

Construction Industry Council

Committee on Procurement and Subcontracting

Meeting No. 004/15 of the Committee on Procurement and Subcontracting (Com-PNS) was held on Monday, 23 November 2015 at 2:30pm at Meeting Room No.1, CIC Headquarters, 15/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

Summary Notes of the Com-PNS Meeting No. 004/15:

Agenda Item	Paper	Major Resolutions/ Progress Highlights
4.1	CIC/PNS/R/003/15 (for discussion)	Confirmation of the Progress Report Members confirmed the Progress Report of the previous meeting held on 27 August 2015.
4.2	CIC/PNS/R/003/15 (for discussion)	Matters Arising from the Previous Meeting <u>Item 3.2</u> – Members took note of the discussion by the Task Force on Enhancements to Subcontractor Registration Scheme (TF-SRS) about the proposed invitation of Trade union representatives to the Management Committee of the SRS. TF-SRS was positive about the proposal and the details were discussed under agenda item 4.5. <u>Item 3.3 (c)</u> – Members took note of the progress update on the animation video on bid-rigging in construction industry. Further to comments by Council Members, the animation video was being revised and would be circulated to Com-PNS Members before further submission to the Council. <u>Item 3.6 (a)</u> – Members took note of the deliberation by TF-SRS over the possible enhancements to SRS operations. Details were discussed under agenda item 4.5.
4.3	CIC/PNS/P/019/15 (for endorsement)	Report of the Task Force on NEC3 Collaborative Contracts <ul style="list-style-type: none">• Members deliberated over the proposal for the inclusion of a representative from Institution of Civil Engineers Hong Kong Association (ICE HKA) as a member of Task Force on NEC3 Collaborative Contracts (TF-NEC).• Members agreed and accepted that it was more appropriate for ICE HKA to participate in TF-NEC as a Co-opted Member.

Agenda Item	Paper	Major Resolutions/ Progress Highlights
4.4	CIC/PNS/P/020/15 (for endorsement)	Report of the Task Force on Standard Contracts Provisions for Domestic Subcontracts <ul style="list-style-type: none">• Members took note of the progress of the drafting of the “Standard Form of Domestic Sub-contract”.• Members endorsed the “Standard Form of Domestic Sub-contract” for further approval by the Council and publication on the CIC website.• Members also acknowledged that a simplified version of the standard form was also being drafted.
4.5	CIC/PNS/P/021/15 (for discussion)	Report of the Task Force on Enhancements to Subcontractor Registration Scheme <ul style="list-style-type: none">• Members endorsed the Task Force’s recommendation for the inclusion of trade union representatives to the composition of the Management Committee of Subcontractor Registration Scheme (MC of SRS).• The following trade unions would be invited to nominate their representatives:<ul style="list-style-type: none">- Hong Kong Construction Industry Employees General Union- Construction Site Workers General Union- The Federation of Hong Kong Electrical and Mechanical Industries Trade Unions• The quorum of meeting of the MC of SRS would be increased from 3 to 4 to reflect the increased number of Members.• The Task Force also expressed it would consider accepting other organisations into the MC of SRS as necessary.• Members took note of the Task Force’s review on the possible enhancements to the operation of the SRS, in particular the way in which regulatory actions could be initiated against subcontractors who had contravened safety and / or labour related offences.• The Task Force agreed to maintain the current practice of initiating regulatory actions only upon court conviction of the subcontractor’s offence in general.

Agenda Item	Paper	Major Resolutions/ Progress Highlights
		<ul style="list-style-type: none"> • For late payment of wages and MPF contributions over 10 days, regulatory actions might be initiated when solid proof is available. • For offences involving fatal incidents, the Task Force acknowledged that there might be a long time gap between the incident and the final court judgement. The Task Force would liaise with the Labour Department for the early release of relevant information for prompt action by the MC of SRS. • Members noted the Task Force’s position on the proposed recommendation by the McKinsey Consultancy Study Report to make the SRS mandatory, that the Task Force maintained mandatory registration as its long term goal, but submitted that it would take time to have in place the necessary legislation. The Task Force also noted that the SRS had already been widely adopted by the various public works departments and some main contractors as part of their selection criteria of subcontractors, thus the Task Force was opined that there was not an immediate need for mandatory registration.
4.6	CIC/PNS/P/022/15 (for information)	<p>Update on Subcontractor Registration Scheme (SRS) Operation</p> <ul style="list-style-type: none"> • Members took note of the latest status of SRS operations. • There were 5,153 registered subcontractors as of October 2015. • 2 regulatory hearings had been scheduled in 4 December 2015 and 15 January 2016, involving 9 cases. 7 of which were safety related with fatalities.
4.7	CIC/PNS/P/023/15 (for information)	<p>Tentative Meeting Schedule for 2016</p> <ul style="list-style-type: none"> • Members took note of the proposed tentative meeting schedule for the Com-PNS in year 2016.

4.8	-	<p>Any Other Business</p> <p>(a) <u>Progress Update of the Task Force on Employer-Procured Insurance Policies in Construction Contracts</u></p> <ul style="list-style-type: none">• The Task Force reported that their main work was completed in early 2015 with the publication of a procurement factsheet on the subject matter.• The Task Force would continue to monitor the development in the area of the subject matter and formulate any future work accordingly.• A technical seminar on “Employer-Procured Insurance Policies’, among other topics on procurement; namely “Selection of Consultants” and “Competition Ordinance”, would be held on 27 November 2015. <p>(b) <u>Progress Update of the Task Force on Competition Law</u></p> <ul style="list-style-type: none">• The 3 pieces of Reference Materials on Competition Law were published on the CIC website after approval by the Council.• The animation video on bid-rigging would be revised further to take into account Council’s comments and would be available for further review in early 2016. <p>(c) <u>Progress Update of the Special Group on On-Demand Bonds</u></p> <ul style="list-style-type: none">• The Task Force reported on the progress of the drafting of the Standard Form of On-Demand Bonds.• The first draft of the standard form was under review by the Task Force Chairman and would be circulated for Task Force Members’ review shortly. <p>(d) <u>Work Plan of the Committee on Procurement and Subcontracting</u></p> <ul style="list-style-type: none">• The work plan of the Com-PNS for the year 2016 and 2017 with an estimated budget for each task was tabled for Members’ information.• Members were invited to review and give comments on the tasks of Com-PNS for further deliberation in the next Com-PNS meeting. <p>(e) <u>Addendum to MoU with NEC UK for Collaboration in 2016 & 2017</u></p> <ul style="list-style-type: none">• Members took note of the update on the collaboration with NEC UK for NEC Project
-----	---	--

		<p>Manager Accreditation Courses in 2015. An addendum to the MoU was proposed to cater for additional accreditation courses in 2016 & 2017 and also sale on NEC products for CIC Members.</p> <ul style="list-style-type: none">• The Council could be informed on the Addendum in the next Council Meeting in December 2015. <p>(f) <u>Standard Form of Contract for Maintenance Works</u></p> <ul style="list-style-type: none">• A Member suggested for the CIC’s consideration, on the possibility for CIC to endorse the Standard Form of Contract for Maintenance Works by The Hong Kong Institute of Surveyors (HKIS).• Another Member recalled that there were previous discussions on whether maintenance works should fall under the purview of CIC. It was agreed at the time that CIC would focus mainly on main contract works.• It was suggested that it would be a good time now to re-examine whether the scope of the CIC should be expanded to put more emphasis on maintenance works.• Com-PNS would seek guidance from the Council on whether the CIC would consider including maintenance works under its scope before further deliberating on the way forward for the possible endorsement of the Standard Form and any other initiatives relating to maintenance works. <p>(g) <u>Chairman’s Note of Thanks to Com-PNS Members</u></p> <ul style="list-style-type: none">• As this was the last meeting of the Chairman before the expiry of his tenure, the Chairman thanked Members for their support for the considerable achievements of the Com-PNS and the CIC in the past 6 years.• The Chairman encouraged Members to continue their effort in making the construction industry a sustainable one going into the future.• Members and the Secretariat thanked the Chairman for his guidance and leadership during his tenure.
--	--	---

Remarks: The mentioned papers discussed at the Committee on Procurement and Subcontracting and the full progress report could be made available to Council Members from the CIC Secretariat upon request.