

**Construction Industry Council**

**Committee on Procurement**

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The 6<sup>th</sup> Meeting of the Committee on Procurement was held on Monday, 13 October 2008 at 2:30 pm at Room 1201, Murray Building, Garden Road, Central.

Present : Russell BLACK (RB) Chairman  
Francis BONG (FB)  
Andrew CHAN (AC)  
James CHIU (JC)  
Thomas HO (TH)  
LEE Shing-see (SSL)  
Conrad WONG (CW)  
Ada FUNG (AF) For Permanent Secretary for  
Transport and Housing (Housing)  
James BLAKE (JB) Kowloon-Canton Railway  
Corporation  
Ian COCKING (IC) Minter Ellison Lawyers  
Colin JESSE (CJ) Evans and Pecks (HK) Ltd  
Mohan KUMARASWAMY (MK) University of Hong Kong  
Margaret COATES (MC) CLP Power Hong Kong Ltd.  
LAU Chun-kay (CKL) Hong Kong Federation of  
Electrical and Mechanical  
Contractors  
LEUNG Tak-fai (TFL) Development Bureau  
MOK Wah-hoi (WHM) ICAC

In Attendance : Alex LEUNG (AL) Senior Manager (Council  
Services) 1  
Claudia AU (CA) Manager (Council Services) 1  
Rico CHEUNG (RC) Development Bureau

Apologies : Teresa CHENG (TC)  
CHEUNG Tat-tong (TTC)  
LAM Wo-hei (WHL)  
Billy WONG (BW)  
CHEUNG Lung-hing (LHC) Construction Site Workers  
General Union  
Hugh WU (HW) Macao Studio City  
CHAN Nap-ming (NMC) Housing Department  
David TONG (DT) Development Bureau

**MINUTES**

**Action**

**6.1 Confirmation of the Progress Report of the 5<sup>th</sup> Committee Meeting**

Members took note of Paper CIC/PRO/R/005/08 and approved the progress report of the last meeting held on Friday, 1 August 2008 at Murray Building.

**Noted**

**6.2 Matters Arising from the Previous Meeting**

**6.2.1 Paragraph 11 (a)**

A meeting on the ICAC's proposal for establishing a list of consultants and cost database for R&M works has been scheduled for 12 November 2008.

**CIC  
Secretariat**

**6.2.2 Paragraph 11 (b)**

Discussed under agenda item 6.3.

**Noted**

**6.2.3 Paragraph 11 (c)**

Discussed under agenda item 6.4.

**Noted**

**6.3 Contract Price Fluctuation System (CPFS) for Private Sector Construction Contracts**

Members took note of Paper CIC/PRO/P/013/08 and reviewed the draft Good Practice on the Inclusion of Contract Price Fluctuation Clause in Private Sector Construction Contracts. Members concurred that CPFS was a mechanism for promoting fair and equitable risk-sharing for all industry stakeholders and suggested that the CIC Secretariat to obtain further inputs from Members and organizations (including MTRCL, HKCA and Housing Department) which have relevant experience and expertise in the CPFS application. The coverage could be broadened to detail the pros and cons of including a clause for contract price fluctuation in private sector works contracts, to consider the feasibility in providing sample clauses for application under several key scenarios, etc, so that the final guidelines would be balanced and adequately informative for consideration of voluntary adoption by various industry stakeholders.

**CIC  
Secretariat**

**Action**

**6.4 Formation of Task Force on Partnering**

Members took note of the paper CIC/PRO/P/014/08 outlining the background for the formation of the said Task Force, its Terms of Reference & Membership Composition. The first meeting to be chaired by Mr Colin Jesse has been scheduled on 27 October 2008. Status of Membership List as at 10 October 2008 was tabled for Members' information.

**Noted**

**6.5 Review of Year Plan**

Members took note of the Paper CIC/PRO/P/015/08 and supported the revised work plan (Annex A) of the Committee. In view of past experience for the time and efforts engaged for the formulation of industry guidelines, Members concurred that the proposed timeline for arriving at the finalized Guidelines on Partnering for CIC Council Members' endorsement might be too tight and would have to be further reviewed depending on the progress of the task.

Focus of perspectives for the coming year in order of priority was agreed as follows:

- Selection of consultants and contractors;
- Procurement arrangement for repair and maintenance works;
- Procurement approaches (Partnering and other approaches); and
- Contract Price Fluctuation.

Review of the priorities would be conducted in six months' period.

**Noted**

**6.6 Any Other Business**

Nil

**6.7 Proposed Tentative Date of the Next Scheduled Meeting**

1 December 2008 (Monday) at 2:30 pm at Room 1201 Murray Building

**All to note**

There being no further business, the meeting adjourned at 4:30 pm.

***Remark:*** *The mentioned papers discussed in the Meeting of the Com-PCM can be made available to the Council Members from the CIC Secretariat upon request.*

**(I) Procurement approaches****(A) Partnering**

<b>Task</b>	<b>Updated Schedule</b>	<b>Remarks</b>
- Take stock of experience of partnering applied in construction procurement and project management in Hong Kong and in other economies so as to capture the experience /forms of partnering and their applications.	Sept – Oct 2008	- Task Force on Partnering formed in October 2008 - 1st Task Force Meeting scheduled in October 2008 to confirm Terms of Reference, work plan and deliberate the way forward for developing the proposed Guidelines on Partnering.
- Formulate good practices on Partnering. Identify directions for further development of partnering in Hong Kong in order to arrive at proposed good practices on Partnering and directions for further development	Nov 2008 – Jan 2009	- based on Task Force's decision, proceed with the drafting of Guidelines
- Drafting of guidelines on partnering for endorsement by Committee	Feb 2009 – Mar 2009	- Clearance of draft by Task Force Members and Members of Com-PRO
- Endorsement of guidelines by CIC for promulgation	Apr 2009	- Endorsement of guidelines by CIC Council Members for promulgation

***(B) Other procurement approaches***

<b>Task</b>	<b>Updated Schedule</b>	<b>Remarks</b>
- Identify the need for issuing guidelines on other procurement approaches taking into account the experience in developing the guidelines on partnering.	- Dec 2008	- Committee Members to deliberate on the issue in the next Committee meeting scheduled in December 2008.

**(II) Selection of consultants and contractors*****(A) Selection of consultants and contractors under the designer-led approach***

<b>Task</b>	<b>Updated Schedule</b>	<b>Remarks</b>
- Taking stock of current practices on selection of consultants and contractors and identify problems and issues	- Dec 2008	- Committee Members to deliberate on the issue in the next Committee meeting scheduled in December 2008.
Formulate measures for resolving the problems and issues	- Feb 2009	- To proceed according to the decision of the Committee.
- Development of proposed guidelines on selection of consultants and contractors by Task Force; endorsement and approval of the Guidelines by Committee and CIC Members respectively.	- Mar – Aug 2009	- To proceed according to the decision of the Committee.

***(B) Selection of consultants and contractors under other procurement approaches***

<b>Task</b>	<b>Updated Schedule</b>	<b>Remarks</b>
- Identify the need for issuing guidelines on selection of consultants and contractors under other procurement approaches taking into account the experience in developing the guidelines on partnering	- Dec 2008	- Committee Members to deliberate on the issue in the next Committee meeting scheduled in December 2008 - To proceed according to the decision of the Committee.

**(III) Tools for project management**

***(A) Milestone payment***

<b>Task</b>	<b>Updated Schedule</b>	<b>Remarks</b>
- Development of proposed guidelines on Milestone Payment by Task Force; endorsement and approval of the Guidelines by Committee and CIC Members respectively.	- Feb 2009	- Committee Members to deliberate on the issue in the next Committee meeting scheduled in February 2009 - To proceed according to the decision of the Committee.

***(B) Alternative designs***

<b>Task</b>	<b>Updated Schedule</b>	<b>Remarks</b>
- Draft guidelines on alternative designs	- Feb 2009	- Committee Members to deliberate on the issue in the next Committee meeting scheduled in February 2009 - To proceed according to the decision of the Committee.

**(IV) Procurement arrangement for repair and maintenance works**

<b>Task</b>	<b>Updated Schedule</b>	<b>Remarks</b>
- Presentation on procurement for repair and maintenance (R&M) works for buildings by ICAC and Hong Kong Housing Society Formulation of Committee's view on procurement arrangements for R&M works and assess the need and the determine the scope of CIC's input into this subject	- Dec 2008	- Committee Members to deliberate on the issue in the next Committee meeting scheduled in December 2008 - Based on the comments of the Members, proceed to invite ICAC and Hong Kong Housing Society for presentation in order to consider the proposed R & M procurement arrangements and to identify CIC's scope of input into such arrangements.