

**Construction Industry Council**

**Committee on Procurement**

Meeting No. 003/12 of the Committee on Procurement was held on Monday, 24 September 2012 at 2:30 pm at Meeting Room No.1, 15/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

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The following items have been discussed at the Com-PCM Meeting No. 003/12:

<b>Agenda Item</b>	<b>Paper</b>	<b>Major Resolutions/ Progress Highlights</b>
3.1	CIC/PCM/R/002/12 (for discussion)	<b>Confirmation of the Progress Report</b>  Members confirmed the Progress Report of Meeting No. 002/12 held on 13 June 2012.
3.2	CIC/PCM/R/002/12 (for discussion)	<b>Matters Arising from the Previous Meeting</b>  <u>Item 2.3 – Report of the Task Force on Competition Law</u> The Task Force on Competition Law (TF-CLW) prepared a paper providing an overview of the Competition Ordinance and its potential implications for the construction industry. TF-CLW also undertook a review to examine if the views and concerns submitted by the CIC to the Bills Committee of the Legislative Council (LegCo) were addressed in the Ordinance. Details were discussed under agenda items 3.3.  <u>Item 2.6 (b) – Proposed Terms of Reference and Membership List of the New Task Force on Employer-Procured Insurance Policies in Construction Contracts</u> A Task Force on Employer-Procured Insurance Policies in Construction Contracts (TF-EPI) was proposed to be formed. In consultation with the Task Force Chairman, the proposed

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		<p>Terms of Reference and Membership List of the new Task Force were formulated. Details were discussed under agenda item 3.7.</p> <p><u>Item 2.7 – Procurement Factsheet</u> An Ad-Hoc Working Group on Procurement Factsheets (WG-PFS) was proposed to be formed. In consultation with the Chairman of the Committee on Procurement, the proposed Terms of Reference and Membership List of the Ad-Hoc Working Group were formulated. Details were discussed under agenda item 3.8.</p>
3.3	CIC/PCM/P/015/12 (for information)	<p><b>The Competition Ordinance and the Summary of Views and Concerns of the Construction Industry</b></p> <p>Members took note of the paper prepared by the Task Force on Competition Law (TF-CLW) which summarised the main provisions and effect of the Competition Ordinance. The paper was intended to serve as the first step for the Task Force to examine the possible implications of the Ordinance for the construction industry.</p> <p>TF-CLW Chairman confirmed that a formal reply from the Bills Committee of the LegCo on CIC’s Submission of the Summary of Views and Concerns of the Construction Industry on the Competition Bill would not be available. In the absence of such reply, TF-CLW undertook a review to examine if the views and concerns raised by the CIC were addressed in the Ordinance. Members were briefed on the findings of TF-CLW’s review.</p>
3.4	CIC/PCM/P/016/12 (for discussion)	<b>Progress Report of the Task Force on Competition Law</b>

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		<p>At the meeting of the Task Force on Competition Law (TF-CLW) held on 8 August 2012, TF-CLW Members deliberated on the way forward and proposed to prepare and publish an article in the form of a factsheet or newsletter to introduce the Competition Ordinance to the construction industry.</p> <p>TF-CLW also proposed to organise a Technical Forum on Competition Law in 2013 with an aim to enhance industry stakeholder's understanding on the Ordinance and provide a platform for practitioners to share views and experience on the Competition Law. Members exchanged ideas on the possible topics, format and speakers of the Technical Forum for TF-CLW's consideration.</p>
3.5	CIC/PCM/P/017/12 (for discussion)	<p><b>Progress Report of the Task Force on NEC3 Collaborative Contracts</b></p> <p>(a) <u>Progress Report of the Task Force on NEC3 Collaborative Contracts</u> Chairman of the Task Force on NEC3 Collaborative Contracts (TF-NEC) briefed Members on the following points discussed at the Task Force meeting held on 7 June 2012:</p> <ul style="list-style-type: none"> <li>- TF-NEC discussed the possible reasons for the relatively low usage of NEC contracts in the UK private sector. It was suggested that contributing factors might include: (i) the generally lower risk profile of private building works compared to public civil engineering works; (ii) the fragmented characteristic of the building industry and building contracts which made it less suitable for the administrative heavy NEC form of contract; (iii) private sector clients' preference on lump-sum contract and performance driven design and build contract; (iv) limited penetration of the NEC marketing campaign into the private sector; and (v) the short of statistical data to</li> </ul>

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		<p>prove NEC's success to date.</p> <ul style="list-style-type: none"> <li>- In the discussion session following the presentation of the Society of Construction Law Hong Kong (SCLHK) award-winning paper on "Is Hong Kong Ready for the NEC?", the speaker shared his view that traditional forms of contract might be more suitable for simple and well-defined projects whilst the NEC form could be advantageous for special and mega projects where clients were more prepared to invest on training and resources.</li> </ul> <p>(b) <u>Formation of a Task Group on NEC3 Collaborative Contracts</u>  A Task Group on NEC3 Collaborative Contracts (TG-NEC) was formed to deliberate on the way forward of the TF-NEC. The Task Group discussed the possible deliverables of the TF-NEC. Members were advised that, in view of the current limited NEC experience in Hong Kong, the Task Group proposed to prepare a Frequently Asked Question (FAQ) Handbook or Factsheet, instead of Guidelines, to aid industry stakeholders' understanding on the NEC3 as a form of collaborative contracts.</p>
3.6	Verbal Report	<p><b>Report of the Task Force on the Selection of Consultants and Contractors</b></p> <p>Drafting of the Guidelines on the Selection of Consultants was in progress. The draft Guidelines comprising inputs from various lead authors were scrutinised by an independent reviewer. The reviewer provided general comments on the way the Guidelines might be re-structured and re-drafted to enhance the flow of the document and its readability. Chairman of the Task Force on the Selection of Consultants and Contractors (TF-SCC) and the Secretariat were currently identifying a suitable technical writer for the editing and</p>

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		necessary re-drafting work.
3.7	CIC/PCM/P/018/12 (for discussion)	<b>Proposed Formation of a Task Force on Employer-Procured Insurance Policies in Construction Contracts</b>  Members took note of the paper on Proposed Formation of a New Task Force on Employer-Procured Insurance Policies in Construction Contracts (TF-EPI) and endorsed the proposed Terms of Reference appended therein. Members also endorsed the proposed Membership List appended in the paper with the comment to include CLP Power Limited as one of the organisations for nomination of members.
3.8	CIC/PCM/P/019/12 (for discussion)	<b>Proposed Formation of an Ad-Hoc Working Group on Procurement Factsheets</b>  Members took note of the paper on Proposed Formation of an Ad-Hoc Working Group on Procurement Factsheets (WG-PFS) and endorsed the proposed Terms of Reference and Membership List appended therein.
3.9	CIC/PCM/P/020/12 (for discussion)	<b>Strengths of the Construction Industry in Hong Kong</b>  Members reviewed the paper on Strengths of the Construction Industry in Hong Kong. It was considered that the inputs from the six committees had covered many of the strengths of the construction industry. Members suggested the CIC Secretariat to edit and consolidate the paper and present it in such a way that the paper would represent an overall view from the construction industry rather than from the individual committees' perspective.
3.10	CIC/PCM/P/021/12 (for discussion)	<b>Year Plan for 2012/2013</b> Members noted and confirmed the year plan.

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3.11	CIC/PCM/P/023/12 (for information)	<b>Any Other Business</b>  LECA Charity Fund – Members took note of the letter from LECA announcing the launching of the Lift & Escalator Contractors Association (LECA)’s Charity Fund on 1 August 2012.