

Construction Industry Council

Committee on Subcontracting

Meeting No. 003/10 of the Committee on Subcontracting for 2010 was held on 10 August 2010 (Tuesday) at 2:30 pm at Room 1201, Murray Building, Central, Hong Kong.

Summary notes of the Committee on Subcontracting Meeting No. 003/10:

Agenda Item	Paper	Major Resolutions/ Progress Highlights
3.0		Mr David CHAN was nominated by Hong Kong Construction Association to join the Committee as a Co-opted Member.
3.1	CIC/SBC/R/002/10	Confirmation of the Progress Report – Members of the Com-SBC approved the Progress Report CIC/SBC/R/002/10 of the last meeting held on 11 May 2010.
3.2		Matters Arising from the Previous Meeting:– <ul style="list-style-type: none">• Report on Survey of Problems of Outstanding Payments in Construction Supply Chain (Survey Report) was submitted to the CIC for discussion at its meeting held on 25 June 2010. As to the projections of outstanding payments, some CIC members suggested conducting a further study to obtain more accurate results. The CIC also considered that the Survey Report should be kept for internal reference only.

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		<ul style="list-style-type: none">• Comments on Report of Working Group on Mediation were given to the Department of Justice on 8 June 2010.
3.3	CIC/SBC/P/014/10	<p><u>Task Force on VSRS Stage 2 (TF-VSRS2)</u> - It was agreed that Registered Subcontractors failing to pay wages to workers within 10 days after the end of the wage period should be subject to regulatory actions under the proposed Subcontractor Registration Scheme (SRS). The Management Committee of the SRS would base on clear evidence of late payment of wages such as information provided by Hong Kong Housing Authority to decide appropriate regulatory actions. For effective implementation, the TF-VSRS2 was requested to propose necessary changes to the Rules and Procedures of the VSRS for Members' consideration in due course. Members also agreed that the general principle of taking regulatory action only after conviction should hold and deviation from such general principle should only be applicable to the clauses relating to the payment of workers wages.</p> <p>Members also took note of the revised Codes of Conduct for Registered Subcontractors under the Subcontractor Registration Scheme. A Member proposed imposing regulatory action for non-provision of safety training and would discuss with the CIC Secretariat about the viability of the suggestion.</p>

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3.4	CIC/SBC/P/015/10 CIC/SBC/P/018/10	<u>Task Force on Standard Contract Provisions for Domestic Subcontracts (TF-SCDC)</u> – Members took note of the effort of the TF-SCDC to start translating the principles advocated by the Guidelines on Standard Forms of Domestic Sub-contracts for Basic Trades, which was published by the then Provisional Construction Industry Co-ordination Board, into subcontract clauses for adoption by the industry.
3.5	CIC/SBC/P/019/10	<u>Task Force on Dispute Resolution Documentation (TF-DRD)</u> - The TF-DRD was tasked to prepare model contract clauses for incorporating into commonly used forms of construction contracts based on the dispute resolution practices recommended in the Guidelines on Dispute Resolution which would be published by the CIC in the following week. It was suggested that the model document would better be a standalone and self-contained document which could be readily adopted in either public sector or private sector projects.
3.6	CIC/SBC/P/016/10	<u>Task Force on Security of Payment Legislation (TF-SPL)</u> - Development Bureau was discussing with the Census and Statistics Department to conduct a further survey in relation to the projections of outstanding payments within the construction industry to facilitate the consideration of legislation on security of payment and would like to work in collaboration with the CIC on the survey. Members then requested the TF-SPL to provide assistance to Development Bureau in the matter. The Terms of Reference should be revised to elaborate that the TF-SPL was tasked to, inter

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		alia, study issues relating to security of payment legislation and make proposals on the scope of legislation for consideration by the Committee. The Terms of Reference should also include the discussion on the necessity of the legislation. The CIC Secretariat was then directed to amend the Terms of Reference.
3.7	CIC/SBC/P/017/10	<u>Tentative Work Plan for 2011</u> - Members agreed to the proposed tasks as set out at Annex A.

Committee on Subcontracting Work Plan (August 2010)																			
Task Ref. No.	Task	2010						2011											
		7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
A. VSRS Operations																			
A. 1	Handling day-to-day VSRS operations																		
B. VSRS Stage 2 - Subcontractor Registration Scheme																			
B. 1	Replace the current Primary Register of VSRS by Stage 2 - Subcontractor Registration Scheme	██████████						██████████											
B. 2	Launch Subcontractor Registration Scheme							██████████											
C. Dispute Resolution Documentation																			
C. 1	Preparation of the model documents	██████████						██████████											
C. 2	Review by independent legal adviser							██████████											
C. 3	Consultation							██████████											

Committee on Subcontracting Work Plan (August 2010)																			
Task Ref. No.	Task	2010						2011											
		7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
D. Standard Contract Provisions for Domestic Subcontracts																			
D. 1	Preparation of the standard clauses	█						█											
D. 2	Review by independent legal adviser							█											
D. 3	Consultation							█											
E. Security of Payment - Legislation																			
E. 1	Discuss the necessity and scope of legislation on Security of Payment with reference to the survey findings and other considerations	█						█											
F. Security of Payment - Other Initiatives																			
F. 1	Other initiatives to be explored during the year																		

Legend: █ Schedule

||||| On-going