

Construction Industry Council

Committee on Procurement

Meeting No. 001/11 of the Committee on Procurement was held on Tuesday, 29 March 2011 at 2:30 pm at Room 1201, Murray Building, Garden Road, Central, Hong Kong

Present	:	Tai-chong CHEW	(TCC)	Chairman
		Andrew CHAN	(AC)	
		Siu-hung CHAN	(SHC)	
		Thomas HO	(TH)	
		Wai-wah HO	(WWH)	
		Oi-ki Peter LAM	(OKL)	
		Wo-hei LAM	(WHL)	
		Kam-hung YU	(KHY)	
		Steve GRIFFIN	(SGN)	MTR Corporation Limited
		Kevin POOLE	(KP)	Airport Authority Hong Kong
		Ming-wai LAU	(MWL)	Chinese Estates Holdings Limited
		Thomas Kwok-kwan HO	(THO)	Hong Kong Institute of Surveyors
		David TONG	(DT)	Development Bureau
	Wah-hoi MOK	(WHM)	Independent Commission Against Corruption	
In Attendance	:	Kwok-hung LI	(KkHL)	Civil Engineering and Development Department
		Sheron LI	(SNL)	Architectural Services Department
		Stephen KWOK	(SK)	Housing Authority
		Wai-lok TONG	(WLT)	The Association of Consulting Engineers of Hong Kong (ACEHK)
		Alex LEUNG	(AL)	Senior Manager (Council Services) 1
		Summer LEE	(SrL)	Manager (Research)
		Priscilla NG	(PN)	Assistant Officer
Apologies	:	Duncan PESCOD	(DWP)	
		Ada FUNG	(AF)	
		Irene CHENG	(ICG)	Housing Authority
		Alex KWAN	(AKN)	The Association of Consulting Engineers of Hong Kong (ACEHK)

PROGRESS REPORT

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1.0 Opening of the meeting

The Chairman welcomed Mr Thomas KK Ho, representative of the Hong Kong Institute of Surveyors (HKIS), who newly joined the Committee as a Co-opted member and attended the Committee meeting for the first time.

Besides, Mr Stephen Kwok from Housing Authority attended the meeting on behalf of Ms Ada Fung and Mrs Irene Cheng while Mr Wai-lok Tong from The Association of Consulting Engineers of Hong Kong (ACEHK) attended the meeting on behalf of Mr Alex Kwan.

The Chairman shared the following messages and updates with the Committee members:

- The Secretary for Development highlighted three challenges confronting the construction industry, which were to progressively transform the current construction industry into i) a Caring Industry; ii) a Harmonious Industry and iii) a Progressive Industry. The Chairman opined that the Committee on Procurement should look into areas on how to move the construction industry towards a caring and collaborative industry;
- The Chairman stated that he was the Chair of a sub-committee under the Committee on Manpower Training and Development of the CIC focusing on the modeling of construction manpower resources. As the trade classification under the Construction Workers Registration Authority might not be comprehensive enough, the appointed consultant was tasked to look at this matter and further review the model.
- MTRC, CIC, Labour Department and the Hong Kong Construction Association (HKCA) had jointly organised a job fair on 26 and 27 February 2011 which attracted about 2200 peoples.

1.1 Confirmation of the Progress Report of the Committee Meeting No. 004/10

Members took note of the Paper CIC/PCM/R/004/10 and approved the progress report of the last meeting held on Tuesday, 30 November 2010 at Room 1201, Murray Building, Garden Road, Central, Hong Kong.

1.2 Matters Arising from the Previous Meeting

(a) Agenda items 4.3, 4.4 & 4.6:

Responses were received from a number of Members regarding the necessity of setting up task forces on the three possible new initiatives. This item was discussed under agenda item 1.3.

(b) Agenda item 4.7:

This item was discussed under agenda item 1.4.

(c) Agenda item 4.12.1:

Mr Thomas KK Ho of the HKIS had been invited to join Com-PCM as a Co-opted Member.

(d) Agenda item 4.12.2:

The Technical Seminar on Collaborative Contracting Approach was successfully held on 12 January 2011.

1.3 Feedback on the New Initiatives for 2011 and Beyond

Members took note of the paper CIC/PCM/P/001/11 and provided the following comments:

Competition Bill

- Members supported the setting up of a Task Force on this new initiative in general;
- Members suggested the Task Force should aim to provide guidance to the industry stakeholders, especially the small and medium enterprises (SMEs), for reference with regard to the new Competition Law to ensure compliance and avoid possible pitfalls.
- The Chairman asked Members for volunteer / nomination(s) as the chairperson and members of the new Task Force. Members were requested to provide their feedbacks to the CIC Secretariat in a week's time for further deliberation; and
- A Member suggested and other Members agreed that the Task Force should be led by a legal professional.

All

NEC3

- Members supported the setting up of a Task Force on this new initiative in general;
- It was suggested that the Task Force should first evaluate the effectiveness and appropriateness of adopting NEC3 in view of the local context of Hong Kong before promoting for its wider adoption. In addition, a Member commented that

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measurable evidences of its benefits and advantages compared to the traditional forms of contract should be collected and be made available in order to convince the key industry stakeholders for its adoption;

- Members generally agreed that the Task Force should take stock of experience of NEC application, evaluate its effectiveness and devise measures to increase the industry awareness of it; and
- The CIC Secretariat would set up an informal meeting chaired by the Committee Chairman with the key industry players, including the Airport Authority Hong Kong (AAHK), MTRC, Development Bureau (DEVB), Hong Kong Construction Association (HKCA), etc, to preliminary review the initiative and recommend the findings to the Committee at its next meeting.

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Repair, Maintenance, Alteration and Addition Works (RMAA)

- Before deciding whether a Task Force on RMAA should be established, Members agreed to ICAC's suggestion that representatives of Hong Kong Housing Society (HKHS) and Urban Renewal Authority (URA) should be invited to deliver presentations and share with Members on the challenges and problems on RMAA in the next Committee meeting as they had managed a number of RMAA projects under the Operation Building Bright (OBB);
- Members suggested representatives from Hong Kong Institute of Architects (HKIA) and Hong Kong Institute of Surveyors (HKIS) should also be invited to participate in the discussion of this item;
- THO and WWH would collect the feedbacks and comments from HKIS and the Hong Kong General Building Contractors Association (HKGBCA) respectively and would report back to the Committee at its next meeting; and
- Assuming the Task Force would be set up, the Chairman asked Members for volunteer / nomination(s) as the chairperson as well as members of the Task Force. Members were requested to provide their feedbacks to the CIC Secretariat in a week's time for further deliberation.

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1.4 Final Draft Guidelines on the Contract Price Fluctuation System (CPFS) for Private Sector Construction Contracts

SGN briefed Members the content of the final draft guidelines.

The final draft Guidelines circulated to the Committee

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Members had been copy-edited. Standard disclaimer for CIC Guidelines had been included in the final draft and hence further legal vetting was considered not necessary.

Although REDA's representative had contributed to the preparation of the Guidelines, it was suggested that a pre-launch briefing session to be organized with REDA to further promote it. **SGN/CIC Secretariat**

Members endorsed the final draft guidelines as set out in paper CIC/PCM/P/002/11. Upon approval by the Council, the CIC Secretariat would arrange for Chinese translation of the document before its publication.

1.5 Progress Report of Task Force on the Selection of Consultants and Contractors

It was reported two Task Groups meetings were held during the reporting period. Both task groups agreed that Guidelines should be developed for the industry's reference, one for the Selection of Consultants and one for the Selection of Contractors. The list of content of the Guidelines for the Selection of Consultants was drafted and circulated to both members of the Task Groups and Task Force for review. The Guidelines for the Selection of Contractors would adopt a similar list of content.

1.6 Year Plan for 2011/2012

AL introduced the paper CIC/PCM/P/003/11 regarding the Year Plan 2011/2012 for the Committee on Procurement which was accepted by the Members.

AL remarked that programmes for the potential new task forces would be developed after agreement from the Committee on the ways forward was sought.

1.7 Revised Meeting Schedule for 2011

Members took note of the revised meeting schedule for 2011.

1.8 Any Other Business

1.8.1 Anonymous Letter on Award of Low Bid

The Chairman informed Members that the CIC Secretariat had received an anonymous letter in January 2011 titled "Task Force on Consultant Procurement" mentioning "How can BD justify awarding at such a low fee?". Since anonymous letter would not be

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processed by the CIC, Members of Committee were kept informed of such an issue.

It was recommended that people to bring up their concerns for discussion through proper channel. The CIC and its relevant Committees could be one of the suitable platforms for such purpose.

1.9 Next Meeting

13 May 2011 (Friday) at 3:00 pm at Meeting Room No.1, 15/F **All to note**
Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong

There being no further business, the meeting adjourned at 16:00.

CIC Secretariat
April 2011