

Construction Industry Council

Committee on Construction Procurement

Meeting No. 001/17 of the Committee on Construction Procurement was held on Thursday, 23 March 2017 at 2:30pm at the Boardroom, CIC Headquarters, 38/F, COS Centre, 58 Tsun Yip Street, Kwun Tong, Kowloon.

Present : Stephen LAI (SLI) Chairman
CHAN Chi-chiu (CCC)
Lawrence NG (LN)
Derrick PANG (DP)
Eliza WONG (EWYL)
Connie YEUNG (CYKY) for Permanent Secretary for
Transport and Housing (Housing)
(for Ada FUNG)
Thomas HO (KnH) Chairperson of Special Group on On-
Demand Bonds
TANG Ki-cheung (KCT) Chairperson of Task Force on
Standard Contract Provisions for
Domestic Subcontracts
TSE Chun-yuen (CYT) Chairperson of Task Force on
Enhancements to Subcontractor
Registration Scheme
HO Wai-chi (WCH) Independent Commission Against
Corruption
Francis LEUNG (FLG) Development Bureau
CHOW Luen-kiu (LKC) Hong Kong Construction Industry
Employees General Union
KU Chi-ming (CMK) Construction Site Workers General
Union
Danny HUNG (CSH) Hong Kong Construction
Association
Gary SOO (GS) Hong Kong International Arbitration
Centre
LEE Kai-yuen (KYL) Contractor's Authorised Signatory
Association
(for WONG Sing-lam)

In Attendance : CHEUNG Hau-wai (HWC) Executive Director
Miranda YEAP (MYP) Senior Manager - Council Services
LAI Chi-wai (CWL) Senior Manager - Registration Services
Rocky CHO (RYC) Manager - Council Services
Gary LEUNG (GL) Manager - Council Services

Apologies : Ada FUNG (AF) For Permanent Secretary for
Transport and Housing (Housing)
Paul CHONG (PC)
Robert LAM (PHL)
Kevin POOLE (KP)
Wilfred WU (WSCW)
HO Sing-mo (SMH) Chairperson of Task Force on NEC3
Collaborative Contracts
WONG Sing-lam (SLW) Contractor's Authorised Signatory
Association
YUEN Hung-wai (HWY) Hong Kong General Building
Contractors Association
LEE Oi-yen (OYL) Assistant Director - Registration
Services

PROGRESS REPORT

Action

The Chairperson and Members welcomed the following new Members and Co-opted Members:

(a) Members

- i) Ir Dr. Derrick PANG; and
- ii) Ms. Connie YEUNG attending the meeting on behalf of Ms. Ada FUNG

(b) Co-opted Members

- i) Mr. HO Wai-chi, representative of Independent Commission Against Corruption, replacing Mr. LEE Yat-sau; and
- ii) Mr. Gary SOO, representative of the Hong Kong International Arbitration Centre, replacing Mr. Daniel LAM

Action

1.1 Confirmation of the Progress Report of Meeting No. 004/16 of the Committee on Construction Procurement

Members took note of the Paper CIC/CPT/R/004/16 and confirmed the Progress Report of Meeting No. 004/16 of the Com-CPT held on Thursday, 1 December 2016.

1.2 Matters Arising from the Previous Meeting of the Committee on Construction Procurement

Item 4.4 – Application for CIC Research Fund – International Best Practices in Subcontractor Registration and Performance Appraisal

MYP reported that the revised research proposal incorporating Members' comments from the last meeting was endorsed by circulation on 30 December 2016. It was further endorsed by Com - ANF on 20 Jan 2017 and approved by the Council on 17 Feb 2017 respectively. The research would commence in April 2017 and was expected to be completed in 15 months.

1.3 2017 Work Plan and Budget

MYP briefed Members on the following items of Paper CIC/CPT/P/001/17, seeking Members' endorsement on the 2017 Work Plan and Budget.

(a) Selection of Contractors

A consultant was appointed to draft the reference materials. It was hoped that the final document would be ready by the end of 2017. Details would be reported under agenda item 1.7 (a).

(b) NEC3 Collaborative Contracts

Case Book on NEC3 (Volume 1) was published and the upcoming Volume 2 would cover projects from the private sector.

(c) On-demand Bond

The Standard Form of On-demand Performance Bond with Conditions was published. MYP reiterated that CIC was not promoting the use of on-demand bonds; the standard form was

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meant to serve as reference materials for the industry only.

(d) Standard Contract Provisions for Domestic Subcontract

A legal consultant was engaged to draft the Simplified Version of Standard Form of Domestic Subcontract. Details would be discussed under agenda item 1.4.

(e) RMAA Procurement

A Task Force would be set up on this subject and the appointment of Chairperson was being considered by the management of CIC.

(f) Enhancement to Subcontractor Registration Scheme

Details was discussed under agenda item 1.6.

DP shared with Members that the HKCA had commissioned a study on risk sharing in construction contracts and would like to share the findings for Com-CPT's further consideration. CSH supplemented that he would prepare a presentation on this topic for discussion at the next meeting.

**CSH /
CIC
Secretariat**

In response to LN's query, MYP responded that additional projects could be undertaken after the endorsement of the work plan provided that the Com-CPT's annual budget of \$10M was not exceeded. MYP also reminded that the Com-CPT had committed \$2M for the CIC Construction Innovation Award 2017.

Members endorsed the 2017 Work Plan and Budget in the meeting.

1.4 Reference Materials – Simplified Version of Standard Form of Domestic Subcontract

MYP reported that a legal consultant was engaged to draft the Simplified Version of Standard Form of Domestic Sub-contract. Noting the need to strike a balance between practicability and comprehensiveness for a simplified standard form, Members took note of the Paper CIC/CPT/P/002/17 and endorsed the Reference Materials – Simplified Version of Standard Form of Domestic Subcontract.

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1.5 Amendments to the Rules & Procedures for the Primary Register of the Subcontractor Registration Scheme

CWL briefed the proposed amendments to the Rules & Procedures of the SRS, as recommended by the Task Force on Enhancement to SRS, on the extension of the registration period from the current 2 years to 3 or 5 years to be selected by the applicants according to their business needs with a view to lessen the administrative burdens while keeping the annual registration fee on existing level. Members exchanged views on the proposal and endorsed it in the meeting.

1.6 Update on Subcontractor Registration Scheme (SRS)

Members took note of Paper CIC/CPT/P/004/17 of the latest status of SRS operations. CWL reported that as of February 2017, there were 5,486 contractors registered under the SRS. This indicated a moderate increase of around 50 companies compared with the last report in December 2016. Regarding the regulatory actions taken during the 1st quarter of 2017, 2 companies had filed appeals against the decisions of the Management Committee of the SRS which would be heard by a separate Appeal Panel in accordance with the Rules & Procedures of the SRS.

1.7 Any Other Business

(a) Progress Update of the Task Force on Selection of Contractors

MYP reported that Samson Wong & Associates Property Consultancy Ltd. was commissioned to draft the Reference Materials on Selection of Contractors. The Consultant attended a meeting with Members of the Task force on 6 Mar 2017 and agreed on the general direction and scope. It was expected that the final draft would be completed by the end of 2017.

MYP informed Members that the CIC had a meeting with Building and Construction Authority (BCA) from Singapore recently where they exchanged views on the subject.

(b) Progress Update of the Task Force on NEC3 Collaborative Contracts

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RYC reported that after the last Committee Meeting, a Task Force meeting was held where Members shared their views and experiences on the recent development of NEC3 in the construction industry. Some topics to be explored included (a) incentives for the private sector to adopt NEC; and (b) the enhancement of training for site and supervisory staff. To address the needs of some contractors who experienced operational difficulties in adopting NEC, the Secretariat would aim to organise some in-depth seminars for the industry.

FLG updated Members that currently 64 government works or projects which adopted NEC3 were either being tendered out or in progress. To date, 7 NEC3 projects were completed.

CYKY commented that the Housing Department supported the partnering principle of NEC. HA Standard Form of Contract (HA General Conditions of Contract 2013 Edition) had already adopted such partnering principle and thereby, the Housing Department had no plan to adopt NEC3 for their projects.

GS suggested to conduct a research on NEC related topics such as the effectiveness of NEC. MYP reiterated that the CIC was in support of all forms of collaborative contracts and NEC3 was just one of the examples. SLI concluded that experience sharing sessions could be arranged when some more construction projects adopting NEC3 in the private and public sectors were carried out.

After much deliberation, Members generally agreed that the development of NEC3 should be monitored and its effectiveness evaluated as more experience is gained in this area.

(c) CIC Construction Innovation Award 2017

MYP briefed Members on the latest progress of the CIC Construction Innovation Award 2017 and a video was shown in the meeting. Members were encouraged to help promote the event to their peers and colleagues.

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(d) Other A.O.B.

KCT shared with Members that a BIM Conference organized by HKIS would be held in November 2017. Members were encouraged to participate.

1.8 Date of Next Meeting

The next meeting would be scheduled for Wednesday, 14 June 2017 at 2:30pm at the Boardroom, CIC Headquarters, 38/F COS Centre, 56 Tsun Yip Street, Kwun Tong, Kowloon. **All to note**

There being no further business, the meeting adjourned at 4:00 p.m.

CIC Secretariat
April 2017