

Construction Industry Council

Committee on Construction Business Development

Meeting No. 001/22 of the Committee on Construction Business Development (the “Com-CBD”) for 2022 was held on Thursday, 3 March 2022 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
	Tony HO*	(HYK)	Prin AS (Works) 4 of Development Bureau
	CHAN Kim-kwong*	(KKCN)	
	Rita CHUNG*	(RC)	
	Ivan FU*	(FI)	
	Thomas HO*	(KnH)	
	Ricky LEUNG*	(RyL)	
	Eddy TSANG*	(TPC)	
	Simon WONG*	(SWHW)	
In Attendance :	Thomas HO*	(TH)	Chairman
	Albert CHENG*	(CTN)	Executive Director
	Ben WAT*	(WCP)	Chief Structural Engineer (Development and Construction) of Housing Department
	Daniel SUEN*	(DSn)	Director – Industry Development
	Stephen HO	(SnH)	Assistant Director – Industry Development & Estates Office
	Thomas TONG*	(TT)	General Manager – Industry Development
	Rocky CHO	(RYC)	Senior Manager – Construction Business Development
	James WONG*	(JsW)	Senior Manager – Construction Productivity (only for item 1.3)
	Hilda WONG*	(HiW)	Manager – Construction Business Development
	Wilson LO*	(WiL)	Assistant Manager – Construction Business Development
	Yannie CHEUNG*	(YYC)	Senior Officer – Construction Business Development
	YU Hon-kong*		Rider Levett Bucknall Limited (only for item 1.3)

	Philip YEUNG*		Rider Levett Bucknall Limited (only for item 1.3)
Apologies	: Daniel LEUNG	(LHWD)	Ass Dir (Development and Procurement) of Housing Department
	Calvin CHAN	(CaC)	

* attended the meeting online via Microsoft Teams

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LKP welcomed Chairman, Ir Thomas HO joining Com-CBD meeting for the first time.

Prior to commencement of the Meeting, LKP reminded Members on declaration regarding any potential or actual conflict of interest with item(s) to be discussed at the meeting. No declaration was received during the meeting.

1.1 Confirmation of the Minutes of Meeting No. 004/21

Members took note of the paper CIC/CBD/M/004/21 and confirmed the minutes of Meeting No. 004/21.

1.2 Matters Arising from the Last Meeting

- (a) Following the item 4.3 from the previous meeting regarding Reference Material on Reasonable Consultancy Fee Evaluation System, SnH reported that the Reference Material had been further revised as per textual comments from the Development Bureau (DEVB), subsequent to the approval by Com-CBD over last meeting. The Reference Material would be published on CIC website in the forthcoming days. LKP supplemented, based on the discussion at Council Meeting No. 001/22 regarding reasonable consultancy fee evaluation system, that the Secretariat would further liaise with professional institutes e.g. HKIA, HKIE, HKIS, ACE for further promulgation of the issue.
- (b) Following the item 4.8 from the previous meeting regarding Progress Update on Task Force on Greater Bay Area, FI would report on further updates under forthcoming item 1.6.

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1.3 Updated Construction Expenditure Forecast (2021/22 – 2030/31)

RC briefed Members on paper CIC/CBD/P/002/22 regarding Updated Construction Expenditure Forecast (2021/22 – 2030/31). The Updated Forecast was endorsed by the Task Force on 17 February 2022

Representatives of the consultant, Rider Levett Bucknall Limited (RLB) presented the Updated Forecast with its methodology, data sources, updated figures of historical, mid-term forecast and long-term forecast, comparison between the latest Forecast and the version previously released in June 2021, and the observations from recent construction market.

LKP supplemented that the updating schedule for construction expenditure forecast would normally be in January and June of each year. However, due to the impact from COVID-19 and inclusion of the projected volume of works recently announced under major developments including but not limited to the Northern Metropolis Development and Artificial Islands in the Central Waters, the current Update was delayed from January 2022 to March 2022. The next release date would depend on the availability of any revised data from DEVB.

In response to the queries from KnH regarding the apparently not significant increment in short term of the Updated Forecast when compared to the magnitude of the forthcoming new developments and major projects, RLB supplemented that the data from new developments were only ballpark figures at the moment and would be subject to update in the future. RLB further elaborated on the likelihood of the previous forecasts already covering part of the construction volume on the concerned developments and projects based on existing works committed in the same geographical locations, possibly inducing a less significant increment than expected.

LKP and FI shared the same view with KnH and opined that the Forecast might have underestimated the annual construction volume, especially for the projected upper bound in 2026 under the latest Forecast, with an expected annual output of HK\$300 billion. There was apparently a shortfall between the Forecast and the industry expectation.

[JsW and RLB representatives left the meeting at this juncture.]

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[Post meeting notes: Further discussion was held between the DEVB and the CIC after the meeting. The Manpower Forecast currently undertaken by the CIC was intrinsically linked to the Expenditure Forecast, it was agreed that the Updated Construction Expenditure Forecast would not be released until the Manpower Forecast was finalized, which was anticipated to be in April 2022. This was to ensure sharing of coherent information / trends to the public.]

1.4 Establishment of Task Force on RMAA Market Study

RYC briefed Members on paper CIC/CBD/P/003/22 regarding the background of establishment of the Task Force on Renovation, Maintenance, Addition & Alteration (RMAA) Market Study, the proposed deliverables, Terms of Reference (ToR) and the proposed membership.

The proposed objectives of the Task Force were to work out the scope and definition of RMAA works, which were currently unclear, and to tackle the inconsistent standards and expectations with respect to quality of works and services delivery in the RMAA market.

KnH enquired if the proposed Task Force would have duplication in function with the Task Force on RMAA (TF-RMAA) undertaken by Construction Industry Training Board (CITB). LKP explained that the two task forces would serve different purposes - the proposed Task Force would focus on overseeing matters from a market perspective, whilst the current TF-RMAA focused on training of RMAA practitioners.

HYK proposed to consider including representative from the Urban Renewal Authority (URA) into the membership. RYC responded that the URA mostly served a narrow type of building sector, i.e. relatively low-value, aging domestic dwellings and those of their own asset. Their inclusion in the Task Force was considered but not recommended.

CTN raised queries on item 2 of the proposed ToR regarding establishment of an expert panel for mediating disputes arising in private residential RMAA works. He worried about the likely heavy workload and suggested the Secretariat consider partnering with other organizations, e.g., the Consumer Council, to provide

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professional advice.

LKP, KKCEN and RC echoed with CTN that tremendous resources would likely be drawn from the CIC to take up mediator role for disputes under RMAA works. KKCEN further expressed concern over the likely duplication of roles and duties under the Hong Kong Customs and the Excise Department and the Consumer Council.

RyL reminded on the importance of a consistent definition of RMAA works under both Task Forces. He further suggested a narrower scope with specific focus areas, such as residential RMAA works.

TH suggested including the Contractor's Authorised Signatory Association into the membership.

In response to Members' comments, the Secretariat would review and revise the ToR and membership correspondingly as appropriate.

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Upon deliberations, Members approved the Paper subject to amendment to the ToR and membership.

1.5 Progress Update on Task Force on Strategic Review for Uplifting Construction Capacity

LKP updated Members on the submission of the Draft Report from the consultant, Arcadis Consultancy Hong Kong Limited (Arcadis) on 28 January 2022. Upon receiving comments from the CIC Secretariat, Arcadis further revised the Draft Report and re-submitted it on 25 February 2022. Task Force meeting was scheduled on 24 March 2022 for review and approval, or otherwise, of the Draft Report. A stakeholder engagement session was anticipated to be conducted in April 2022 to collect feedback from the industry stakeholders. The Final Report of the Study was targeted to be published in Q3 of 2022.

Members took note of the work progress.

1.6 Progress Update on Task Force on Greater Bay Area

FI briefed Members on the progress of the Task Force. Notwithstanding the fact that the majority of works in GBA were affected by the fifth wave of the COVID-19 epidemic, the CIC

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recruited a Manager and a Senior Officer to handle GBA related tasks, including the setup of the liaison office in GBA.

LKP supplemented that setup of the liaison office in GBA was in progress with the support of an agency. The location of the office was initially planned to be in Yuexiu District, Guangzhou, in the proximity of the Hong Kong Trade Development Council (HKTDC) office.

In response to the concern from KKCN regarding the production of MiC in Mainland likely limiting the job opportunities for Hong Kong workers, LKP expressed that the abundance of manufacturing factories under the supply chain in Mainland / GBA would be beneficial for the MiC adoption in Hong Kong at this moment, and he suggested setting up MiMEP workshops / other high-value work sequence production in Hong Kong. FI supplemented that MiMEP workshops would require less site area when compared to MiC carcass factories, and might better fit into the land utilization scenario in Hong Kong. FI further suggested exploring opportunities for cooperation of practitioners in Hong Kong to participate in production at well-established MiC manufacturing facilities in Mainland / GBA. KKCN supplemented that the working environment of MiC in off-site fabrication could attract young people to join the industry and suggest to explore opportunities for a designated area at GBA to allow MiC production by Hong Kong practitioners.

Members took note of the work progress.

1.7 Any Other Business

(a) Update on Security of Payment Legislation (SOPL)

RYC briefed Members that, since the implementation / inclusion of Security of Payment Provisions (SOPP) on 31 December 2021, 5 public works contracts were tendered with the inclusion of SOPP. The CIC would liaise with the DEVB and other stakeholders to gather problems encountered during the implementation. Regarding SOPL, the CIC would liaise with the DEVB and consolidate viewpoints from stakeholder to facilitate the legislation.

(b) Impact by the fifth wave of the COVID-19 epidemic.

CTN briefed Members that the DEVB had issued guidelines on

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relief measures for public works contracts corresponding to the impact by the fifth wave of the COVID-19 epidemic. TH supplemented that the CIC would issue letter to private developers appealing for their adoption of similar measures, meanwhile liaising with the Lands Department for extension of the Building Covenant period correspondingly.

LKP expressed that the recent pandemic had serious impact in all aspect of manpower resources and material supply, as well as the extra costs for RAT testing and other precaution measures.

RyL echoed that the Airport Authority had implemented relevant measures based on the guidelines from the DEVB. In general, site workers were reduced in numbers and ‘parceled’ to work in designated / isolated areas with a view to minimising the risk of cross infection. Some projects were suspended temporarily for cleaning and disinfection. Construction materials delivery from the Mainland had also been temporarily discontinued. RyL stressed that the Airport Authority had prioritised infection control and prevention in their construction projects.

TPC supplemented on the inflation of prices arising from the material supply shortage due to COVID-19 and other factors including unrest in Ukraine, dual control of energy consumption and intensity for factories in the Mainland. The supply of precast elements for some private projects had also been suspended recently to make way for the construction of community isolation facilities.

KKCN raised the workers’ concern of infection on site and recommended all workers to carry out compulsory RAT on a daily basis, with the cost incurred to be borne by clients / main contractors. RC responded that following the DEVB’s guidelines, The Housing Society had implemented additional allowance for cleansing workers and security guards, and arranged advanced payment to consultants and contractors. RyL supplemented that the Airport Authority provided additional RAT kits for workers with a view to easing workers’ concern over likely infection.

HYK shared the measures to be implemented in Public Works Contract, including advanced payment, flexible EOT assessment and variation cost for RAT kits. The DEVB would promulgate to private clients for adoption of relevant measures in collaboration with the CIC.

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LKP supplemented that apart from the time impact, client bodies could consider bearing other additional costs incurred by the contractors arising from the pandemic.

HYK supplemented that the DEVB had communicated with all Works Departments for adoption of the guidelines and welcome all members to raise any problems encountered in public projects. HYK further shared his communication with the Lands department that, despite the implementation of extension of Building Covenant period for new developments affected by the pandemic, there are limited applications from developers for ongoing projects. TH would further liaise with the REDA.

(c) Eco-system for MiC/MiMEP

TH suggested the Com-CBD to initiate the creation of Eco-system for MiC and MiMEP application, with a view to facilitating the development of MiC/ MiMEP in Hong Kong. LKP welcomed the suggestion and would establish a Working Group or Task Force under the Com-CBD correspondingly.

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(d) Other Matters

LKP advised Members that SnH would depart the CIC in March 2022, and all present expressed their gratitude for his contribution.

1.8 Next Meeting

The next meeting was scheduled for 2 June 2022 (Thursday) at 2:30pm at Board Room, 29/F, Tower 2, Enterprise Square Five (MegaBox), 38 Wang Chiu Road, Kowloon Bay.

All to Note

There being no other business, the meeting was adjourned at 16:30pm.

**CIC Secretariat
March 2022**