

Construction Industry Council

Committee on Procurement

Meeting No. 003/10 of the Committee on Procurement was held on Wednesday, 6 October 2010 at 2:30 pm at Room 1201, Murray Building, Garden Road, Central, Hong Kong

Present : Tai-chong CHEW (TCC) Chairman
Thomas HO (TH)
Wai-wah HO (WWH)
Oi-ki Peter LAM (OKL)
Wo-hei LAM (WHL)
Steve GRIFFIN (SGN) MTR Corporation Limited
Kevin POOLE (KP) Airport Authority Hong Kong
Ming-wai LAU (MWL) Chinese Estates Holdings Limited
Irene CHENG (ICG) Housing Department
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
Mung-wan WONG (MWW) Housing Department
KW LEUNG (KaWL) Representative of Mr Kam-hung YU
Christopher TO (CT) Executive Director
Alex LEUNG (AL) Senior Manager (Council Services) 1
Summer LEE (SrL) Manager (Council Services) 1

Apologies : Andrew CHAN (AC)
Siu-hung CHAN (SHC)
Kam-hung YU (KHY)
Duncan PESCOD (DWP)
Ada FUNG (AF)
Alex KWAN (AKN) The Association of Consulting Engineers of Hong Kong

PROGRESS REPORT

Action

3.0 Opening of the meeting

The Chairman welcomed Mr Kwok-hung LI from Civil Engineering and Development Department (CEDD) who attended the meeting in replacement for Mr Edward LEE.

3.1 Confirmation of the Progress Report of the Committee Meeting No. 002/10

Members took note of the Paper CIC/PCM/R/002/10 and approved the progress report of the last meeting held on Monday, 22 June 2010 at Board Room, MTR Headquarters Building.

3.2 Matters Arising from the Previous Meeting

Agenda item 2.2:

After the issuance of a letter in June 2010 by the CIC Chairman to REDA inviting for their active involvement in CIC's committees and task forces, the Com-PCM and CIC Secretariat had followed up the issue with REDA through an informal luncheon on 13 September 2010. Four REDA members and two senior staff members of REDA's Secretariat attended the gathering with Com-PCM Chair, the two Task Force Chairs, and the CIC Secretariat (total 11 persons).

Ideas were exchanged with REDA in an open and frank atmosphere which help to strengthen mutual understanding in enhancing the quality of the construction industry. TCC added that REDA was very supportive and similar functions would be organised regularly.

Agenda item 2.4

Housing Authority's request for CIC to consider the initiative on Voluntary Supplier Management System (VSMS) would be reviewed by the Committee on Sub-contracting (Com-SBC). There would be no action for Com-PCM at the moment.

3.3 **Progress Report of Meeting No. 003/10 of the Task Force on CPFS for Private Sector Construction Contracts**

SGN briefed Members on the Paper CIC/PCM/P/013/10 regarding the progress of the Task Force on CPFS for Private Sector Construction Contracts. Two task force meetings were planned 10 August 2010 and 24 September 2010 but the latter one was deferred.

Contract Price Fluctuation System (CPFS) for Private Sector Construction Contracts

The first four chapters of the proposed Guidelines were drafted and circulated to the Task Force (TF) for review. Drafting work for the main Chapter, How to adopt CPFS, had commenced. During the course of the drafting work, the outline of the mentioned Chapter was further enhanced to facilitate readability. The revised outline was circulated and agreed by the Task Force. As a result of the revision, more time was allowed for the drafting work and thus, the 4th meeting originally scheduled on 24 September was deferred. Overall progress was satisfactory.

IPS/Milestone Payment

the Task Force had agreed on the revised programme in which tasks on IPS/Milestone Payment would be handled after completion of the drafting work of the Guidelines on CPFS. Such an arrangement would enable the Task Force to concentrate its effort on completing the Guidelines on CPFS first.

Members commented that tools such as readily applicable contract conditions, should be made available and consideration should be given to the amount of administrative efforts required to adopt CPFS.

Members enquired if Development Bureau (DevB) would announce the adoption of CPFS in all sub-vented projects. DevB stated that the policy on how sub-vented projects should be managed including the level of monitoring and control was under review.

Members also enquired if any of the big developers committed to adopt CPFS. SGN reported that representative of REDA in the Task Force had been supportive. TCC added that upon completion of the guidelines, promotional activities would be carried out to arouse people's interest and enhance their understanding in order to solicit their support and then implementation of the good practices.

3.4 Progress Report of Meeting No. 003/10 of the Task Force on the Selection of Consultants and Contractors

KP delivered a verbal report on the progress of the Task Force. The last TF meeting was held on 4 October 2010. The Task Groups had largely completed the consolidation works of the findings which were circulated to the TF members for comment. In addition, the TF had discussed the possible way forward and concluded that the following actions should be taken:

- i. To continue with the consolidation works on the findings of the Task Groups, and
- ii. To prepare a situation evaluation / summary report (report) for Com-PCM.

It was agreed that the TF Chair and CIC Secretariat with supports from some task group members would prepare the initial draft of the report. Upon compilation of the draft, it would be circulated to Members for comment by end of October 2010 for presentation to the Com-PCM on 30 November 2010.

In order to avoid any possible duplication of efforts in dealing with the same issues in the Com-SBC, the Chairman directed CIC Secretariat to keep Com-SBC informed of what had been discussed in this Task Force.

**CIC
Secretariat**

3.5 Year Plan 2010/2011

AL introduced the tabled paper CIC/PCM/P/014/10 (see Annex A) regarding the proposed revised Year Plan 2010/2011 for the Committee on Procurement after discussions with the two Task Forces.

The proposed duration of some tasks in both Task Forces were lengthened while the overall completion dates remained unchanged. Members concurred with the proposed adjustments and endorsed the revised Year Plan 2010/2011.

3.6 **Any Other Business**

3.6.1 **Technical Seminar**

AL reported that the Guidelines on Partnering had been issued in August 2010. A technical seminar would be organised to promote the concept of partnering and collaborative contracting with tentative details listed below:

- Title: Collaborative Contracting Approach
- Date: mid-January 2011 (a.m.)
- Duration: 2-3 hours
- Speakers - Topics:
 - Mr TC Chew - opening and closing remarks
 - Mr Colin Jesse (Chair of TF on Partnering) – Partnering
 - Speakers from MTRC / HKCA – Target cost contracting
 - NEC Authorized trainers – NEC contracts
- Target participants:
 - Employers
 - Project Managers
 - Professionals and Consultants (Architects, Engineers, Surveyors, etc.)
 - Contractors and Sub-contractors
 - Government Officials in relation to construction projects procurement and delivery

Members were encouraged to support and participate in the technical seminar.

All

3.6.2 **New Initiatives for 2011 and beyond**

TCC invited Members to suggest any new initiatives for consideration by the Committee for 2011 and beyond. The following ideas were briefly discussed but not yet confirmed:

- Risk Management
- How procurement practices relate to Sustainability and Corporate Responsibility

Action

- Procurement of Repair, Maintenance, Alternation and Additions (RMAA) works to resolve the safety and quality issues

AL reported that Committee on Construction Site Safety (Com-CSS) was tasked to look into the safety issues of RMAA works and an informal discussion would be held among the Com-CSS Chair, the Urban Renewal Authority (URA), Buildings Department (BD) and Housing Society on the feasibility of implementing the concept of pay for safety scheme in RMAA works. WHM opined that the procurement issue of RMAA works should be addressed urgently. TCC would raise it in the coming Council meeting and seek direction on this issue for the Com-PCM as appropriate.

TCC

3.7 Next Meeting

30 November 2010, Room 1201, Murray Building, Garden Road, Central, Hong Kong **All to note**

There being no further business, the meeting adjourned at 15:25.

CIC Secretariat
October 2010