

Construction Industry Council

Committee on Construction Procurement

Meeting No. 004/17 of the Committee on Construction Procurement (Com-CPT) was held on Thursday, 14 December 2017 at 2:30pm at the Boardroom, CIC Headquarters, 38/F, COS Centre, 58 Tsun Yip Street, Kwun Tong, Kowloon.

Summary Notes of the Com-CPT Meeting No. 004/17:

Agenda Item	Paper	Major Resolutions / Progress Highlights
4.1	CIC/CPT/R/003/17 (for discussion)	Confirmation of the Progress Report Members took note of the Paper CIC/CPT/R/003/17 and confirmed the Progress Report of Meeting No. 003/17 held on Thursday, 14 September 2017.
4.2	CIC/CPT/R/003/17 (for discussion)	Matters Arising from the Last Meeting (a) <u>Item 3.4</u> - Members agreed that a Task Force would be formed to study the issue of unfair contract conditions with an aim to fostering equitable risk sharing practices in construction projects. (b) <u>Item 3.2 (c)</u> - Members noted the expiring of automatic opt-in of Schedule 2 provisions under the Arbitration Ordinance (Cap 609) which applied to contracts entered into on or after 1 June 2017. It was suggested that the CIC and Hong Kong International Arbitration Centre in 2018 could collaborate more closely to support the construction industry on contractual matters. (c) <u>Item 3.6 (d)</u> – Members noted the CIC would continue to organise NEC classes in 2018. (d) <u>Item 3.6 (d)</u> – Members noted that no construction procurement related projects were received under the CIC Research Fund in the last round of application.
4.3	CIC/CPT/P/010/17 (for discussion)	Progress Update on the Research titled “A Roadmap to Enhance the Subcontractor Management Mechanism in Hong Kong” Members took note of the progress of the research being conducted by The University of Hong Kong regarding the enhancement of the Subcontractor Registration Scheme. Prof. Thomas NG, who led the research, presented some initial recommendations for future SRS enhancements and development, having incorporated the comments from previous meetings of the Com-CPT and the focus group meeting held on

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		<p>9 November 2017. The recommendations were as follows:</p> <p>(a) <u>Alignment of trade divisions</u>: the proposed pathway of enhancing SRS registration could be implemented from voluntary to mandatory in phases. ‘Specialised Trade Contractors’ (STC) could be introduced to align the trade divisions with ‘Designated Workers for Designated Skills’ and to ensure compatibility of the registration schemes for workers and subcontractors. Participation from key stakeholders could be encouraged to commit via a charter;</p> <p>(b) <u>Criteria for registration and standard uplifting</u>: consideration factors for registration could include safety performance, wage payment, financial strength, quality performance and past track record. The registration system would aim at motivating the subcontractors to strive for continuous improvements; and</p> <p>(c) <u>Performance assessment</u>: a performance data repository and grading system should be established to increase transparency and facilitate the market to engage appropriate subcontractors.</p> <p>Members expressed that the proposal to enhance the SRS seemed complicated. The enhancement to the SRS should maintain focus on facilitating the smaller players to participate in the market and offer a realistic pathway for upgrading. Members also discussed and generally agreed that a time frame of around 2 to 3 years should be the target for mandatory registration.</p> <p>It was agreed that the research team shall refine the scope and direction of the research study.</p>
4.4	-	<p>Key Achievements in 2016 - 2017 & Work Plan 2018</p> <p>Members took note of the key achievements of the Com-CPT in 2016 – 2017, covering three major areas namely publication of reference materials, establishment of Task Forces and organising technical seminars.</p>
4.5	CIC/CPT/P/011/17 (for information)	<p>Update on Subcontractor Registration Scheme (SRS) Operations</p> <p>Members took note of the report on SRS Operations. There were 5,759 companies registered under the SRS, indicating a steady increase of around 106 Registered Subcontractors compared with the last report in August 2017. The Management Committee held its 4th regulatory hearing of 2017 on 28 September 2017. One case was related to safety while two cases were related to payment of wages.</p>

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4.6	CIC/CPT/P/012/17 (for information)	Tentative Meeting Schedule for 2018 Members took note of the tentative meeting schedule for 2018.
4.7	-	Any Other Business (a) <u>Progress Update of the Task Force on Selection of Contractors</u> : the reference materials on selection of contractors would be completed and submitted to Com-CPT in 2018 Q1. (b) <u>Progress Update of the Task Force on RMAA Procurement</u> : a research titled ‘Factors Affecting Contractors in Hong Kong Participating in RMAA Sector’ would be conducted and completed by the end of 2018. (c) <u>Other A.O.B.</u> : Members noted that Sr Stephen LAI would attend the first meeting of the Steering Committee for the Consultancy of Time, Cost and Quality Performance and Environmental Performance as Com-CPT representative.

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