

**Construction Industry Council**

**Committee on Subcontracting**

Meeting No. 002/10 of the Committee on Subcontracting for 2010 was held on 11 May 2010 (Tuesday) at 2:30 pm at Room 1201, Murray Building, Central, Hong Kong.

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Summary notes of the Committee on Subcontracting (Com-SBC) Meeting No. 002/10:

<b>Agenda Item</b>	<b>Paper</b>	<b>Major Resolutions/ Progress Highlights</b>
2.1	CIC/SBC/R/001/10	Confirmation of the Progress Report – Members of the Com-SBC approved the Progress Report CIC/SBC/R/001/10 of the last meeting held on 26 January 2010.
2.2		Matters Arising from the Previous Meeting:– Stage 2 of Voluntary Subcontractor Registration Scheme - The Task Force on VSRS Stage 2 would submit a revised proposal for Members’ consideration in due course.
2.3	CIC/SBC/P/005/10	<p>Committee Membership, Terms of Reference and Meeting Rules – Members agreed to retain the current terms of reference of the Committee. However, consideration could be given to modifying some wording or add new wording to reflect more accurately the tasks of the Committee as and when required.</p> <p>Members noted that the Hong Kong Construction Association (HKCA) and the Construction Site Workers General Union would be invited to nominate representatives to participate in the Committee as Co-opted Members.</p> <p><i>[PMN: Having reviewed the terms of reference of the Committee with reference to the statutory functions of the CIC and the current tasks of the Committee, an additional item was</i></p>

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		<i>proposed as set out at the attached Annex A.]</i>
2.4	CIC/SBC/P/006/10	Tentative Work Plan for Year 2010 - Members took note the relevant work plan.
2.5	CIC/CSS/P/007/10	<p>Model Documents for Dispute Resolution - Members agreed that sample contract clauses setting out alternative dispute resolution methods should be made available for industry stakeholders to incorporate in local construction works contracts. In view of the complexity of the legal documents and associated implications, Members considered it necessary to engage a legal adviser to draft the documents though there might be some budget concerns. The CIC Secretariat was directed to submit a funding request to the Committee on Administration and Finance and the CIC for further consideration.</p> <p>Members also agreed to set up a Task Force on Dispute Resolution Documentation to steer the drafting exercise and where necessary, review the timeline for this task. As the sample clauses would draw on the recommended measures in the Guidelines on Dispute Resolution to be published by the CIC, Members would like to invite Ms Teresa CHENG to lead the Task Force.</p>
2.6	CIC/CSS/P/008/10	Report on Survey of Problems of Outstanding Payments in Construction Supply Chain (“Survey Report”) - Members agreed to submit the Survey Report to the CIC for endorsement. Some Members expressed reservation on publishing the rough projected but sensitive figures to the public which would mislead and cause confusion to the public. Some considered prudent for the CIC to formulate responses to the media before publishing the Survey Report at the CIC website. Some suggested the CIC to consider that the Survey Report should be issued to the concerned industry stakeholders for internal reference only.

<b>Agenda Item</b>	<b>Paper</b>	<b>Major Resolutions/ Progress Highlights</b>
2.6.1		<p>Subcontractor Management Plan for Public Works - Members received a presentation from the Development Bureau on the framework and key scope of the Subcontractor Management Plan (SMP) adopted in public works projects, supplemented with a summary note tabled at the meeting.</p> <p>The deliberation on the use of the SMP was deferred till Members were briefed on the next agenda item.</p>
2.6.2	CIC/SBC/P/009/10	<p>Possible Solutions to Outstanding Payment Problems (Security of Payment – Simple Information Pack) - Taking into account of the SMP, Members considered that making user-friendly and simple written contracts readily available for adoption by subcontractors could be an effective measure to help minimise payment problems occurred in lower tier subcontracting. As such, a Task Force on Standard Contract Provisions for Domestic Subcontracts would be set up to steer the work. Reference could also be made to the Guidelines on Subcontracting Practice and Guidelines on Standard Forms of Domestic Subcontracts for Basic Trades previously issued by the Provisional Construction Industry Co-ordination Board. Mr Ki-cheung TANG kindly consented to lead the Task Force and the Secretariat was directed to contact the HKCA to invite their participation.</p>
2.6.3		<p>Initial Discussion on Legislation of Security of Payment - Having reviewed the Survey Report conducted by the Public Opinion Programme of the HKU, Members contemplated setting up a task force to initiate the discussion on legislation of security of payment. The Chairman would identify a suitable person to lead the task force with the assistance of the CIC Secretariat.</p>
2.7	CIC/SBC/P/011/10	<p>Report of Working Group on Mediation - Members in general supported the proposed response to the Reporting of the Working Group on Mediation for submission to the</p>

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		Department of Justice.
2.8	CIC/SBC/P/013/10	Categorisation of CIC Guidelines - Members agreed to the proposed categorization of those publications as “Guidelines”.
2.9	CIC/SBC/P/10/10	Renewal of Tenancy Agreement for VSRS Registration Office - Members noted that the tenancy agreement the registration office of the Voluntary Subcontractor Registration Scheme would be renewed for 12 months (terminable after the first 6 months) at the same monthly rental upon expiry.

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**Committee on Subcontracting**

**Terms of Reference**

1. To operate and develop the Voluntary Subcontractor Registration Scheme (VSRS).
2. To raise the professional standard of subcontractors through providing training courses and other value-added services under the VSRS and coordinating the training organized by other organizations.
3. To examine current arrangements for selection and management of subcontractors and recommend improvements.
4. To promote use of written subcontracts.
5. [To promote good practices relating to dispute resolution.](#)