as submission of general building plans, structural plans and E&M plans. This item was suggested to be included in the agenda of the next follow-up meeting for discussion.

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1.7 Progress Update on 2024 Major KPIs

TLG briefed Members on the progress of 2024 Major KPIs. The corresponding items from Major Work Plan (“MWP”) and the Business Plan (“BP”) for these Major KPIs were marked in the summary table for reference.

KPI item 1 for the consultancy study on contract terms was on-track as reported in the aforesaid agenda item 1.5 and KPI item 2 regarding the follow-up of recommendations would be carried out after the completion of consultancy study.

In relating to the KPI item 4 for SOPL, the schedule to organise 2 briefing sessions would coordinate with the DEVB to align with the required timeline.

KPI item 5 to organise the Outstanding Contractor Award was also on-track as previously reported in agenda item 1.3.

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While addressing the Major KPI item 3 for NEC adoption, the Secretariat has assisted the DEVB in preparing the assignment brief for procuring trainer. The trainer will be responsible for conducting webinars and case study workshops across the six critical modules within NEC framework. Additionally, specific webinar / workshop would be organised in particular for NEC HK edition in collaboration with the DEVB.

For item 2.1a, DvLg advised that the consultancy study should review whether some good practices adopted in the public sector, including but not limited to Pay-for-safety, could be adopted in the private sector. Moreover, the consultancy study should review whether standard reference contract clauses related to safety provisions (e.g. dynamic risk assessments, design for safety and some CIC safety guidelines) could be introduced.

TLG clarified, as previously reported in agenda item 1.5 and with the consideration made by task force members, the deliverables would not provide reference clauses. Collections of views through stakeholders interviews and engagement sessions in the study such as pay for safety would include into the section of “Safety” in the Final Report of the study which would complete under BP item 2.1a.

Furthermore, TLG advised that the Secretariat will base on the standard form of private contract to prepare reference material. This material will consolidate reference clauses from the standard clauses under public works contract, as part of the follow-up under BP item 2.1b.

CTN emphasised the importance to further review “pay for safety” and explore how to allocate this provision can directly contribute to improving safety performance.

LKP concurred with CTN and suggested that the consultancy study on contract terms should explicitly recommend “pay for safety” (to be completed in BP item 2.1a). LKP also elaborated that if the client introduces “pay for safety” as a contingency measure and excluded it from the total contract sum, it could eliminate pricing “pay for safety” as one of the tendering strategies employed by contractors.

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1.8 Any Other Business

(a) Update on Security of Payment Legislation (SOPL)

TLG briefed Members on the update of the Security of Payment Legislation (SOPL). The task force meeting of SOPL was held on 1 March 2024. The major updates on SOP Bill, the details regarding the admission of adjudicators and the nomination / appointment of adjudicators were delivered.

As at the end of December 2023, a total of 252 works contracts with SOP Provisions have been tendered, and 178 of these works contracts have been awarded. No reported adjudication case has been received.

LKP emphasised that briefing sessions and workshops should be organised to promote SOPL to industry stakeholders in the appropriate time as agreed with the DEVB.

KnH inquired about the status of for the government's preparation of the code of practice. TLG responded that based on the DEVB's update during the meeting, the code of practice is currently in progress.

(b) Wider Implementation of e-Tendering System (Works Contract)

TLG briefed Members on the forthcoming wider implementation of e-tendering system in the works contract.

TLG detailed the implementation timeline for the e-tendering system which has been in use for pilot works contracts since June 2022. Following the 2-year pilot period commended in June 2022, full implementation of e-tendering system is scheduled to commence in July 2024 with one year interim arrangement in place. During the interim arrangement period from July 2024 to June 2025, it is mandatory for tenderers to submit electronic submission, with hard copy optionally to be submitted for backup purposes. Upon the end of the interim arrangement period on 1 July 2025, hard copy submission will no longer be considered.

Furthermore, a briefing session regarding the full implementation was conducted by the DEVB on 21 December

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2023. Formal letters were also issued to contractors registered on the list, informing them of this e-tendering system implementation on 24 January 2024.

Prerequisites for registering an e-tendering system account and applying for the organisational e-certificate are required.

LKP inquired whether SME contractors face difficulties in using the e-tendering system.

DvLg supplemented that positive feedback was received from the contractor associations after the briefing session in terms of the convenience in submitting tenders.

(c) Safety Brainstorming Session – Proposed Measures to Enhance Construction Safety

TLG briefed Members on the proposed actions aimed at enhancing construction safety from Com-CBD's perspective, following the brainstorming session of the Council on 26 January 2024.

To continuously cultivate and enhance safety culture, and develop pay-for-safety template for use by private construction projects, after collection of stakeholder's concerns, Com-CBD could prepare referenced contract terms and templates in relation to safety and pay for safety.

The enhancement of safety awareness in industry could be delivered throughout the OCA event. Moreover, the section of "Safety" would include in the consultancy study for the review and enhancement of construction contract terms.

LKP enquired the proposed actions were concentrated on contract-wise basis rather than work-wise basis. The responsibilities for the design for safety in particular for private developer has yet included.

TLG replied LKP that in relation to the design for safety, initiative has been addressed under the Committee on Safety. Consultant has been appointed to review the implement of the design for safety in private projects.

DvLg supplemented that various policy measures in place has been for public works projects. One of them pertains to design

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for safety, which emphasises better safety management throughout the whole project life cycle pursuant to the “Guidance Notes of Design for Safety” issued by DevB. The other policy measure focuses on buildability which requires public works projects to adopt mandatory Buildability Evaluation System (BES (E)) assessment pursuant to the “BES(E) Guideline” issued by DevB. Only after successfully passing this assessment can the invitation of works tender be proceeded with.

LKP would like to seek AYMC’s advice with the design of safety in developer’s perspective. AYMC mentioned that in his individual developer company, he is willing to implement as per the guidelines for the design of safety.

LKP also invited FI, acting in the role of Architect, to provide an opinion. FI expressed that, under his own point of view, the implementation of design for safety was considered lacking sufficient incentives.

LKP encouraged the industry stakeholders to adhere the good practices for the design of safety as implemented in the public works contracts to private projects.

(d) Thank You

CTN stated that this would be the final meeting chaired by Mr. Rocky POON for Com-CBD. On behalf of both the CIC management and the Committee, CTN expressed profound and genuine gratitude to Chairperson, Mr. Rocky POON, for his exceptional dedication and remarkable contributions to the Committee. Additionally, CTN would also like to convey the appreciation to Committee Members Mr. CHAN Kim-kwong and Mr. Simon WONG for their devoted services and valuable contributions to the Committee.

LKP also expressed the gratitude to all Committee Members and the Secretariat. LKP sincerely extended wishes for the success for the Committee on Mainland Affairs and the Committee on Construction Business Development and Productivity.

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There being no other business, the meeting was adjourned at 5:30pm.

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