

Construction Industry Council

Committee on Subcontracting

The 3rd Meeting of the Committee on Subcontracting for 2009 was held on Wednesday, 20 May 2009 at 2:30 pm at Hong Kong Construction Association, 16/F, 180-182 Hennessy Road, Wanchai, Hong Kong

Present:

| | | |
|----------------|-------|---|
| Shing-see LEE | (SSL) | Chairman |
| Teresa CHENG | (TC) | |
| James CHIU | (JC) | |
| Chun-wa CHOI | (CWC) | |
| Chun-yuen TSE | (CYT) | |
| Conrad WONG | (CW) | |
| Wai-wai YU | (WWY) | |
| Bernard HUI | (BH) | The Hong Kong Institute of Architects |
| Wai-tai LAW | (WTL) | The Hong Kong Construction Association |
| Sing-lam WONG | (SLW) | Contractor's Authorized Signatory Association |
| Michael HUI | (MH) | Development Bureau |
| Siu-wai HUI | (SWH) | Buildings Department |
| Sonia YUNG | (SY) | Housing Department |
| Chi-keung FUNG | (CKF) | Water Supplies Department |
| Kenny FOK | (KF) | Independent Commission Against Corruption |

In Attendance:

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|----------------|------|-------------------------------------|
| Christopher TO | (CT) | Executive Director |
| Ivan WONG | (IW) | Senior Manager (Council Services) 2 |
| Yvonne MAK | (YM) | Manager (Council Services) 4 |

Apologies:

| | | |
|-----------------|-------|---|
| Tat-tong CHEUNG | (TTC) | |
| Stanley HUI | (SH) | |
| Edgar Kwan | (EK) | |
| Koon-sun WAN | (KSW) | |
| Ada FUNG | (AF) | for Permanent Secretary for Transport and Housing (Housing) |
| Tak-hing CHEUNG | (THC) | Construction Site Workers General Union |
| Paul CHONG | (PC) | The Hong Kong Federation of Electrical and Mechanical Contractors |
| Siu-wai HUI | (SWH) | Buildings Department |

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| Chi-hung LAI | (CHL) | Hong Kong Construction Industry Employees' General Union |
| Joseph NG | (JN) | Hong Kong General Building Contractors Association |
| Lawrence NG | (LN) | Hong Kong Marble and Granite Merchants Association |
| C S SO | (CSS) | Henderson Land Development Co. Ltd. |
| Sing-hin TSO | (SHT) | Labour Department |
| Hung-yuen YAU | (HYY) | Association of Electrical Contractors |

PROGRESS REPORT

Action

3.1 Confirmation of the Progress Report of the Previous Meeting

Members took note of Paper CIC/SBC/R/002/09 and confirmed the progress report of the 2nd meeting held on 26 March 2009.

3.2 Matters Arising from the Previous Meeting

3.2.1 Guidelines on Measures for Protection of Workers' Entitlement to Wage Payment

The subject was discussed under Agenda item 3.4

3.2.2 Security of Payment

The subject was discussed under Agenda item 3.3

3.3 Security of Payment

3.3.1 Guidelines on Dispute Resolution

Members took note of the Paper CIC/SBC/P/014/09 and received a presentation from Ms. Teresa Cheng on the dispute resolution measures recommended for implementation by the industry.

Members agreed that disputes should be resolved speedily and cost effectively to minimise the impact on the cash flow

Action

which was critical to sustain normal operations of contractors. Members recommended that the dispute resolution measures as explained in the Paper, namely Mediation, Adjudication, Arbitration, Independent Expert Certifier and Expert Determination should be included in both public and private construction contracts to allow contracting parties to have more flexibility to deal with different types of disputes. Members also acknowledged the successful experience in adopting the Dispute Resolution Advisor (DRA) in government contracts to resolve disagreements before they were evolved into disputes. Hence, Members agreed that the DRA could be introduced to the private sector for consideration.

The Secretariat was directed to assist Ms. Teresa Cheng to update the Paper as per Members' comments before submitting to CIC Meeting for discussion.

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Secretariat**

3.3.2 Security of Payment – a simple information pack

Members took note of the Paper CIC/SBC/P/009/09. As the information pack covered some issues that had been raised but not yet fully deliberated at the Committee, Members considered the Paper should be treated as an internal document for the CIC members' information instead of a guideline. The Secretariat was directed to update the information pack per discussion at the meeting before submitting the CIC for discussion.

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3.3.3 Update on the Progress of Survey of Problems of Outstanding Payments in Construction Supply Chain

Members took note of the Paper CIC/SBC/P/010/09. Task Force of the survey would continue to monitor the survey and report the progress to Members at the meeting. According to the planned schedule, the survey would be completed by end of September this year and HKU would present the findings at the Committee meeting and CIC meeting.

3.4 **Protection of Workers' Entitlement to Wage Payment**

3.4.1 Guidelines on Measures for Protection of Workers'

Entitlement to Wage Payment

Members took note of the Paper CIC/SBC/P/011/09 and agreed that private sector should be encouraged to implement those practices already implemented in public contracts. Some Members suggested amendments to some of the measures recommended in the guidelines. It was agreed that the recommended measures in the guidelines were provided for reference only and the users should make proper adjustments to suit their projects. Hence, there was no need to include everything at this stage for the purpose of issuing the guidelines. Members endorsed the guidelines for submission to the CIC.

Some Members remarked that while there was obvious improvement in protecting the workers' wage payment in public contracts, there were still late wage payment incidents happened for interior decoration and maintenance works. Therefore, the protection measures should be kept reviewing for better protecting the workers.

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[TC left the meeting at this juncture.]

3.5 **Update on Takeover of the Voluntary Subcontractor Registration Scheme**

Members took note of the Paper CIC/SBC/P/012/09. After taking over the role of Scheme Operator from the Hong Kong Construction Association on 26 May 2009, the CIC would take over tentatively by end of this year, the role of Scheme Owner from PCICB Registration Ltd. of which the financial arrangement would be proposed to the Committee on Administration and Financial and the CIC for approval.

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[CW and CWC left the meeting at this juncture.]

[Given that the Members remained at the meeting were below the quorum, the meeting was adjourned at that juncture. The following record of the subsequent discussions is intended for reference only but is NOT a formal record of the meeting.]

3.6 **Status Update on Work Plan**

Action

Members took note of the Paper CIC/SBC/P/013/009. The Secretariat was directed to revise the work plan for 2009 based on the latest developments and tasks for Members' information at the next meeting.

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3.7 Any Other Business

Nil.

3.8 Tentative Date of Next Meeting for 2009

15 July 2009 (Tuesday) at 2:30 pm at Hong Kong Construction Association, 16/F, 180-182 Hennessy Road, Wanchai, Hong Kong

All to note

There being no further business, the meeting adjourned at 5:00 pm.