

**Construction Industry Council**

The 12<sup>th</sup> Meeting of the Construction Industry Council was held on Friday, 31 October 2008 at 2:30 pm at Room 1201, Murray Building, Garden Road, Central.

Present	:	Keith KERR	(KK)	Chairman
		Russell BLACK	(RB)	
		Francis BONG	(FB)	
		Andrew CHAN	(AC)	
		CHEUNG Tat-tong	(TTC)	
		James CHIU	(JC)	
		CHOI Chun-wa	(CWC)	
		Thomas HO	(TH)	
		Thomas KWOK	(TK)	
		LAM Wo-hei	(WHL)	
		Peter LEE	(PL)	
		LEE Shing-see	(SSL)	
		NG Koon-kwan	(KKN)	
		TSE Chun-yuen	(CYT)	
		WAN Koon-sun	(KSW)	
		Billy WONG	(BW)	
		Conrad WONG	(CW)	
	C K MAK	(CKM)	Permanent Secretary for Development (Works)	
	C K AU	(CKA)	Director of Buildings	
	Ada FUNG	(AF)	for Permanent Secretary for Transport and Housing (Housing)	
In Attendance	:	Janet WONG	(JW)	Deputy Secretary for Development (Works) 1
		Enoch LAM	(EL)	Deputy Secretary for Development (Works) 2
		K K YEUNG	(KKY)	Principal Assistant Secretary for Development (Works) 1
		TAO Kei-hung	(KHT)	Chief Assistant Secretary for Development (Works) 1
		Rico CHEUNG	(RC)	Assistant Secretary for Development (Policy & Development) 3
		Christopher TO	(CT)	Executive Director
		Charles WONG	(CWG)	Director (Training)
		Theresa CHAN	(TCN)	Senior Manager (Finance & E-Services)
		Ivan WONG	(IW)	Senior Manager (Council Services) 2
		Phoebe LEUNG	(PLG)	Manager (Council Services) 2
Apologies	:	Teresa CHENG	(TC)	

Stanley HUI (SH)  
KO Jan-ming (JMK)  
Edgar KWAN (EK)  
YU Wai-wai (WWY)

**MINUTES**

- Action**
- 12.1 **Confirmation of Minutes of the 11<sup>th</sup> Meeting**
- Members took note of Paper CIC/CMT/M/011/08 and approved the minutes of the 11<sup>th</sup> meeting held on Thursday, 28 August 2008 at Murray Building.
- Noted**
- 12.2 **Matters Arising from the 11<sup>th</sup> Meeting**
- 12.2.1 Guidelines on Administration Charges for Reporting of Site Accidents (Guidelines)
- The editing and printing of the Guidelines reached the final stages. Letters would be sent to industry stakeholders to notify them to download the Guidelines from the CIC website (whereas hard copies would also be available for collection upon request).
- Noted**
- 12.2.2 Reference library listing construction research projects
- The CIC Secretariat was taking stock of construction related research projects. Letters had been sent to local universities requesting for relevant information and support from the Construction Industry Institute would also be sought. The Development Bureau would pass archive research materials for reference and retention by the CIC Secretariat.
- DEVB**
- 12.2.3 Carbon Reduction Charter
- CIC signed up for the Carbon Reduction Charter. CIC information would be posted onto the EPD website. The Cost Saving Working Group of CICTA would ensure compliance with the necessary greenhouse gas reduction measures.
- Noted**
- 12.2.4 Escrow accounts for retention money
- CIC was seeking legal advice on its legal viability of

managing escrow accounts for retention money. The findings would be reported to the Committee on Subcontracting at its next scheduled meeting.

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**Noted**

#### 12.2.5 Work plans of Committees

The Committee on Subcontracting and the Committee on Procurement updated their work plans. Other Committees would follow in due course.

**Noted**

### 12.3 **6<sup>th</sup> Progress Report of Committee on Subcontracting**

Members took note of the Paper CIC/CMT/P/094/08 and passed a vote of thanks towards the Hong Kong Construction Association (HKCA) for their support for the operations of the Voluntary Subcontractor Registration Scheme (VSRS) and for renewing the service agreement with CIC for another 6 months until 25 November 2009.

On the problem of security of payment, HKCA commissioned a survey and revealed problems facing contractors, namely inflation and high material costs, outstanding payments from contracting parties, variations under assessment and payments withheld due to disputes. The Committee would initiate a survey to further assess the problem of security of payment in the industry.

As for the Stage 2 of the VSRS, a task force chaired by CYT would be formed to work out the entry requirements and limits of each trade of each grade for consideration by the Committee.

The Committee further discussed the Enhanced Ethical Status (EES) which had been proposed by ICAC to assist Owners' Corporations in identifying ethical contractors for building maintenance works. Though it had been agreed by the Committee at its meeting held on 7 April 2008 that the EES would be introduced in the VSRS as an additional requirement for all those registered subcontractors committed to the ethical standards on a voluntary basis, a Member relayed some subcontractors' concerns that ICAC only targeted at those subcontractors undertaking building maintenance works while the proposed arrangement would cover all subcontractors registered under the VSRS. The Committee would re-consider the proposal at its next scheduled meeting.

**SSL**

The Development Bureau reported that three policies had been recently endorsed for public works contracts in relation to

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subcontracting –

- (a) limit layers of subcontracting to two in general and further restrict those dangerous sites to one layer;
- (b) insert special conditions to ensure mechanisms to safeguard payments to workers; and
- (c) introduce measures to enhance subcontractor management plan.

**Noted**

**12.4 Minutes of the 6<sup>th</sup> Meeting of Committee on Procurement**

Members took note of the Paper CIC/CMT/P/095/08.

A Member asked whether the guidelines on contract price fluctuation system would be recommended by CIC as “best practice for adoption” by private sector construction works on the premise that it would promote risk-sharing among industry stakeholders, or whether the guidelines would be promulgated for “reference only” by the private sector. Another Member opined that CIC’s recommendation on contract price fluctuation system for adoption by the private sector might interfere with a free market economy. The Committee would further discuss the way forward at its next scheduled meeting.

**RB**

As for procurement approaches, a task force chaired by Mr Colin JESSE was formed to develop guidelines on partnering. The Committee would also deliberate on the proposal from ICAC on procurement for repair and maintenance works for buildings.

**Noted**

**12.5 6<sup>th</sup> and 7<sup>th</sup> Progress Reports of Committee on Manpower Training and Development**

Members took note of the Papers CIC/CMT/P/096/08 and CIC/CMT/P/106/08.

The scope of the manpower research would extend to include off-site personnel and the project would take an additional 2.5 months to complete in March 2009. A revised project sum would be submitted to the Committee for consideration. Assistance would be given to the research team in obtaining raw data from some contractors.

Members noted that, according to MTRCL's projections, the labour demand for the major railway projects could be very peaky. As advised by MTRCL, there was little scope for evening out the demand because of the need to meet committed target completion dates. Members generally agreed that the MTRCL projection should be combined with the projection for infrastructure projects so as to

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devise the overall picture and that efforts should be made to level out the demands so as to maintain sustained job opportunities. In this regard, a note had been provided to the Public Works Subcommittee (PWSC) of the Legislative Council giving an overview of the potential capital works items to be submitted to PWSC in the 2008-09 Legislative Council session and would be provided to the Committee on Manpower Training and Development for use in conducting an overall assessment if it so wished.

**Noted**

12.6 **5<sup>th</sup> Progress Report of Construction Industry Training Board**

Members took note of the Paper CIC/CMT/P/105/08.

**Noted**

12.7 **Meeting Schedule for 2009**

Members took note of the Paper CIC/CMT/P/097/08.

**Noted**

12.8 **Any Other Business**

A Member suggested studying the impacts of global economic downturn on the local construction industry and exploring ways to relieve the situation. However, in view of the unpredictable dimensions of the crisis at that uncertain moment, it was difficult to identify optimal interim measures to ease the situation. Further discussion would take place at the next scheduled meeting.

**Noted**

There being no further business, the open-door session of the meeting adjourned at 3:55 pm.

\*\*\*\*\**End of Open-door Session*\*\*\*\*\*