

Construction Industry Council

Committee on Construction Business Development

Meeting No. 003/20 of the Committee on Construction Business Development (the “Com-CBD”) for 2020 was held on Thursday, 3 September 2020 at 2:30pm at the Board Room, 29/F, Tower 2, Enterprise Square Five (MegaBox), 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

Present:	Rocky POON	(LKP)	Chairperson of Committee and Chairperson of Task Force on BIM Specifications and Agreement
	Tony HO	(HYK)	Prin AS (Works) 4 of Development Bureau
	CHAN Kim-kwong	(KKCN)	
	CHOW Ping-wai	(CPW)	
	Thomas HO	(KnH)	
	Eddy TSANG	(TPC)	
	Simon WONG	(SWHW)	
	Eliza WONG	(EWYL)	
Present (video : conference)	Rudolf LAU		Acting Asst Dir (Dev & Procurement) of Housing Department
	Raymond AU	(RA)	Chairperson of Task Force on Reasonable Consultancy Fee Evaluation System
	CHAN Chi-chiu	(CCC)	
	Rita CHUNG	(RC)	Chairperson of Task Force on Construction Expenditure Forecast
	Ivan FU	(FI)	Chairperson of Task Force on Greater Bay Area
	Ricky LEUNG	(RyL)	Chairperson of Task Force on Reasonable Construction Period
In Attendance :	CHAN Ka-kui	(KKCh)	Chairman
	Albert CHENG	(CTN)	Executive Director
	Angela HO	(HTY)	AS (Works Policies 4) 4 of Development Bureau

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(for information)

	Stephen HO	(SnH)	Assistant Director – Industry Development & Estates Office
	Rocky CHO	(RYC)	Senior Manager – Construction Business Development
	Hilda WONG	(HiW)	Manager – Construction Business Development
	Christopher CHEUNG	(PHC)	Senior Officer – Construction Business Development
	Karen NG	(KN)	Senior Officer – Construction Business Development
In Attendance :	James WONG	(JsW)	Senior Manager – Construction Productivity (only for item 3.3 & 3.4)
(video conference)	Angus NG	(ANg)	Assistant Manager – Construction Productivity (only for item 3.3)
	Andy LI	(AyLi)	Senior Officer – Construction Productivity (only for item 3.4)
	YU Hon-kong		Rider Levett Bucknall Limited (only for item 3.3)
	IP Hiu-lam		Rider Levett Bucknall Limited (only for item 3.3)
	Alex KATSANOS		Arcadis Hong Kong Limited (only for item 3.4)
	Keith LEUNG		Arcadis Hong Kong Limited (only for item 3.4)
Apologies :	Stephen LEUNG	(KMLE)	Asst Dir (Dev & Procurement) of Housing Department
	Danny HUNG	(CSH)	

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Before the meeting began, LKP reminded Members that should they have any potential or actual conflict of interest with an item discussed during the meeting, they must declare as such to the Secretariat. No declarations were received during the meeting.

LKP invited KKCh, the CIC Chairman, to deliver a speech. KKCh encouraged Members that the Committee was to be playing a more significant role after its transition to and renaming as

All to note

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“Construction Business Development”. Not only did the Committee have to pay attention to the operation of projects, but it also had to cater for the entire construction business environment, so as to achieve sustainable development and improvement for the construction industry. In the meantime, the Committee should assist stakeholders in integrating into the Greater Bay Area and guide young practitioners to recognise the Mainland development and technology application.

3.1 Confirmation of the Minutes of Meeting No.002/20

Members took note of the paper CIC/CPT/M/002/20 with no further comments, and confirmed the minutes of Meeting No. 002/20.

3.2 Matters Arising from the Previous Meeting

- (a) Following the item 2.3 from the previous meeting regarding the CIC Research and Technology Development Fund application of the “Establishment of a Roof Condition Monitoring System of Tracing Water Seepage by Time-lapse and Passive Infrared Thermography”, the follow-up would be reported in item 3.11(e) in this meeting.
- (b) Following the item 2.5 from the previous meeting regarding the Consultancy Study on MiC and DfMA Procurement, progress would be reported in item 3.6 in this meeting.
- (c) Following the item 2.12 (b) from the previous meeting regarding the Security of Payment Legislation, details would be reported in item 3.11 (b) in this meeting.

3.3 Construction Expenditure Forecast (2020/21–2029/30)

JsW briefed Members on the progress. Rider Levett Bucknall Limited (RLB) conducted the 2020/21 - 2029/30 Construction Expenditure Forecast for the CIC. On 21 August, the Task Force endorsed the captioned Forecast in the meeting. The methodology, price level, data sources and forecast figures were briefed by Sr YU Hon-kong from RLB in the meeting.

The captioned Forecast added the levy data analysis, and compared the data of the first half of 2020 with that of the previous 5 years, revealing a decrease of the construction expenditure on foundation and superstructure works. In terms of Gross Floor Area (GFA), a downward trend was also expected in the GFA of general

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building superstructure works.

In addition, RLB was conducting a survey on Repairs, Maintenance, Alterations and Additions (RMMA), with the purpose of forecasting the future construction expenditure on RMMA market with the data on age of buildings and current RMMA fee collected from members of the Hong Kong Association of Property Management Companies.

Members approved the publication of the 2020/21-2029/30 Construction Expenditure Forecast with no objection to the captioned Forecast.

[Sr YU Hon-kong and Sr IP Hiu-lam left the meeting at this juncture.]

3.4 Report on the Improving Time, Cost and Quality Performance of the Hong Kong Construction Industry (Phase 2)

JsW briefed Members on the progress of “Improving Time, Cost and Quality Performance of the Hong Kong Construction Industry”.

Study findings of Phase 1 had been presented in the previous Com-CBD meeting. Phase 2 study aimed to suggest strategies and recommendations to improve time, cost and quality performance of the construction industry. Phase 2 study started in mid-June this year and was expected to be completed in March next year. Opinions of Committees under the CIC would be sought at this stage.

Mr. Alex KATSANOS and Mr. Keith LEUNG, representatives of Arcadis Hong Kong Limited, consultancy for the captioned Study, briefed Members on the Study suggestions in two focus areas, namely innovation and strategies on enhancing project management and procurement.

TPC inquired about the experience and time required for the establishment of the Singapore Innovation Advisory Board and the UK Construction Innovation Platform. Mr. Alex KATSANOS responded that the Singapore Building and Construction Authority monitored the entire industry development and played an important role in giving impetus to the establishment of the Innovation Advisory Board and enforcing compliance with the local construction laws. UK Construction Innovation Platform required the complementation of local collaborative culture and

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strict protection of intellectual property rights. The Study would review whether Hong Kong had sufficient resources and certain conditions to implement the two captioned measures, especially in terms of funding. It was necessary to consider whether the scale of Hong Kong market could secure sufficient funding for developing innovative solutions.

LKP inquired with the Singapore Innovation Advisory Board about the specific examples of the approval for innovative solutions and the time required for the adoption of solutions. Mr. Alex KATSANOS responded that the time for Singapore Innovation Advisory Board to approve the innovative solutions was less than that of the traditional approval process. A detailed list of items for approval would be later shared with Members for their information. LKP further questioned the number of industry stakeholders interviewed in the Study. Mr. Keith LEUNG responded that the entire Study had interviewed approximately 45 members of the industry, including private sector employers, consultancies, construction companies and government departments.

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FI suggested reviewing how the Singapore construction industry optimised resources to improve time, cost and quality performance of the construction industry. For example, with the help of production lines and labour force from neighbouring areas (such as Malaysia). In particular, Hong Kong had very limited local resources, where required the supply chain and technology from the Greater Bay Area for development. The experience of Singapore and other places could be adopted by the local construction industry. Besides, he opined that the current approval process for innovative projects by relevant authorities was time-consuming, especially for projects involving cross-departmental and cross-sector communications, which hindered the implementation of innovative projects on an institutional basis. He suggested that the Study could provide recommendations regarding the approval procedures by authorities. Mr. Alex KATSANOS responded that the Study would review whether the scale of local construction industry suited the establishment of a Construction Innovation Platform, and considered the current difficulties encountered by the local construction industry in adopting the Mainland supply chain, such as the discrepancy between construction standards of the Mainland and Hong Kong, logistics and transportation problems.

CCC remarked that the present Construction Industry Innovation and Technology Fund (CITF) mainly encouraged the application

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of innovation and new technologies. If the consultancy suggested that CITF support research and development projects of innovation and technologies in the future, the relevant suggestion should be addressed to the Development Bureau to explore its feasibility.

Mr. Alex KATSANOS responded that opinions of Members would be actively considered.

[KKCh, Mr. Alex KATSANOS and Mr. Keith LEUNG left the meeting at this juncture.]

3.5 Establishment of the Task Force on Sustainable Construction Volume

SnH briefed Members on paper CIC/CBD/P/009/20 regarding the purpose, background, terms of reference and composition of the members for establishing Task Force on Sustainable Construction Volume.

KnH inquired the detailed background and specific consultancy purpose for establishing the task force. SnH responded that the consultancy would estimate the market's capacities of construction volume by analysing existing numbers of various trades' skilled workers, supervisory staff and professionals in the construction market, material supplies, machineries and equipment and other data. As a result, the staff training and resource allocation arrangements in the industry could be planned more effectively and thus avoiding supply and demand imbalance.

CTN added that the current construction cost was fluctuating along with the social conditions, resulting in that employers could hardly catch the business environment or plan to invest more resources in worker training and innovative technology. On the other hand, the proposed study could provide a guideline to project owners to adjust the pace of construction commencement in avoidance of high construction costs, and allow contractors to allocate resources more effectively, e.g. hiring monthly-paid workers, purchasing machineries and innovative technology equipment. The captioned study not only reviewed the number of workers, but also considered factors such as macroeconomics for multifaceted discussions.

LKP agreed that the captioned study could have a positive impact on the industry, and by referring to the construction volume study in various types such as building s, civil and electrical and mechanical works, resource misallocation could be reduced.

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However, the study might involve sensitive issues such as foreign labour, which should be addressed with caution.

HYK, EWYL, TPC and KKCEN agreed that the study had a positive effect on the industry development. HYK opined that the study focused on resources utilisation, and suggested renaming the task force as “Task Force on Sustainable Construction Volume and Resources Utilization”. Members agreed to the suggestion and approved the establishment of the above-mentioned task force.

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[Post meeting note: The term “Electrical and Mechanical Subcontractor” under Member Composition set on Annex B of paper CIC/CBD/P/009/20 had been revised as “The Hong Kong Federation of Electrical and Mechanical Contractors Limited”]

3.6 Inception Report of the Consultancy Study on MiC and DfMA Procurement

LKP briefed Members on the progress of report.

After Members opined on the inception report submitted by Meinhardt Hong Kong Ltd. (“Meinhardt”) in the last Com-CBD meeting, Meinhardt submitted the revised inception report on 31 July and the review report on 27 August. However, Meinhardt had delayed the submission of two reports, and the quality of the reports was not satisfactory. The Secretariat had issued letters to Meinhardt twice in July and August calling for improvements. LKP would meet Meinhardt on the day after the meeting to discuss improvement solutions. If the situation did not improve, the Secretariat would not rule out the possibility of further actions.

Members approved in principle the revised inception report and the issuance for the first consultancy payment, but Meinhardt must adopt Members’ opinion raised in the last meeting into the report.

Members noted that despite Meinhardt’s delay in submitting the report, the rest of the project would continue simultaneously, and Meinhardt would deploy additional manpower to catch up with the progress. The consultancy service contract would still be completed as scheduled without cost overruns.

3.7 Task Force on Reasonable Consultancy Fee Evaluation System

RA briefed Members on the latest progress of the Task Force.

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Members of the Task Force approved the assignment brief for consultancy service on reasonable consultancy fee evaluation system. The consultancy project started to receive tender on 2 September and the tender was expected to be awarded in October.

Members took note of the work progress of the Task Force.

3.8 Task Force on BIM Specifications and Agreement

LKP briefed Members on the latest progress of the two Task Groups under the Task Force:

Task Group (1) on BIM Specifications held a meeting on 24 July to discuss the public opinions collected previously and to revise the BIM Specifications. The Task Group would coordinate with the Task Force on BIM Standards, so as to ensure the consistency of the two standard documents. In addition, the Task Group was drafting the sample scope of works for adopting BIM at design and construction stages.

Task Group (2) on BIM Special Conditions of Contract and Service Agreement for BIM reported that the consultancy service tenders on standard BIM contracts ended on 13 July. After the Assessment Panel meeting on 28 July, the consultancy service contract was awarded to LESK Solutions Co. Ltd. (LESK). The Secretariat held the first meeting with LESK on 2 September, and it was expected that two standard BIM contracts would be completed in 6 months.

Members took note of the work progress of the Task Force.

3.9 Task Force on Reasonable Construction Period

RyL briefed Members on the latest progress.

To gather opinions from the industry to refine the reasonable construction period index, Arup, the consultant, had held three stakeholder engagement sessions in July. Most industry practitioners opined that except for the nine factors that have been identified earlier, the statutory inspection procedures and approval had significant impacts on construction period and thus suggesting the relevant data be taken into account for the construction time performance index.

In this connection, Arup had issued letters to the Buildings Department, the Fire Services Department, the Water Supplies Department and the Electrical and Mechanical Services

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Department to obtain information about statutory inspection and approval for refining the construction time performance index. The Water Supplies Department and the Electrical and Mechanical Services Department replied that the information requested was not to be disclosed due to confidentiality concerns.

The Buildings Department replied that information about the application date for inspection, building height and completion date was available on the online building record system BRAVO and monthly digests. However, the BRAVO system was a fee-charging system, so the Secretariat would assist in contacting the Buildings Department to obtain the relevant information for research purposes with the fee waived.

In addition, after the meeting with the Secretariat and Arup, the Fire Services Department agreed to provide the relevant information on fire inspection carried out after 2018.

The consultancy service contract had no cost overruns so far, and it had been carried out according to the revised timetable approved at the last meeting. Members took note of the work progress of the Task Force.

3.10 The Task Force on Greater Bay Area

FI briefed Members on the latest progress.

The Task Force on Greater Bay Area was established on 9 July, and held the first task force meeting on 24 August. Due to the pandemic, the exchange activities between Mainland and Hong Kong could not be proceeded temporarily. The Task Force focused on preparing the Greater Bay Area Construction Directory, with the aim to build an online communication platform for better communication between Hong Kong and the Greater Bay Area construction industry practitioners. The first priority was to focus on MiC and DfMA, allowing the industry to make use of the resources in the Greater Bay Area for building up a complete supply chain in the local construction industry, which could compensate the lack of construction resources in Hong Kong.

Members took note of the work progress of the Task Force.

3.11 Any Other Business

(a) Review Report on Site Supervision Practice

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RYC reported that the review report on supervision practice was released to the public on 2 September. Recommendations in the review report included elevating the quality supervision of subcontractors through registration on the Registered Specialist Trade Contractors Scheme (RSTCS), introducing incentives and key performance indicators to contractors. Detailed follow-up proposals e.g. publicity activities, proposed site supervision practice guideline would be briefed to Members in the next meeting.

Members took note of the work progress mentioned above.

(b) Security of Payment Legislation

LKP briefed Members on the latest development of security of payment legislation.

LKP wrote to the Development Bureau on 27 July to inquire the details and progress of the enactment of the security of payment legislation in public works. CIC received the written reply from the Development Bureau on 21 August confirming that the Government would impose the security of payment legislation in the public works in early 2021. Subject to the response after the trial run in public works, the enactment of the security of payment legislation would be further reviewed. LKP hoped the Government could finish the draft legislation by the fourth quarter this year and would later liaise with the Development Bureau to understand the situation.

KnH hoped that the Development Bureau would timely communicate with the industry regarding the security of payment legislation. LKP agreed and hoped to announce relevant information to the industry via CIC upon the consent from the Development Bureau.

The Secretariat would distribute the written inquiry from CIC and reply letter from the Development Bureau to the Members for circulation after the meeting.

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(c) Construction Market Information Hub

RYC briefed Members on the progress of establishing the Construction Marketing Information Hub.

The Secretariat was working on the establishment of the Construction Marketing Information Hub, which would provide the latest news and information to the industry.

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Following the work progress of various works under the Com-CBD, information such as the construction time performance index, the Greater Bay Area Construction Directory and the ESG reporting service would be included on the platform. The Construction Marketing Information Hub was estimated to be published next year upon completion of the parts mentioned above.

(d) Construction Industry ESG Reporting Service

RYC briefed Members on the preparatory work regarding the Construction Industry Environment, Social and Governance (ESG) Reporting Service.

Hong Kong Exchanges and Clearing Limited amended the Main Board and Growth Enterprise Market Listing Rules, and introduced mandatory ESG disclosure requirements in 2019. In this connection, CIC proposed to promote ESG reporting service to the construction industry, and to provide an annual report for construction companies that had participated in CIC's ESG activities and services to compile their own ESG report. Unlisted companies were also welcome to apply for the service.

CIC approved to implement the proposal of the reporting service in August and proposed to launch the reporting service by the end of 2020. Construction Business Development Department was preparing procedures, frameworks and the website for the service. A consultancy would be appointed to review the operation of the services and to provide professional advices. SWHW also provided suggestions for the reporting service.

LKP inquired whether such reporting service would be charged. RYC responded that the reporting service was free of charge.

(e) Research on “Establishment of a Roof Condition Monitoring System of Tracing Water Seepage by Time-lapse and Passive Infrared Thermograph”

RYC briefed Members on the progress of the research. The Hong Kong Polytechnic University amended the research proposal in accordance with Members' suggestions in the previous meeting. The Secretariat would consult the Hong Kong Polytechnic University regarding the details of the agreement. It was hoped that the research would begin on 14

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September and be expected to be finished in 2 years. The Hong Kong Polytechnic University was required to brief Members on the research progress on a half-yearly basis and the interim funding for the research would be disbursed upon Members' approval.

[Post-meeting Note: Members had raised queries on the scope of work of the research and the Committee. After a review, CIC had informed the Hong Kong Polytechnic University in writing of the final decision.]

(f) Standard Contract Clauses of Monthly Wage Employment of Workers

SnH briefed Members on CIC's promotion on monthly wage employment of workers. Construction Workers Registration Board is drafting standard contract clauses of monthly wage employment of workers. The draft would be delivered to and discussed by Members upon completion.

CPW reminded Members that unions should be consulted before the official publication of the contract clauses. LPK responded that CIC would extensively consult each stakeholder for opinions.

(g) 2021 Mainland Study Tour

LKP invited Members to provide suggestions on the theme and venue of the mainland study tour in the coming year. FI proposed to visit the MiC pre-fabricated components processing and suppling plants in Greater Bay Area, tying in with the Task Force on Greater Bay Area in the establishment of the Greater Bay Area Construction Directory. LKP hoped that young practitioners could acquire more knowledge on the development of the Greater Bay Area through the visit. He also welcomed Members to provide more suggestions to the Secretariat.

(h) Letter from Registered Specialist Trade Contractors Federation

RYC briefed Members on the letter from Registered Specialist Trade Contractors Federation, which reflected the significant challenge facing the work progress under the impact of the pandemic. The letter called for mutual understanding and support from the industry, and requested discretion and flexibility to be exercised on the completion date of the

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construction project. LKP stated that discussion with the Secretariat would be arranged for follow-up actions.

3.13 Next Meeting

The next meeting was scheduled for 10 December 2020 **All to Note**
(Thursday) at 2:30pm at Board Room, 29/F, Tower 2, Enterprise
Square Five (MegaBox), 38 Wang Chiu Road, Kowloon Bay.

There being no other business, the meeting was adjourned at 4:30pm.

CIC Secretariat
September 2020