

Construction Industry Council

Committee on Construction Business Development and Productivity

Meeting No. 001/24 of the Committee on Construction Business Development and Productivity (Com-CBD&PRO) was held on 19 June 2024 (Wednesday) at 2:30 pm in the Board Room, 38/F, COS Centre, 56 Tsun Yip Street, Kwun Tong, Kowloon and via MS Teams.

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|----------------|----------------|--------|---|
| Present: | Ricky LEUNG | (RyL) | Chairperson |
| | Frankie FUNG* | (FEK) | for Permanent Secretary for Development (Works) |
| | Daniel LEUNG* | (LHWD) | for Permanent Secretary for Housing (Housing) |
| | Danny HUNG | (CSH) | |
| | Leo LAI* | (LLKW) | |
| | David LEE* | (DLBF) | |
| | Simon LIU | (SiL) | |
| | Edward LO | (CPL) | |
| | Wei PAN | (PnW) | |
| | Edwin TONG | (ETg) | |
| | Eddy TSANG | (TPC) | |
| | Thomas YIP* | (TYWK) | |
| Emil YU* | (EYCO) | | |
| In Attendance: | Alex HO | (AHKK) | Director – Industry Development |
| | Yan ZHOU | (YZ) | Assistant Director – Industry Development |
| | Timothy LEUNG | (TLG) | General Manager – Industry Development |
| | Kenneth WU | (KKCW) | Senior Manager – Industry Development |
| | Zoe LAM | (ZeL) | Manager – Industry Development |
| | Michelle LEUNG | (MYWL) | Manager – Industry Development |
| | Tim SUEN | (TSTT) | Manager – Industry Development |
| | William WONG* | (WWYW) | Manager – Industry Development |
| | Bosco LEUNG* | (BLG) | Assistant Manager – Industry Development |
| Apologies: | Victor CHEUNG | (VC) | |
| | Gerald LAU | (GLTF) | |
| | Dominic LAW | (DLTK) | |
| | Yip-wing LEUNG | (LYWg) | |
| | Lawrence NG | (LN) | |

* Members attended the meeting online via MS Teams.

MINUTES

Action
All to Note

1.1 Minutes of the Previous Meeting

Members reviewed the minutes of Com-CBD Meeting No. 001/24 and Com-PRO Meeting No. 001/24, which had been confirmed by the former Committees (i.e. Committee on Construction Business Development and Committee on Productivity) respectively.

1.2 Matters Arising from the Previous Meeting

All to Note

a. Assessment Panel and Application Status of the CIC Research and Technology Development (R&D) Fund

KKCW briefed Members about the assessment procedure of R&D Fund 2024. 7 assessment panel meetings were held for 58 applications. By adopting the new assessment method, the assessment time could be reduced from 9 months to 6 months.

b. Status of Contractors in the RMAA field adopting NEC

Following the item 1.2(a) from the previous meeting of the Committee on Construction Business Development regarding the current status of readiness for the contractors in the RMAA field to effectively manage term contract adopting NEC, TLG reported that the CIC Secretariat has communicated with the Members of the Committee on RMAA and identified a lack of expertise in NEC Project Management within the RMAA industry. However, it was believed that with the gradual implementation of NEC contracts by the Development Bureau (DEVB), along with appropriate promotion and training organised by the CIC and the DEVB, the deficiency in RMAA NEC Project Management could be addressed and improved.

The DEVB will launch the NEC Term Services Contract HK Edition by the end of the year. The School of Professional Development in Construction has established a dedicated NEC Term Contract Accreditation course for professionals in the RMAA industry. The first class is scheduled to start in July 2024. It is believed that the

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readiness of RMAA contractors for NEC adoption will gradually increase.

RyL inquired FEK about the Committee's future direction on this issue. FEK responded that there is no specific timeline for full implementation of the NEC Term Contract in the RMAA sector. On this, other Members also emphasised the importance of providing sufficient training to professionals in RMAA field.

**c. Streamlining the duration in statutory approval processes
– Self Certification (refer to item 1.13)**

Following the item 1.6 from the previous meeting of the Committee on Construction Business Development regarding the streamlining the duration in statutory approval process – self certification, TLG stated that the latest update would be reported under Agenda item 1.13.

1.3 Introduction of Terms of Reference

All to Note

KKCW presented the Terms of Reference of Com-CBD&PRO to Members:

- To compile and update key performance indicators related to the construction industry and review current industry capability and productivity level in the construction industry by introducing measurable indicators for different work trades.
- To deliberate and make recommendations to the construction industry for fostering a more productive and healthy construction market through promoting best practices in areas such as tendering, risk allocation, programming, maintaining liquidity throughout the construction supply chain, project management and quality supervision, while aiming foster a collaborative culture within the construction industry.
- To strengthen the adoption of innovative solutions and techniques for enhancement of procurement, project management, quality supervision and productivity of construction process.
- To conduct, co-ordinate and promote research and development on benchmarking, streamlining, elevating or providing guidelines

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and reference materials for the productivity of construction process.

- To recommend directions and initiatives to the Council and Boards/Committees for enhancing the industry’s productivity and competitiveness.
- To provide statistics and data analytics on areas in relation to the functions of the committee such as construction productivity.

Members had no adverse comments on the Terms of Reference of Com-CBD&PRO.

1.4 2024 Key Performance Indicator (KPI) progress update

All to Note

a. KPI progress update of Construction Business Development

TLG briefed Members on the progress of 2024 Major KPIs of Construction Business Development. 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 agenda item 1.11 and KPI item 2 regarding the follow-up of recommendations would be carried out after the completion of consultancy study.

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

KPI item 5 to organise the Outstanding Contractor Award was also on-track as reported in agenda item 1.10.

While addressing the Major KPI item 3 for NEC adoption, three workshops/webinars are scheduled in July and November 2024 to promote the NEC HK Edition and NEC TSC HK Edition in collaboration with the DEVB. Additionally, the CIC would assist the DEVB in conducting in-house NEC workshops scheduled from September to November 2024.

b. KPI progress update of Construction Productivity

KKCW presented the progress update on KPI of Construction Productivity.

- i) Identify and promote practical solutions bringing significant gain to construction productivity

6 out of 10 solutions on improving construction productivity have been promoted through different events organised in Q1 and Q2 2024, including 1) Sharing Session on Acoustic Metamaterials and Drone Inspection and Surveying on 26 March 2024; 2) Global Construction Robotic Day on 7 & 8 May 2024; and 3) Technical Seminar on 17 May 2024 about High Strength Steel Material – S690.

Webinars would be arranged in Q4 2024 to promote the remaining solutions, i.e. cost-based procurement method, Artificial Intelligence Rock in Ground Investigation Logging and Concrete Sensors.

KKCW recapped some highlights of the feedback collected during the Webinar on Acoustic Metamaterials and Drone Inspection and Surveying. When considering the adoption of these two innovative technologies in construction project, project size, scope of works and time efficiency are the top three reasons rated by the participants. Building Information Modelling (BIM) and Modular Integrated Construction (MiC) are the two most common technologies being applied in both public and private projects. However, the adoption of applications of Smart Site Safety System (4S) and Common Data Environment (CDE) on-site is relatively low. The CIC planned to promote these technologies for both productivity improvement and safety enhancement.

Members suggested developing a systematic and comprehensive way to measure how innovative technologies benefit productivity in construction projects. KKCW noted the suggestions and will follow up accordingly.

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- ii) Identify innovation technology to enhance productivity in Building Projects

Innovation technology vendors would be engaged and interviewed in Q3 2024 for further promotion.

- iii) Preparation of marketing works for the CIC Innovation Award 2025

Tender on key visual design would be awarded in June 2024 while promotion strategies would be finalised.

c. KPI progress update of Modular Integrated Construction (MiC)

ZeL provided an update on the progress of KPI item 1 digital library. The focus remains on collecting MiC and MiMEP project information and launching them on existing MiC website. Collaborating with the Construction Innovation and Technology Fund (CITF) is ongoing to gather more project information on MiC and MiMEP.

ZeL reported the KPI item 2 of reference materials related to MiC. To provide an overall picture to developers and other decision makers for MiC adoption, the process map namely MiC started guide was prepared. This also helps to integrate various considerations into the entire map to avoid confusion and ensure a shared understanding. The materials would be circulated to Members for their comment.

Regarding KPI item 3 of exhibit of the MiC Resources Centre, ZeL proposed the list of potential exhibitions to be displayed. Members had no adverse comment on it. The placement of exhibit items at MiC Resources Centre will depend on the vendors' timeframe for donating the exhibits.

ZeL supplemented that KPI item 4 had been approved to be taken out in Com-PRO Meeting No. 001/24.

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KPI item 5 was reported to be on track. ZeL provided an update on the events held in 2024 for promoting MiC adoption. These events included mockup visits, site visits and factory visits. Based on the feedback from the visits, ZeL mentioned that future factory visits would be arranged whenever there are modules under fabrication. Additionally, ZeL informed that webinars and workshop will be conducted to facilitate experience sharing regarding the first MiC private-sector project, Tonkin Street.

For KPI item 6, ZeL provided an update on the existing training course related to MiC, mentioning that the course content will be regularly updated to incorporate emerging technologies in MiC. Furthermore, ZeL introduced the proposed new Master Class on MiC logistic and transportation management to Members.

Members suggested promoting the usage of concrete MiC in the industry with its long-term benefits. Members also recommended the adoption of MiC design with hybrid format (concrete and steel) and emphasized the importance of incorporation of BIM technology with MiC design. Members suggested the collaboration of the government and industry stakeholders to develop and adopt using ready-to-buy MiC modules. It could help reduce the construction process time and cost, moreover, leading to the vast development of MiC manufacturing company. ZeL noted the suggestions and will follow up accordingly.

1.5 2025 KPI & Business and Budget Plan

**CIC
Secretariat**

The Secretariat presented the proposed KPI & business and budget plans for CBD, PRO and MiC.

a. 2025 KPI & Business and Budget Plan for CBD

TLG briefed Members on the 2025 Business and Budget Plan of Construction Business Development, which included the items of “healthy construction market / gearing up to meet construction demand”, “equitable risk sharing”, “collaborative culture

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cultivation”, “security of payment legislation (SOPL)” and “outstanding contractor award”.

CSH suggested adding an item related to how IT elements can assist in construction business development, as the future development of the construction industry will rely on artificial intelligence or innovative technologies.

TLG clarified that the Construction Digitalisation Department will be responsible for this specific area. Furthermore, the ongoing construction contract terms study, scheduled to be completed by Q4 2024, would include a section providing a set of reference materials on the adoption of innovative technologies through tender procurement.

b. 2025 KPI & Business and Budget Plan for PRO

KKCW briefed Members on the 2025 Business and Budget Plan for Construction Productivity, which included the items of “Driving Smart Project Delivery”, “Promoting the Adoption of Innovation” and “Overseas Trip”.

Members suggested increasing the budget for “Overseas Trip” as the budget would not be enough for organising overseas trips. AHKK clarified that budgets are proposed for overseas trips in different departments of CIC under different Committees respectively and overseas trips could be co-organized between different Committees such that the budget for overseas trips could be shared.

c. 2025 KPI & Business and Budget Plan for MiC

ZeL briefed Members on the 2025 budget plan for MiC part, including operation and maintenance of MiC Resources Centre, promotion and engagement of adoption of MiC, development of MiC Technical Courses and adoption of consultancy for MiC associated reference materials.

CSH was concerned about the limited budget for promotion of MiC to industry stakeholders, as organising factory visits or other

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seminars workshops are necessary and should not be reduced due to the limited budget. The Secretariat would follow up and set priority on the promotion plan of MiC. Members noted with no further comments.

Members endorsed the papers CIC/CBDPRO/P/001, CIC/CBDPRO/P/002 and CIC/CBDPRO/P/003 on the proposed KPI & business and budget plans for CBD, PRO and MiC respectively. Chairperson stated that to achieve the synergy effect of the new Com-CBD&PRO, the abovementioned three business and budget plans would be combined. Moreover Chairperson also reminded that the business plans shall be circulated for Members' re-endorsement if the business plans are to be revised. To achieve the synergy effect of the new Com-CBD&PRO, the abovementioned three business and budget plans would be combined.

1.6 Safety Update

a. Safety Update

All to Note

KKCW reported that there were 6 fatal site incidents so far in 2024 and updated the recent status of the following safety events:

- CEO Safety Forum was successfully held on 11 June 2024.
- Standard and Guide on Scaffolding Safety to be issued in June 2024.
- Safety improvement course for foreman and management staff to be launched in August 2024.
- Safety performance award for frontline staff was newly added to "Life First 2024 Campaign" for Small and Medium-sized Enterprises.

Members took note of the above.

b. Year of Safety Update in the perspective of Com-CBD&PRO

All to Note

TLG briefed Members on the proposed measures to enhance construction safety from the perspective of construction business development after the safety brainstorming session. In order to cultivate and enhance safety culture, the ongoing construction

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contract terms study would prepare referenced contract terms and template in relation to Safety/Pay for Safety. Additionally, the importance of “Safety Culture” would be emphasized throughout the Outstanding Contractor Award event to enhance safety awareness in industry.

1.7 Update on Construction Innovation Expo (CIExpo) 2025 and CIC Construction Innovation Award (CIA) 2025 All to Note

KKCW reported the update on the preparation work for CIExpo 2025 and CIA 2025. The CIExpo 2025 will be held on 9-13 December 2025. The exhibition will take place at Hall 1A-1B at the Hong Kong Conference and Exhibition Centre (HKCEC), while the conference venue will be either conference room N101 at HKCEC or conference hall at nearby hotels, subject to the availability of room N101 at HKCEC. The Organising Committee (OC) was formed and the 1st OC meeting would be held on 30 July 2024. The tender invitation of the event management services would be issued in July 2024.

Members had no adverse comments on the above.

1.8 Update on Future Construction Excellence Programme All to Note

ZeL reported the status of the Future Construction Excellence (FCE) Programme. Follow up by the approval of engaging course providers under non-procurement route, the services agreements from Imperial College and Leaguer Education (力合教育) have been under vetting by legal, finance and procurement departments. ZeL also reported that the proposal of partial subsidy funding for the course to participants was approved in the Executive Committee meeting with the maximum course fee to be paid by each participant is HK\$50,000. The enrolment status is progressing well. Members had no adverse comments on the above.

1.9 Update on MiC Promotion Plan CIC Secretariat

ZeL presented the upcoming promotion plan for MiC with a focus on three target groups. Firstly, industry practitioners, to encourage more private sectors to buy into MiC by producing a comprehensive “MiC Starter Guide” to consolidate all launched reference materials into a process map for easier identification. The materials would be

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circulated for comment. Additionally, site visits and factory visits will be organized to enhance their understanding of MiC and MiMEP adoption in real cases. To foster knowledge exchange and address challenges, experience sharing seminars and workshops will be conducted, focusing on specific topics. Short video clips highlighting key concepts from previous webinars or workshops will be published and launched on MiC website. Furthermore, a MiC and MiMEP achievement ceremony will be held in the CIExpo 2025 to recognize outstanding MiC and MiMEP projects.

For the general public, ZeL reported that the MiC Resources Centre could be one of the platforms to convey more positive messages and to change their perception of MiC. Virtual tours are recommended as an effective option for showcasing MiC homes, as they can provide prospective buyers with a realistic sense of different models and configurations. The goal is to refresh the MiC brand by emphasizing its high quality and flexibility instead of low-end modular buildings.

For overseas collaborators, the Secretariat will maintain engagement with the MiC and MiMEP suppliers in the GBA. Additionally, utilising the opportunities of conferences, expos or forums to foster cross-border exchange and knowledge sharing particularly in MiC and MiMEP would contribute to technology development. Furthermore, the short video clips created for professionals and general public will be converted to English, allowing wider accessibility and understanding.

Considering the diverse target groups and initiatives regarding the MiC and MiMEP promotion plan, ZeL reported that further adjustments will be made to fine-tune the initiatives and prioritize their sequence for strategic purposes.

Members suggested addressing not only the benefits but also all the lessons learned of MiC and MiMEP. ZeL noted the suggestions and will follow up accordingly.

1.10 CIC Outstanding Contractor Award 2024

All to Note

TLG briefed Members for the updates on various aspects of the CIC Outstanding Contractor Award (OCA) 2024. This included information on the judging panel, application status, promotion plan and the assessment process.

Members acknowledged the updates on the CIC OCA 2024.

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

TLG briefed Members on the progress of the Task Force. The Summary Report of Interview Results was approved through circulation on 24 April 2024.

A draft report was submitted by the consultant on 22 May 2024, which included the identified areas of concern from stakeholder interviews and provided a list of short to medium-term and long-term recommendations. A Task Force meeting was scheduled for 27 June 2024 to allow Members to provide comments and approved the report.

RyL expressed concern about whether the Final Report would include enhanced contract terms on the HKIS/HKIA standard forms. TLG replied that in a previous meeting, the Task Force Members decided not to provide such contract terms. Instead, a list of short to medium-term and long-term recommendations would be provided.

Members suggested that the recommendations in the report should be practical for the industry to implement. Moreover, given that the final report of the study would not be available until October this year while the follow-up actions for the proposed recommendations would not have been taken place until next year, it is difficult to help with the current unfavourable construction business environment. Short to medium-term recommendations from the study were expected. TLG responded that there was a meeting with representatives from the Real Estate Developers Association of Hong Kong (REDA), who expressed their support for the report's recommendations and their intention to adopt them in the private sector. The CIC will collaborate with the REDA to prioritize the suggested recommendations and further studies would be conducted on the major items. The 2024/2025 budget has been allocated for this purpose.

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

All to Note

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.

All to Note

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1.13 **Self-Certification**

TLG briefed Members on the background and status of self-certification. The first follow-up meeting was held on 5 February 2024, followed by a lunch meeting to discuss the hoarding time pledge on 2 April 2024, and the second follow-up meeting took place on 18 June 2024. The proposed areas for self-certification include: Foundation Works, Hoarding, Slope and Temporary Works, Building Materials, Drainage Works, Water Sample and Water Supply, Fire Safety Inspection, Systems and Generators, Energy Efficiency and Lift, Escalator and Travellator.

Members suggested nominating a Member from Com-CBD&PRO to attend the meeting and conveyed the concerns.

EYCO expressed his support on the meeting, he considered it a valuable platform for the Government to listen to the industry's the pain points and difficulties, with the aim of improving current regulations and practices.

1.14 **Any Other Business**

a. Update on Security of Payment Legislation (SOPL)

All to Note

TLG briefed Members on the update of the Security of Payment Legislation (SOPL). The DEVB has published the Construction Industry Security of Payment Bill on 16 May 2024 and was gazetted on 17 May 2024. The Bill was introduced into the Legislative Council Meeting for the 1st and 2nd readings and has been referred to the House Committee Meeting in accordance with Rule 54(4) of the Rules of Procedure on 28 May 2024 and the House Committee agreed to form a Bills Committee to study the Bill in detail on 31 May 2024.

As at the end of March 2024, a total of 291 works contracts with SOP Provisions have been tendered, and 212 of these works contracts have been awarded. No reported adjudication case has been received.

b. Construction Expenditure Forecast for Public and Private Sectors

All to Note

The Secretariat updated that the Construction Expenditure Forecast Data would be circulated to the Members before public release. The target release date would be August 2024.

Action
All to Note

1.15 Next Meeting 002/24

The next meeting would be held on 25 September 2024 tentatively. The Secretariat would inform Members upon confirmation of the meeting details.

The meeting was adjourned at 5:30 pm.