

**Construction Industry Council**

**Committee on Construction Procurement**

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Meeting No.004/19 of the Committee of Construction Procurement was held on 5 December 2019 (Thursday) at 2:30pm at Board Room, 29/F, Tower 2, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay.

Present	: Stephen LAI Yuk-fai	(SLI)	Chairperson
	HO Ying-kit	(HYK)	Prin AS (Works) 4
	WONG Mung-wan	(MWW)	Assistant Director (Development & Procurement)
	Dick KWOK	(DkK)	Chairperson of Committee on RMAA Procurement
	Ricky LEUNG	(RyL)	Chairperson of Committee on Reasonable Construction Period
	Ivan FU Chin-shing	(FI)	Chairperson of Working Group on Flat Inspection
	Eliza WONG Yeuk-lan	(EWYL)	
	CHAN Chi-chiu	(CCC)	
	CHAN Kim-kwong	(KCCN)	
	Rocky POON Lock-kee	(LKP)	
	HUNG Cheung-shew	(CSH)	
	CHOW Ping-wai	(CPW)	
	Simon WONG Hin-wing	(SWHW)	
	Rita CHUNG Fung-hing	(RC)	
In attendance	: CHAN Ka-kui	(KKCh)	CIC Chairman
	Albert CHENG	(CTN)	CIC Executive Director
	Stephen HO	(SnH)	Assistant Director – Industry Development
	Rocky CHO	(RYC)	Senior Manager – Construction Procurement
	James WONG	(JsW)	Senior Manager – Construction Productivity (for item 4.3 only)
	Hilda WONG	(HiW)	Manager – Construction Procurement
	Christopher CHEUNG	(PHC)	Senior Officer – Construction Procurement
	Karen NG	(KN)	Senior Officer – Construction Procurement
	Alex Katsanos		Arcadis (for item 4.4 only)
	Steven Beesley		Arcadis (for item 4.4 only)
Madelene Li		Arcadis (for item 4.4 only)	

Apologises : Robert LAM (PHL) Chairperson of Task Force on  
Selection of Contractors  
Raymond AU (RA)

## **MINUTES**

### **Action**

#### **4.1 Confirmation of the Minutes of Meeting No.003/19**

Members took note of the paper CIC/CPT/M/003/19 with no further comments, and confirmed the Minutes of Meeting No.003/19.

#### **4.2 Matters Arising from the Previous Meeting**

Following the item 3.4 from the previous meeting, the “Procurement Alert – Anti-competitive Practice” had been submitted to the legal consultant for review, and was issued on the CIC website in October.

In addition, in regard to the discussion on item 3.5 from the previous meeting, the Secretariat passed on the comments from the Committee on Construction Procurement to Ir Dr. Derrick PANG Yat-bond, Chairperson of the Committee on Construction Safety, in October 2019.

The item 3.6 from the previous meeting regarding the work progress of the reference material of the selection of contractors would be reported on item 4.8.

#### **4.3 Task Force on Construction Expenditure Forecast**

JsW briefed the Committee on the purposes of establishing the Task Force on Construction Expenditure Forecast, its representation, workflow and forecast methodology, and sought advice for a suitable Member to chair the Task Force.

Members supported RC to serve as the Chairperson of the Task Force. Considering the Chairperson as a representative from the Hong Kong Housing Society, RC had to respond later.

**RC**

#### **4.4 Presentation of the Final Report on the RMAA Market Research and Related Matters**

The representatives of the consultancy, Arcadis Consultancy Hong Kong Limited, presented the final report of the study. Focusing on

the three major factors, which might affect the engagement of consultancies and contractors in the RMAA market, namely funds, transparency of the market and competence of contractors and consultancies, the report provided short-term and long-term recommendations, such as establishing an E-Tendering platform, encouraging the adoption of standardised construction contracts, and promoting the education of anti-competitive behaviours.

KKCh enquired whether some of the recommendations mentioned in the report would duplicate the work of the Building Rehabilitation Platform of the Urban Renewal Authority (URA), such as “Smart Tender”, the existing electronic tendering platform of URA. SnH and DkK supplemented respectively that the existing information platform of URA had covered only specific users and scope of work, and that might not provide support to the entire RMAA market, which included commercial projects and residential projects with a high-end market presence. The Secretariat had arranged a meeting in January with the representative of URA to share relevant information and to understand the current scope of work of URA, with a view to achieving the best interest by complementing each other’s work.

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In addition, in order to secure regular receiving of payment to encourage contractors’ engagement in the RMAA market, DkK suggested that the development of key contract terms or procurement mechanism by CIC for the industry’s reference. This might suit the diverse project demands in the market better than the development of standardised construction contracts.

Members approved the content of the final report, with no further comment in general. The report would be officially released to the public after revision had been made according to the comments of the Task Force. The Task Force would further discuss the implementation of the suggested measures by the research report.

#### **4.5 Establishment of the Task Force on Study on Reasonable Consultancy Fee**

RYC reported the Paper CIC/CPT/P/014/19 to Members and briefed about the purposes of establishing the Task Force, its composition and terms of reference. Members were invited to discuss and provide recommendation on the subject matter.

HYK enquired whether the vicious competition of consultancy fees was common in the industry. As there was a certain tender assessment mechanism for government works and private developers, the study might only be applicable to a small portion of private companies or institutions, and this raised questions about the necessity of conducting such a study. RYC replied that the study aimed to explore a practicable assessment mechanism for consultancy fees, so as to reduce the construction quality issues and other issues derived from the underpaid consultancy fees in the market. The study was able to encourage the private companies and non-profit organisations that were willing to consider factors beyond cost to adopt the suggestions, especially that non-construction-based companies and organisations relied heavily on consultancies to monitor and execute the necessary construction.

CTN opined that small-scale private companies often lacked the knowledge of how to determine the consultancy fee, whether the tender prices were reasonable, and selection criteria. The study might provide an employment standard to the market for reference.

DkK shared the experience of tendering a consultancy for a non-profit organisation in the meeting. As restricted by its assessment mechanism, the organisation could only choose the tenderer with the lowest tender price, which reflected that there was need for CIC to promote assessment mechanisms other than the existing practice to the public as an assessment benchmark for engaging consultancies.

CCC opined that the Task Force should emphasise the “assessment mechanism” for the fee of engaging consultancies, instead of the “consultancy fees”, and suggested that the name of the Task Force should be revised. MWW suggested that the Task Force provide multiple versions of mechanisms as a reference for different companies/organisations to choose from based on the actual need.

After careful consideration, Members agreed that the name of the Task Force should be changed to the “Task Force on Reasonable Consultancy Fee Evaluation System”, and approved the establishment of the Task Force. The Secretariat would invite relevant organisations to nominate their members to join the Task Force.

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#### **4.6 Tentative Arrangement for 2020 Meetings**

Members took note of the Paper CIC/CPT/P/015/19 regarding the time and venue arrangement for the Committee meetings next year.

#### **4.7 Task Force on BIM Specification and Agreement**

RYC reported the latest progress to Members.

The Task Force convened its first meeting in October, and divided its major work into three parts, including the technical specification of Building Information Modelling (BIM), contract special conditions and employment agreement for consultancy services. The Secretariat had drafted the standardised contract conditions and templates for BIM technical specification, which had been submitted to members of the Task Force for review. The standard BIM service agreement would be completed by September next year.

Members took note of the progress of the Task Force.

#### **4.8 Reference Material – Selection of Contractors**

RYC reported the progress of the Task Force to Members on behalf of PHL.

In regard to the several revisions of the reference material for selecting contractors, the final draft had been circulated to members of the Task Force for approval with no objection. The Secretariat would officially publish it on the CIC website after typesetting had been arranged.

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Following the release of the reference material, the Task Force had completed its mission and was therefore dismissed. The Secretariat expressed gratitude towards PHL and all members of the Task Force for their contributions.

#### **4.9 Task Force on Reasonable Construction Period**

RyL updated Members on the latest progress.

The consultancy contract for the research study on reasonable construction period was awarded to Arup. The Secretariat convened the kick-off meeting with Arup on 29 November, and expected Arup to submit the inception report of the project by early January next year.

Members took note of the progress of the Task Force.

#### **4.10 Working Group on Flat Inspection**

FI updated Members on the latest progress of the Working Group.

The media production house had produced two videos about plastering and painting, respectively. The first cut version had undergone a preliminary review by members of the Working Group and had been discussed by representatives of contractors, but the members did not reach a consensus on the video content. The Working Group would convene a meeting next week to deliberate on the video script. The videos would be further edited according to the Working Group's views and opinions.

Members took note of the progress of the Task Force.

#### **4.11 Any Other Business**

##### **(a) Progress of the Task Force on Construction Industry Site Supervision Practice**

RYC briefed on the purposes of establishing the Task Force and its progress. Due to the incident of the Shatin to Central Link, CIC had appointed the Polytechnic University (PolyU) to conduct a study on areas such as the construction management process, the professional responsibility and the technology application in the industry, and to provide suggestions on good practice to the industry. Work progress of the Task Force would be directly reported to CIC.

PolyU completed the final report in September, but members of the Task Force opined that there was room for improvement. Given that the final report of the Commission of Inquiry into the Construction Works at and near the Hung Hom Station Extension under the Shatin to Central Link Project (COI) to be submitted to the government by the end of March next year, the Task Force accepted that PolyU could be afforded more time to fine tune the recommendations . Upon the initial approval from the Task Force, the revised final report would be circulated to Members for review.

Members took note of the progress of the Task Force.

**(b) Consultancy Study on MiC Procurement**

RYC anticipated that the tendering of the consultancy study would officially commence at the beginning of the next year. The Secretariat was now preparing the assignment brief for tendering of the research project, and would submit it to members of the Committee for review at a later stage.

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LKP suggested that there would be a need for specific contract terms to accommodate the electrical and mechanical construction as Design for Manufacture and Assembly (DfMA) was involved as well.

Members took note of the working conditions above. The Secretariat would study and consider the suggestions from Members.

**(c) New Engineering Contract (NEC) Seminars Co-organised by Professional Associations**

SnH briefed on the NEC seminar series of various themes co-organised by CIC and six professional associations in the industry, including the Hong Kong Institute of Architects, the Hong Kong Institute of Surveyors, the Hong Kong Institute of Construction Managers, the Hong Kong Institution of Engineers, the Institution of Civil Engineers, the Hong Kong Institute of Arbitrators, and the Hong Kong Mediation Council. To promote NEC to the industry professionals, each seminar would cover NEC issues that are of interest to the different institutions.

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KKCh opined that the seminars involved professional training, which should be organised by the School of Professional Development in Construction, HKIC. The Secretariat would liaise with the relevant department and hand over the follow-up work.

**(d) Implementation of Security of Payment Legislation**

RYC reflected that the construction industry was seriously concerned about the progress of the Security of Payment Legislation, and yet the relevant representative of the Development Bureau (DEVB) stated that as the current industry stakeholders had not reached a consensus on the details of the ordinance, it would not be the right time to implement the legislation for the time being. In this connection, CIC sought advice from Members on whether CIC should further reflect the views of the industry to DEVB.

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LKP stated that the Security of Payment Legislation had been discussed for many years, it would be hard for the government to gain full acceptance from the industry. He opined that the implementation of the legislation benefited the entire industry, and hoped that the legislation would further progress, despite the controversies among the industry. KKCN opined that subcontractors were facing a dire situation due to the social turmoil for the time being, and CIC must not procrastinate the Security of Payment Legislation.

CTN supplemented that DEVB had mentioned at the previous meeting that it took time for the legislation issues to be solved. Since Members had a clear consensus on this issue, CIC should provide all practicable support to the industry, in the hope that DEVB would complete the Security of Payment Legislation as soon as possible.

**(e) 2020 Study Tours**

The Chairperson SLI invited members to make recommendations for the itinerary of the study tours next year.

No suggestions were raised by Members for the time being. Discussions would continue in the next meeting.

**(f) Gratitude to Chairperson Stephen LAI Yuk-fai**

The Chairperson SLI would officially retire from office at the expiry of his current term of appointment at the end of January 2020. The CIC Secretariat reported and recalled the SLI's active participation and efforts in driving industry development. KKCh and CTN proposed a vote of thanks for his previous contributions as Chairperson of the Committee

and Council Member.

**4.12 Next Meeting**

The next meeting was scheduled for 5 March 2020 (Thursday) at **All to note**  
2:30pm at Board Room, Tower 2, Enterprise Square Five, 38  
Wang Chiu Road, Kowloon Bay.

There being no other business, the meeting was adjourned at 4:35pm.

**CIC Secretariat**

**December 2019**