

LEGISLATIVE COUNCIL BRIEF

PROGRESS REPORT ON IMPLEMENTATION OF RECOMMENDATIONS OF THE CONSTRUCTION INDUSTRY REVIEW COMMITTEE

INTRODUCTION

At the meeting of the Executive Council on 19 April 2005, the Council took note of the information below.

BACKGROUND

2. The Construction Industry Review Committee (CIRC) chaired by the Honourable Henry TANG completed its task of examining the current state of the construction industry and submitted a report entitled "Construct for Excellence" to the Chief Executive in January 2001. The report outlined 109 improvement measures covering the whole spectrum of construction activities to lift the quality and cost-effectiveness of the industry.

3. We issued on 7 June 2001 a Legislative Council Brief setting out the following strategy for taking forward the CIRC recommendations -

- (a) the establishment of an industry co-ordinating body should be agreed in principle and pending its formation, a provisional body should be set up;
- (b) the former Works Bureau should be appointed as the lead agency within the Government to co-ordinate with relevant bureaux and departments on all construction-related matters, and to co-ordinate the implementation of the CIRC recommendations; and
- (c) the remaining 107 recommendations of CIRC should be taken forward along the line as proposed in paragraphs 10 and 11 of the Brief.

4. Regular progress reports on actions taken to implement the CIRC recommendations were issued in January and June 2002, March and November 2003 as well as July 2004. This Legislative Council Brief provides an update on the same subject.

PRESENT PROGRESS

(A) Institutional Arrangements

5. Since its establishment in September 2001, the Provisional Construction Industry Co-ordination Board (PCICB) has forged ahead with the implementation of CIRC recommendations in close partnership with key stakeholders. Apart from priority items such as management of subcontracting, construction cost and research, construction site safety, employees' compensation insurance, construction waste as well as manpower training and development, a task force was formed to review the construction stage of the development process. Increased emphasis has been placed upon cascading recommendations with proven effectiveness for industry-wide application.

6. The Construction Industry Council (No. 2) Bill was introduced into the Legislative Council on 13 October 2004 and is being scrutinized. Primary attention has been focused on the composition and appointment mechanism, available measures to promote harmonious labour relations and transitional arrangements leading to a smooth amalgamation with the Construction Industry Training Authority. We are aiming to secure passage of the Bill within the current legislative session.

7. Furthermore, the Industry Review Steering Committee led by the Environment, Transport and Works Bureau (ETWB) continues to keep track of individual CIRC recommendations and identify suitable topics for consultation with PCICB. Upon formation of the Construction Industry Council (CIC), this committee will evolve into a direct linkage between Government and the industry. We have started an overall review of the reform process for completion at the end of 2005.

(B) CIRC Recommendations with Notable Progress

8. Thus far, we have achieved notable progress on 105 out of the 109 CIRC recommendations as summarized at Annex A. Some prominent items are highlighted in the following paragraphs.

(a) Management of subcontracting and wage arrears

9. With all public sector clients requiring employment of registered subcontractors, the voluntary subcontractor registration scheme (VSRS) has attracted about 2 500 applications as at early April 2005, rendering it a self-financing initiative. Making the best use of this platform, PCICB will develop the Primary Register into a formal communication channel with subcontractors and a launching pad of training modules designed to raise

their professional standards. In this context, one training course on corruption prevention and two training courses on construction site safety organized since September 2004 were well received. Deliberations will be given to an operational framework for the next phase of the scheme based upon more stringent entry requirements and capacity grading of individual subcontractors for introduction after the formation of CIC.

10. In order to propagate good subcontracting practices, a sub-group under PCICB has developed some guidelines on standard form of domestic subcontract for basic trades and will draw up sample sub-subcontracts catering for the second and lower tiers. This sub-group also carried out a review on the Standard Form of Domestic Subcontract for specialist trades published by the Hong Kong Construction Association (HKCA) and endorsed certain refinements to notices for withholding payment as well as timeframes for dispute resolution and claim/variation assessment.

11. On wage arrears, a working group led by ETWB has recently been formed with the participation of relevant Government departments, labour unions and trade associations to develop contractual conditions governing timely wage payment and Mandatory Provident Fund (MPF) contributions for trial in three pilot contracts.

(b) Construction cost

12. The Economic and Employment Council Subgroup on Business Facilitation has embarked on a comprehensive review of the development process and has sought advice from PCICB on how to speed up activities in the construction stage and to lower the cost of compliance with prevailing statutory requirements. A task force formed by PCICB aims to complete this assignment within 2005 by exploring the scope for lesser Government involvement in vetting of building submissions through self-certification and third party certification, better alignment of key development control parameters, greater delegation of authorities, closer integration of checking for compliance with related statutory requirements into the processing of building plans and deployment of a web-based system to ascertain the status of individual submissions.

(c) Construction site safety and employees' compensation insurance

13. The Real Estate Developers Association of Hong Kong and HKCA are finalizing an action plan to uplift private sector safety performance by introducing measures tried out successfully in public works projects such as the pay for safety scheme. A set of guidelines on best practices and standard contractual provisions will be promulgated in mid-2005.

14. A referral mechanism on safety problems associated with minor renovation and maintenance works set up through collaboration between Labour Department, the Hong Kong Association of Property Management Companies and PCICB has functioned well, resulting in 240 interventions and 35 prosecutions as at the end of December 2004. On employees' compensation, six test cases have been identified for voluntary mediation as an alternative way to settle compensation claims.

(d) Construction waste

15. To complement the positive steps taken by Government to deal with an emerging problem imposed by our limited local capacity to dispose of construction and demolition (C&D) materials, PCICB has formed a new working group to spearhead industry efforts on waste reduction, recycling and management. Started by taking stock of good practices adopted by different clients, the working group agreed to set up a web-based resource centre offering management tools to facilitate adoption of these practices, to contribute advice on the scheme to export C&D materials for alternative use in the mainland, and to encourage greater usage of recycled aggregates among clients.

IMPLICATIONS OF THE PROPOSAL

16. The economic, environmental, financial, civil service and sustainability implications arising from the CIRC recommendations are set out at Annex B.

PUBLICITY

17. A spokesman will be available to answer media enquiries.

ENQUIRY

18. Please contact Mr K H Tao, Assistant Secretary for the Environment, Transport and Works (Works) Works Policy 3 at 2848 2291 for enquiries on this subject.

**Environment, Transport and Works Bureau
25 April 2005**

**PROGRESS REPORT ON
IMPLEMENTATION OF RECOMMENDATIONS OF THE
CONSTRUCTION INDUSTRY REVIEW COMMITTEE**

ANNEXES

- Annex A - Present Position on CIRC Recommendations with Notable Progress
- Annex B - Implications of the Proposal

Present Position on CIRC Recommendations with Notable Progress

List of Abbreviations

Abbreviation	Meaning	Abbreviation	Meaning
AACSB	Architectural and Associated Consultants Selection Board	HKFI	Hong Kong Federation of Insurers
AP	Authorized Person	HKGBCA	Hong Kong General Building Contractors Association
Arch SD	Architectural Services Department	HKIA	Hong Kong Institute of Architects
BD	Buildings Department	HKIE	Hong Kong Institution of Engineers
C&SD	Census and Statistics Department	HKIS	Hong Kong Institute of Surveyors
CDM	Construction (Design and Management) Regulations	HPLB	Housing, Planning and Lands Bureau
CIC	Construction Industry Council	HyD	Highways Department
CITA	Construction Industry Training Authority	ICAC	Independent Commission Against Corruption
DSD	Drainage Services Department	IWG	Inter-departmental Working Group on Environmentally Friendly and Innovative Buildings
EACSB	Engineering and Associated Consultants Selection Board	LD	Labour Department
EDLB	Economic Development and Labour Bureau	Lands D	Lands Department
EMB	Education and Manpower Bureau	LegCo	Legislative Council
EMSD	Electrical and Mechanical Services Department	OSHC	Occupational Safety and Health Council
EPD	Environmental Protection Department	PCICB	Provisional Construction Industry Co-ordination Board
ETWB	Environment, Transport and Works Bureau	Plan D	Planning Department
FSTB	Financial Services and the Treasury Bureau	REDA	Real Estate Developers Association of Hong Kong
HA	Housing Authority	RGBC	Registered General Building Contractor
HD	Housing Department	RSC	Registered Specialist Contractor
HKCA	Hong Kong Construction Association	RSE	Registered Structural Engineer
HKEMCA	Hong Kong Electrical and Mechanical Contractors' Association	VTC	Vocational Training Council

Recommendation		Recommended Implementing Parties and Timeframe¹	Present Position
1*	Clients' better understanding of construction delivery process and their close involvement in project implementation	Clients, consultants and contractors Start immediately (Within 1 year for public works projects)	ETWB and HA have reviewed their project delivery procedures and found that appropriate provisions have been made for client involvements. In January 2003, HA streamlined its procedure-based quality management system to a result-oriented system in compliance with ISO 9001:2000, thereby providing more flexible guidance to project teams whilst upholding essential quality requirements. All works departments have been in compliance with ISO 9001:2000 since December 2003 and will continue to streamline their project delivery process.
2*	More integrated input from different disciplines at the outset of a project	All clients in collaboration with their project teams Start immediately	For public housing projects, design reviews are conducted to obtain integrated input from the various disciplines. HA has also tried out pilot projects on "feed-forward partnering approach" involving early management and maintenance inputs during design stage. For public works projects, Project Steering Committees are set up for all multi-disciplinary projects requiring direct input from more than one department.

¹ The recommended implementing parties have been updated to reflect the re-organization of the policy bureaux resulting from the implementation of the Principal Officer Accountability System on 1 July 2002.

* Recommendations substantially implemented by Government and further improvements will be ongoing.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
3*	Wider use of value management (VM) techniques in local construction	All clients, with public sector clients taking the lead Start immediately	For public housing projects, VM and value engineering techniques have been used on seven pilot projects and will be progressively extended to other projects. VM was introduced into public works projects in 1996 and has since been widely used by works departments. Enhanced VM procedures were promulgated in August 2002.
4*	Allowing sufficient time for consideration of all relevant factors at project outset and mobilization of resources	All clients Start immediately	Appropriate procedures are in place to ensure adequate time for project planning and mobilization of resources. For public housing projects, the measures introduced include extending the construction period of piling and building contracts by three months as well as deploying additional staff to strengthen site supervision. For public works projects, ETWB has found the present procedures satisfactory but project implementation schedules are reviewed at appropriate stages, particularly before upgraded in the Public Works Programme.
5*	Considering if there are practical means to address the effect of high land cost on construction quality	HPLB Within 3 years	Both the Land Sub-Committee of the Land and Building Advisory Committee and PCICB have agreed that high land cost was not a cause of the problems on construction quality. The current practice of allowing land to be disposed at market price should continue.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
6*	Clear allocation of responsibilities in legislation, imposing appropriate statutory sanctions, and promotion of self-regulations	<p>Government departments with regulatory authority over the construction industry</p> <p>Within 5 years</p> <p>(Within 2-3 years for private building projects)</p>	Government is pursuing this recommendation on various fronts such as registration of geotechnical engineers under the Buildings Ordinance introduced in December 2004, re-engineering of the building plan approval process to enhance self-regulation by registered building professionals, and strengthened enforcement action by LD against subcontractors and owners of plants/equipment.
7*	Appropriate allocation of responsibilities among project participants and clear accountability structure in client organizations	<p>Clients</p> <p>Start immediately</p>	For public housing projects, HA has rationalized the project management setup including allocation of resources, responsibility and accountability. Regarding public works projects, ETWB adopts the Project Management Approach whereby a project manager may determine the composition of his team and the roles/responsibilities of each team member. In respect of private building projects, BD has set up a new supervision system to make AP/RSE and their staff accountable for the quality of works, particularly those relating to foundations.
9(a)	Voluntary subcontractor registration scheme (VSRS)	<p>Industry co-ordinating body in consultation with stakeholders and Government departments</p> <p>Within 3 years</p>	PCICB has successfully launched the Primary Register in November 2003 and received about 2,500 applications by early-April 2005.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
10	Provide training to enhance the skills and competence of subcontractors	Industry co-ordinating body and training institutions Start within 1 year	CITA is already offering training courses designed for the managerial staff and site supervisors engaged by subcontractors. PCICB will consider improvements to these courses when planning the second phase of VSRS.
11(a)*	Prohibition of total subletting and tighter control over the performance and management of subcontractors	Clients and contractors Start immediately	HA has limited subcontracting to only one layer for piling contracts and required compulsory engagement of subcontractors registered under VSRS with effect from 1 April 2004. ETWB has rendered it an obligation for main contractors to prohibit total subletting and to deploy their own staff for supervision/management. Contractual requirement to employ subcontractors registered under the VSRS have been incorporated into all tenders issued since 15 August 2004. For private building projects, BD has introduced site supervision plans, backed up by disciplinary sanctions, to ensure that RGBC and RSC will not derogate from their professional responsibilities as a result of subcontracting.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
11(b)*	Control of subcontractors working on public works projects ETWB and the works departments Start immediately	ETWB has imposed a tender requirement for main contractors to submit and update subcontractor management plans (SMP) outlining details on the selection, performance monitoring and control over further subletting by their subcontractors. Outcome of a review on the effectiveness of SMPs will be presented to PCICB in May 2005.
11(c)*	Control of subcontracting by HA in other types of construction works in addition to piling HA Within 1 years	HA has required building contractors to submit details on the first layer of subcontractors and Contractors' Supervision Plan in three pilot projects setting out proposals for supervising subcontractors and training of workers.
12	Raising the performance standards of subcontractors by providing a conducive environment HKCA, HKEMCA and individual contractors Start immediately	To raise the performance standard of subcontractors, PCICB promulgated in March 2003 a set of Guidelines on Subcontracting Practice and formed a sub-group to draw up guidelines on standard forms of domestic subcontract for promulgation in mid-2005. This sub-group has also recently started to develop sample sub-subcontracts for use at the second and lower tiers.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
13(a)* Adequate supervisory provision for critical stages of construction	Clients and project teams Start within 1 year	As an on-going effort to strengthen site supervision for public housing projects, HA has deployed resident engineers to all piling contracts and resident professionals to complex building contracts on a need basis. For public works projects, ETWB has reviewed the current requirements on staffing levels for site supervision and found them adequate.
13(b)* Quality supervision requirements for superstructure works in private building projects	BD Completed in mid-2001	BD continues to audit the quality of superstructure works in accordance with the new system introduced in 2001.
13(c)* Structured site supervision systems for public works and public housing projects	HA, ETWB and works departments Within 1 year	HA and ETWB will improve their established site supervision systems continuously.
14* Rigorous enforcement of acceptance standards, designation of site supervision as tender evaluation criterion, and demonstration of satisfactory discharge of site supervisory role by consultants	Clients Start immediately (Within 1 year for public works projects)	Procedures are in place to rigorously enforce acceptance standards in public works and public housing projects. Site supervision capability is one of the criteria for consultant selection, whilst site supervision is taken into account in assessing contractors' performance and tender evaluation. For private building projects, BD will conduct site auditing and strengthen site supervision requirements for complex building works.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
15*	Streamlining of bureaucratic procedures in site supervision systems	Clients, consultants and contractors Start within 1 year (Within 1 year for public works projects)	ETWB and HA are streamlining paperwork on an on-going basis through restructuring of site records, customization of site supervision procedures to suit project requirements and electronic document management systems.
16*	Independent technical audits and sanction of malpractices	Clients and project teams Start within 1 year (Within 1 year for public works projects)	For public housing projects, HA has established comprehensive internal audit systems conducted by independent audit units. For public works projects, audit systems are in place to prevent sub-standard works and assure construction quality. ETWB had reviewed and enhanced these systems in the first six months of 2002.
17*	Review of findings of audit teams by ETWB and works departments	ETWB Start within 1 year (Within 1 year for public works projects)	ETWB has incorporated requirements to review audit findings into the project delivery procedures.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
18	Bringing public housing projects within the ambit of the Buildings Ordinance and independent auditing on quality standards of public housing	Government and HA Ongoing action	The Government is still assessing the legal, administrative, staffing and financial implications of various options for application of the Buildings Ordinance to public housing projects. In the meantime, an Independent Checking Unit established in HD continues to institute third-party checking over all new buildings and demolition projects of HA to ensure their compliance with various technical standards prescribed under the Buildings Ordinance.
19*	Improving arrangements for quality control tests	Clients and project teams Start immediately (Within 1 year for public works projects)	HA has implemented measures to improve quality control tests in public housing projects, including an extended policing role played by its own laboratory and enhanced security of test samples. ETWB has reviewed the system of conducting quality control tests and rolled out some improvements in May 2002.
21*	Review of HA's new arrangements for consultant selection	HA Ongoing action	The enhanced two-envelope system for selection of consultants that places greater weight on the quality of submissions has been effective in promoting healthy competition based on both price and quality. HA will fine-tune the system in light of experience and prevailing needs.
22*	Review of listing criteria and shortlisting arrangements for AACSB consultancies	FSTB, ETWB and Arch SD Within 2 years	A new mechanism to categorize/shortlist architectural and associated consultants has been put into effect since September 2002.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
23* Reflecting quality aspects in marking schemes for public works consultancies, past performance as criterion for prequalification and bid assessment, and quantitative means for measuring the past performance of consultants	FSTB, ETWB, AACSB and EACSB Within 2 years	ETWB has included past performance as a criterion for selection of consultants, reflected in performance assessment failures in adhering to staffing proposals leading to adverse impacts on quality of services and adopted marking schemes covering all quality aspects in assessing technical submissions. The consultants' performance index system was subsequently rolled out in July 2002 and has been used since mid-September 2003 in consultant selection exercises.
24* Listing, tendering practices and performance appraisal system of HA's contractors	HA Ongoing action	HA is making continuous improvements to its listing and tendering practices as well as contractor performance appraisal systems. Pilot projects adopting enhanced preferential tender award system have been launched with a marking scheme that gives due recognition to technical performance on top of price. The Guide to Registration of Works Contractors and Property Management Services Providers was also issued in 2004 to increase transparency of the registration procedures.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
25(a)* Improving contractor selection system for public works projects	FSTB and ETWB Within 1 year	In order to place greater emphasis on past performance and quality in selecting public works contractors, the use of marking scheme for tender evaluation has become mandatory since 1 November 2002. Normal contracts adopt a simplified marking scheme whereby compliant tenders with the highest combined scores will be recommended for acceptance. Full-blown marking schemes are used for cases involving high contract sums and strenuous technical requirements.
25(b)* Allowing only contractors with consistently good performance to take part in pre-qualification exercise for major public works projects.	FSTB and ETWB Within 3 years	With the mandatory use of marking schemes, prequalification of tenderers is no longer necessary and should only be conducted under special circumstances with justifications.
26* Review of Performance Assessment Scoring System 2000 for HA's contractors	HA Ongoing action	An enhanced system with increased objectivity and impartiality was launched for building and building services works in early-2002. Following collection of feedback one year after implementation, the system was fine-tuned in October 2003.
27(a)* Transparency of performance assessment arrangements for consultants and contractors for public works projects	ETWB and works departments Within 2 years	ETWB has provided consultants and contractors with their full performance appraisal reports since January and June 2002 respectively.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position	
27(b)*	Providing the industry regularly with benchmark scores for Public Works Contractors' Performance Index System	ETWB Within 3 years	With effect from 1 November 2002, ETWB has been advising public works contractors on a quarterly basis their scores under the contractors' performance index system and benchmark scores (i.e. maxima, minima, averages and medians) for the various approved lists.
28*	Objectivity of the performance assessment system for consultants and contractors for public works projects	ETWB and works departments Within 2 years	For consultants, ETWB has introduced since January 2002 measures including reduced reporting interval from six to three months, panel review to ensure consistency and objectivity of performance assessment, disciplinary actions against poor performance and appeal procedures. An appeal mechanism has been in place for contractors since April 2002 and is complemented by clearer guidelines and workshops on performance appraisal.
29*	Debriefing to unsuccessful bidders and making known quality scores of winning bids	All clients, with public sector clients taking the lead Within 2 years	For public works projects, the procedures on debriefing took effect in February 2003. For public housing projects involving technical submissions, HA makes known the scoring to tenderers upon award of contracts.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
30*	Post-completion reviews with consultants and contractors	Public sector clients Within 2 years	HA has made use of close-out partnering meeting for experience sharing and is adopting post-completion review workshops for new capital projects. The procedures for post-completion review on major public works contracts and consultancies were rolled out by ETWB in September 2003.
31(a)*	Sharing information among public sector clients on the performance of consultants and contractors	Public sector clients Within 1 year	Arrangements are in place for ETWB, BD and HA to share information on the performance of contractors, whilst information on the performance of consultants is only being shared between ETWB and HA. Cases involving other public sector clients will be handled on a need basis.
31(b)*	Disciplinary actions under the Buildings Ordinance against RGBC and RSC for poor performance in public sector projects	BD Within 1 year	The mechanism for referring disciplinary cases from HA and ETWB to BD has been operating smoothly since April 2002.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
32(a)	Promoting systematic risk management Public sector clients Within 2 years	For public housing projects, HA has examined the practices of major clients and conducted a study on parent company guarantee as well as other risk management tools including on-demand bond before developing a set of internal guidelines on holistic risk management . For public works projects, the guidelines on systematic risk management are scheduled for promulgation in early 2005 and will be complemented by a series of training courses.
32(b)	Developing guidance notes on risk management. Professional institutions and client organizations Within 2 years	See item 32(a).
33*	Clients to be prepared to reject exceptionally low bids All client organizations Start immediately	ETWB promulgated in February 2003 broad guidelines dealing with exceptionally low bids for public works contracts and consultancies. Exceptionally low bids will be rejected by HA if there is inexplicable doubt on the bidder's capability to deliver in accordance with the tender requirements.
34*	Exercising robust change control and promulgation of change control procedures All client organizations Start immediately (Within 1 year for public works projects)	ETWB and HA have put in place comprehensive change control procedures to manage changes in scope, budget, programme, design and specification of public works and public housing projects.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
35*	Reconsidering recommendations of the consultancy study on the General Conditions of Contract for public works projects	<p>ETWB in consultation with the industry Within 1 year</p> <p>On unforeseen ground conditions, ETWB has issued special conditions of contract for trial use in four projects while for third party lawful interference, Government will bear time delay but contractors will absorb financial losses if the third party in question is not its agent. Furthermore, ETWB introduced in July 2004 provisions to compensate contractors for any additional costs and delays resulting from changes in construction-related legislation during the contract periods.</p>
36	Reviewing the Standard Form of Building Contract (Private Edition)	<p>Industry co-ordinating body in consultation with concerned stakeholders Within 2 years</p> <p>The revised Standard Form of Building Contract (Private Edition) has been substantially completed and its formal publication is being arranged.</p>
37(a)	Adopting proactive approach in resolving claims and disputes and training of project team on dispute resolution	<p>All client organizations, consultants and contractors Start immediately (Within 1 year for public works projects)</p> <p>Pilot projects have been selected to try out dispute resolution advisors (DRA) and voluntary adjudication in public works contracts before their full implementation. For public housing projects, a high-level steering committee was formed in May 2003 to speed up dispute resolution, while DRA has been adopted for all building and foundation contracts with tenders issued since April 2004 to resolve disputes between HA and main contractors as well as between main contractors and nominated subcontractors.</p>

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
37(b)	Contractual provisions for proactive and collaborative dispute resolution methods All client organizations, consultants and contractors Start immediately (Within 1 year for public works projects)	See item 37(a).
38*	Wider adoption of a partnering approach All stakeholders Within 1 year	Partnering workshops are conducted at the start of all new public housing projects to enhance mutual understanding and communication. Over 30 public works contracts have adopted non-contractual partnering and a forum to consolidate the experience acquired was held on 16 November 2004.
39	Considering integration of a partnering approach into a new form of contract Major clients in consultation with stakeholders Start within 2 years	ETWB is exploring contractual partnering based on the New Engineering Contract (NEC) developed in UK and has identified a suitable trial project. Preparation is underway to draw up the necessary contract documents.
40*	Project pact jointly developed by client and project team Clients and all stakeholders Start immediately	Partnering charters are developed by HA as a committed framework for common values and expectations amongst project teams, consultants and contractors. ETWB has issued sample project pacts for optional adoption as a means to secure teamwork, good practice and commitment from project participants.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
41	Milestone payments	<p>ETWB and other major clients</p> <p>Within 3 years</p>	Milestone payment has been used in major public works projects since the 1990's and additional guidelines will be promulgated in mid-2005 to promote its wider adoption. For public housing projects, HA has reviewed the effectiveness of milestone payment and concluded that it is only suitable for design-and-build contracts.
42	Considering the merits and need of enacting security of payment legislation	<p>ETWB</p> <p>Within 3 years</p>	After reviewing overseas experience, ETWB has concluded that security of payment legislation is unnecessary under local circumstances at present and will brief PCICB on this issue in May 2005. Meanwhile, PCICB has formed a sub-group to formulate guidelines on standard forms of subcontract embodying fair payment terms for promulgation in mid-2005.
43*	Improvement of the security of project payments to parties engaged by them	<p>Clients and other paying parties</p> <p>Start immediately</p>	Payment arrangements adopted in public housing and public works projects are in line with the CIRC recommendation. ETWB has updated its project administration handbook to propagate good payment practices.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
44*	Considering wider adoption of alternative procurement approaches such as target cost contracting	Major clients Within 5 years	ETWB promulgated in October 2004 a set of guidelines on selection of procurement route for public works projects. On public housing projects, HA is finalizing the tender procedures and contractual arrangements for implementing the “Modified Guaranteed Maximum Price” approach in a pilot project.
45	Review of the curricula of construction-related courses and provision of more opportunities for site experience	Relevant tertiary institutions, professional institutions and industry bodies Within 3 years	PCICB has reviewed in conjunction with local tertiary institutions their construction-related courses and assisted in the continued efforts to seek practical training places from the industry.
46(a)*	Encouraging teaching staff of local tertiary institutions to acquire industry experience	Relevant tertiary institutions Within 3 years	To facilitate experience sharing, the tertiary institutions are engaging construction practitioners as part-time lecturers, mentors or reviewers to supervise projects carried out by their students. Furthermore, all teaching staff are required to attain a prescribed level of academic and professional qualifications.
46(b)*	Involvement of construction professional in teaching of undergraduate and postgraduate courses	Relevant tertiary institutions and industry co-ordinating body Within 3 years	See item 46(a).

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
47	Mandatory participation in Continuing Professional Development (CPD) activities	Professional institutions Within 2 years	HKIA and HKIS have already made CPD mandatory for their members since January 2003, whilst HKIE will seek approval from its Council to do so from June 2005.
48	Drawing up structured training framework and improve on the curricula of diploma courses for site supervisors	Industry co-ordinating body, relevant training institutions and other concerned stakeholders Within 2 years	CITA will collaborate with the academia to enrich its training programmes, whilst VTC is planning to upgrade its diploma courses with streaming for different disciplines and an element of compulsory practical training.
49*	Introduction of a new class of membership for site supervisors	Professional institutions and other concerned industry bodies Within 2 years	While HKIA and HKIE have put in place associated/affiliated membership for site supervisory personnel, HKIS has introduced a new grade of membership for technicians.
51*	Introduction of a new class of membership for technicians	Professional institutions Within 2 years	See item 49.
52	Construction workers registration scheme	ETWB As soon as possible	The Construction Workers Registration Authority was established in September 2004 and has appointed CITA to undertake duties relating to processing of applications for registration and collection of levy.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
53*	Contractual requirement to employ specified percentages of trade-tested workers and to increase such percentages over time	ETWB and HA Ongoing action	For public works projects, the requirement to engage trade-tested workers has been extended to 13 additional trades and the minimum percentages increased to 50% in 14 trades. For public housing projects, HA has applied the trade-testing requirement to 28 trades, 17 of which demand 100% trade-tested workers. In 2005/06, HA will require five more trades to employ 100% of trade-tested workers and extend the trade-testing requirement to building maintenance works.
54*	Review of basic craft courses offered by CITA	CITA and EMB Within 1 year	The revamped basic craft courses were offered by CITA in the 2002-03 academic year.
55*	Revamp of the apprenticeship scheme for the construction industry	ETWB, EMB, industry co-ordinating body, VTC and CITA Within 2 years	Review of the apprenticeship scheme has been completed and improvements are already in hand. The Modern Apprenticeship Scheme was introduced in 2004 to enhance its flexibility and attractiveness to employers.
56(a)*	Encouraging multi-skill development for construction workers	Industry co-ordinating body, employers and training institutions Within 2 years	CITA has taken some positive steps to encourage multi-skill development including prizes for passing multiple trade tests, discounted fees for taking multiple trade tests, expanded contents of full-time short courses and extended scope/duration of basic craft courses. PCICB is exploring other improvements on basic skills training and consolidation of trade classifications.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
56(b)	Developing a craft skill qualification framework to provide career path for tradesman	Industry co-ordinating body, EMB and CITA Within 2 years	PCICB has indicated support in principle for the introduction of master craftsman as a higher qualification in selected trades.
57*	Review of the composition of the CITA Board.	EMB, industry co-ordinating body and CITA Within 1 year	A revised composition of the CITA Board was approved by LegCo in February 2004. Appointments were made upon commencement of the new legislation on 1 June 2004.
58(a)*	Fostering ethical culture - ICAC's efforts in rigorous enforcement and corruption prevention education	ICAC Ongoing action	ICAC will sustain its rigorous enforcement actions and corruption prevention education. To this end, case study materials in the form of VCDs have been distributed to relevant government departments, consultants, contractors, and tertiary institutions.
58(b)*	Fostering ethical culture – Guidelines on prohibitions against acceptance of advantages and excessive entertainment	ETWB and ICAC in collaboration with industry Within 1 year	Based on the sample provided by ICAC, HA and ETWB have issued guidelines on appropriate behaviour to site staff of public works and public housing projects. For private building projects, BD has issued similar guidelines to RGBC's and RSC's.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
58(c)* Fostering ethical culture – Probity pledge by consultants and contractors, probity training for their staff, and promulgation of company codes of conduct	Public sector clients and ICAC Within 1 year	ETWB and HA have issued sample code of ethics prepared by ICAC to encourage consultants and contractors to promulgate their own company codes of conduct. HA has coordinated with ICAC to provide a series of on-site induction and refresher training on integrity. Furthermore, ETWB introduced in January 2004 special conditions on ethical commitment for incorporation into public works contracts and consultancy agreements.
58(e)* Fostering ethical culture – Making professional ethics a compulsory subject in construction-related courses	ICAC, tertiary institutions and other construction training institutions Within 1 year	CITA and VTC have included professional ethics in their supervision and management courses, while five universities will cover professional ethics in their construction-related courses. ICAC also organized a seminar in November 2003 to assist university lecturers in conducting ethics training.
58(f)* Fostering ethical culture – Enhancing training on professional ethics for practitioners	ICAC and construction training institutions Within 1 year	ICAC has forged a close partnership with professional bodies such as HKIA, HKIE and HKIS by developing ethics training for incorporation into their CPD programmes.
59 Improving methodology for collating and compiling construction manpower statistics	EMB, ETWB and other concerned parties Within 2 years	VTC has conducted a trial run of the Labour Market Analysis project and is assessing if its statistical model could be applied to the construction industry. Separately, ETWB has reviewed its methodology on forecasting of construction manpower demand generated by public works and installed an enhanced computer system since December 2004.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
60*	Wider use of direct labour	Client organizations Within 2 years	The PCICB Working Group on Management of Subcontracting has taken note of the findings of a trial scheme on long-term employment of construction workers and directed that promotion efforts be directed primarily through market mechanism. For public housing projects, main building contractors are required to employ site agents, general foremen and block foremen on monthly wage basis. Three pilot contracts are in progress to test out direct labour for selected trades including leveler and plasterer.
61*	Better integration in the delivery of construction projects through wider adoption of alternative procurement approaches such as design and build and prime contracting	Client organizations, industry co-ordinating body, tertiary institutions, professional institutions and training institutions Start within 2 years	Between 1997 and 2004, 18 public works contracts costing \$16 billion were executed by design and build method, while another 10 contracts costing \$3.7 billion are still underway. ETWB has promulgated guidelines on selection of procurement route for public works in October 2004 and HA is examining the feasibility of launching a pilot “Design, Build, Operate and Transfer” project.
62*	Wider use of standardized and modular components	Public sector clients with other industry stakeholders Start within 2 years	Standardized and modular components are being used extensively in public housing projects. Furthermore, ETWB launched in December 2002 a database on its website to disseminate information on standard components and practices developed by government departments.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
63*	Standardization and rationalization of construction processes and practices	Client organizations and other stakeholders Within 3 years	For public housing projects, standardization and rationalization are undertaken by HA in conjunction with incremental review of the specification library. HA has also recently updated relevant sections of its specification to align with local construction processes and practices as well as the specification requirements of other government departments.
64	Central construction standardization body (CCSB)	ETWB and industry co-ordinating body Within 3 years	A consultancy study on setting up of the CCSB was completed in 2000 and its financial viability was further investigated in 2001. PCICB has decided to set up in due course a working group to explore the way forward.
65*	Wider use of prefabrication and other buildability measures	Public sector clients, industry co-ordinating body in collaboration with other stakeholders Start within 2 years	BD issued a Joint Practice Note in February 2002 to promote the use of non-structural prefabricated external walls through exemptions from gross floor area and/or site coverage calculations, followed by a code of practice on the design, construction and quality control of precast concrete construction in November 2003. HA has adopted prefabrication techniques since mid-1980's and will actively explore opportunities for expanding the scope of precasting, including innovating on the use of precast structural walls and 3-D precasting through a pilot project. Finally, ETWB has launched a database in its website for promoting wider use of standardized components and practices.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
66*	Raising information technology (IT) literacy of the construction industry	Industry stakeholders, professional institutions, tertiary institutions and training institutions Start within 1 year	Works departments have included training in their IT plans since 2002/03. Electronic tendering of public works contracts using CD-ROM also helps to promote IT adoption and literacy. Prompted by PCICB, CITA and VTC have reviewed and updated their IT training courses.
67	Wider adoption of IT	Major clients and key stakeholders Start immediately	ETWB is rolling out electronic procurement in stages, starting off with dissemination of tender documents on removable media or through the Internet and submission of tender returns on removable media. A strategy on tender submission through the Internet has been formulated based on feedback from industry stakeholders. For public housing projects, HA has piloted on the use of intranet, site surveillance and mobile computing to improve information sharing and site supervision.
68	Feasibility of electronic checking of building plans	BD Ongoing action	BD will keep in view technological developments and computer software to support electronic checking of building plans. Authorized Persons have been requested to make both paper and electronic submissions whenever computer software is used for calculating floor areas and volume of buildings.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
69	Common platform for electronic communications within the local construction industry	ETWB and concerned regulatory authorities As soon as possible	EMSD is setting up internal systems to facilitate electronic submissions and will withdraw exemptions for the last two ordinances in mid-2005. A unified standard of computer-aided drafting for public works projects was promulgated in September 2002. A consultancy for developing a Works Project Information Standard will be commissioned in mid-2005.
70*	Priority areas for software development	ETWB, industry co-ordinating body, academia and other industry stakeholders Start within 1 year	ETWB completed the study on electronic services delivery of works projects in June 2002 and identified information standards, communication platforms and enabling services as the priority areas for software development.
71*	Committing adequate resources on research beneficial to corporate and project objectives of public sector clients	Public sector clients and progressive private sector clients Start within 2 years	A total of 13 research projects costing over \$14 million commissioned under the HA Research Fund are expected to be completed by late-2005. For public works, 25 research projects costing about \$20 million and funded by the works departments are scheduled for completion in 2005.
72	Financing construction research through Innovation and Technology Fund	ETWB, Innovation and Technology Commission, industry co-ordinating body and research bodies Start within 1 year	The PCICB Task Force on Construction Research and Development will continue to pursue greater use of the Innovation and Technology Fund.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
73	Better collaboration on construction-related research and development (R&D)	ETWB, industry co-ordinating body and research bodies Start within 1 year	The PCICB Task Force on Construction Research and Development has proposed a mechanism anchored upon CIC to improve co-ordination and collaboration of research activities in future.
74	Comprehensive review of the Buildings Ordinance	HPLB, BD, Lands D and Plan D Within 1 year	The Buildings (Amendment) Ordinance 2004 giving effect to recommendations arising from first stage of the review came into operation in December 2004. The second stage covering regulations/technical standards for buildings and building works is in progress, with new codes of practice issued for precast concrete construction, foundation, wind effects, structural use of concrete, demolition and emergency vehicular access. A series of legislative proposals will be ready from 2006 onwards.
75(a)*	Building plan processing – BD to assume the lead role in resolving conflicting requirements among public authorities	Government Within 2 years	BD has assumed a leading role in co-ordinating the requirements of public authorities, and has taken steps to re-engineer the building plan checking process to improve efficiency and quality of service.
75(b)*	Building plan processing - Pledge on time limit for tendering advice by government departments	Concerned Government departments Within 1 year	All concerned departments have pledged time limits for giving comments.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
76*	Codes and guidelines on legislative requirements	All regulatory authorities Ongoing action	Codes and guidelines for statutory provisions are issued on an on-going basis. Some examples include practice notes for the Buildings Ordinance and regulations, codes of practice and guidelines for legislation on electrical and mechanical installations, environment protection, occupational health and safety. These codes are supplemented by seminars and specific advice on selected topics.
77(a)*	Facilitating access to information on existing and proposed underground utilities	HyD (lead) Start within 2 years	Stage 1 of the Electronic Mark Plant Circulation System is performing effectively while more utility undertakings are connecting to the system.
77(b)*	Improving accuracy of as-built records of underground utilities	HyD (lead) Start within 2 years	Guideline for the practice and accuracy standard of as-built records of underground utilities has been implemented since August 2002 and a follow-up review was completed in April 2004.
77(c)*	Streamlining the processing of road excavation permits	HyD (lead) Within 2 years	The Internet interface for HyD's Utility Management System became operational in September 2002. Streamlined procedures for applying excavation permits were rolled out to the whole territory in early-2003 and a Standing Committee on Implementation of the Land (Miscellaneous Provisions) (Amendment) Ordinance has taken up regular monitoring and review of the streamlined procedures since January 2004.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
78* Promoting competition in prices of ready-mixed concrete (RMC)	<p>ETWB, HA, concerned industry stakeholders and the ready-mixed concrete industry</p> <p>Within 1 year</p>	<p>ETWB has issued a technical circular in December 2002 to facilitate the setting up of RMC batching plants for public works contracts. Competition has also been promoted by halving the average processing time for licences under the Air Pollution Control Ordinance from two to one month and facilitating subdivision of land for batching plants into smaller parcels. On public housing projects, the relevant contract specifications have been modified to allow greater flexibility for the adoption of site batching plant. Meanwhile, the average price of RMC had dropped significantly from \$660/m³ in 1997/98 to about \$400/m³ in 2004.</p>
79 Promotion of Hong Kong's construction services in other markets	<p>ETWB, TDC, industry stakeholders and other relevant professional sectors</p> <p>Within 2 years</p>	<p>ETWB met with the Ministry of Construction in January 2005 to discuss further market liberalization under the Closer Economic Partnership Arrangement, organization of annual conferences in 2005 as well as mutual recognition of professional qualifications.</p> <p>Reciprocity agreements on mutual recognition of professional qualifications with the Mainland are currently in place for estate surveyors, architects and structural engineers. Eligible Hong Kong residents may also take part in 18 Mainland professional qualification examinations.</p>

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
80*	Reviewing the methodology for collating construction safety statistics	LD and C&SD Within 1 year	LD has consulted PCICB and has fine-tuned the revised methodology to calculate site accident rate to cover all employees on site. A new standard form to report site employment figures is being tried out in public construction sites and will be rolled out to private sector sites after industry consultation.
81	Review of the need for introducing legislation similar to the UK's CDM Regulations	LD in consultation with stakeholders Within 5 years	Some underlying principles of UK's CDM Regulations are being tried out in selected public sector projects. LD is keeping a close watch on the outcome and gathering relevant overseas experience before consulting the industry later in 2005.
82*	Incorporating practicable features of the UK's CDM Regulations in public works and public housing projects	ETWB and HA Within 2 years	Guidelines on adoption of practical CDM features in public works and public housing projects together with examples on application of CDM principles will be ready in early-2005. As a complement, OHSC is organizing a series of workshops focusing on risk assessment in designs.
84*	Integration of site safety into the responsibilities of line managers	Clients and contractors Within 1 year	For public works projects, site safety has been integrated into the overall management responsibilities of staff at all levels. For public housing projects, HA encourages line managers and site supervisors to embrace site safety as their overall management responsibilities through giving credits and recognition.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
85(a)* Safety training and promotion – Integration of safety training into undergraduate curriculum and CPD programme	Tertiary institutions and professional bodies Within 1 year	Safety training is included in most undergraduate curricula on built environment. Safety training is available under the CPD programmes of HKIE and HKIS while members of HKIA receive self-learning packages with site safety contents.
85(b)* Safety training and promotion – Site safety training for line managers and site supervisors	Clients, contractors, relevant training institutions Within 1 year	ETWB provides suitable safety training to its line managers and site supervisory staff. Public works contracts also clearly spell out requirements for the employment of line managers and supervisory staff with suitable safety training and qualifications. HA has fulfilled the same purpose by way of incentives available under its Performance Assessment Scoring System.
85(c)* Safety training and promotion- Construction safety training for general safety officers	LD and contractors Within 1 year	CITA offers refresher courses to general safety officers and OSHC will organize similar courses subject to demand. LD has requested the major trade associations concerned to encourage general safety officers to attend these courses.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position	
85(d)*	Safety training and promotion – In-house site-specific safety briefing by contractors and subcontractors	<p>LD to provide necessary training framework with the assistance of CITA and OSHC. Major clients to lead by stipulating site-specific safety training as a contractual requirement</p> <p>Start within 1 year</p>	For public works contracts, site-specific induction briefings and toolbox training are conducted at six-monthly and bi-weekly intervals respectively. The site safety cycle was introduced by ETWB in mid-2002 prescribing activities conducted at daily, weekly and monthly intervals. Safety induction briefings are also required for public housing contracts, and the safe working cycle was introduced in October 2003.
85(e)*	Safety training and promotion – Enhancing green card safety training for construction workers	<p>LD with the assistance of CITA, OSHC and other relevant training bodies</p> <p>Within 1 year</p>	CITA has included hands-on safety training in their green card courses and introduced an Advanced Safety Training Course for workers engaged in seven risk-prone trades. Both CITA and VTC have incorporated safety elements into their trade testing programmes. LD is assisting other green card course providers to provide hands-on safety training, which must be included in new green card courses to be approved by LD.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
86*	Driving improvements in safety performance through procurement and contractual arrangements	Major clients Within 1 year ETWB and HA have implemented a series of measures including the Pay for Safety Scheme, inclusion of safety plans in tenders, site safety cycles and suspension from tendering for repeated poor safety performance. Contractors tendering for or undertaking public housing works are awarded either credit or bonus for good safety performance, while enhanced specifications for site cleanliness and tidiness were introduced by ETWB in 2002. Suitable measures will be rolled out to the private sector through an action plan to be launched by REDA and HKCA in mid-2005.
87*	Feasibility of developing incentive schemes for construction insurance policies to encourage better safety performance	LD Within 2 years PCICB has collaborated with HKFI to launch a rebate scheme whereby an amount within the total insurance premium is reserved for reimbursement to contractors upon meeting a number of indicators on safety measures and claims experience.
88(a)*	Enhanced enforcement – Enforcement action against sites with unacceptably high accident records	LD Ongoing action LD has put in place effective methods to identify and deal with construction firms with poor track records, including close monitoring of their safety performance and conviction records, reviewing the causes of safety problems with their senior management and territory-wide blitz operations.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
88(b)* Enhanced enforcement – Statutory provision for prosecution against subcontractors for non-compliance with safety requirements	EDLB and LD Within 2 years, allowing time for the legislative process	Amendments to the Construction Sites (Safety) Regulations and three other related regulations for holding both main contractors and subcontractors jointly liable for non-compliance with safety requirements were approved by LegCo in November 2003.
88(c)* Enhanced enforcement – Co-operation of contractors and subcontractors in enforcement actions against workers for non-compliance with statutory site safety requirements	LD, contractors and subcontractors Start immediately	LD has secured support from HKCA and the labour unions to take action against those workers who contravened statutory site safety requirements. Blitz operations are launched regularly to prosecute workers who fail to comply with these requirements.
88(d)* Enhanced enforcement – Disciplinary action against RGBC and RSC for blatant negligence on site safety	BD Start immediately	RGBC and RSC are liable to disciplinary actions for any material deviations from the site safety supervision plans. BD has also introduced a penalty point system to allow for disciplinary actions to be initiated against RGBC and RSC for site safety convictions.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
88(e) Enhanced enforcement – Co-ordinating requirements for the Site Supervision Plan System mandated under the Buildings Ordinance and the Safety Management System under the Factories and Industrial Undertakings (Safety Management) Regulation	BD and LD Within 2 years	A working group formed by BD and LD will finalize measures to co-ordinate requirements of the Site Supervision Plan System and the Safety Management System for industry consultation by March 2005.
89 Coherent policy framework for integrating sustainable construction into sustainable development	Government Within 2 years	A consultancy study was commissioned in April 2003 to review the current distribution of responsibilities among policy bureaux/departments and develop options for a policy framework for sustainable construction. ETWB is considering the way forward based on these options.
90 Taking the lead in practising life-cycle costing by major clients	Public sector clients and major clients in the private sector Start within 1 year	HA has commissioned a consultancy study on life cycle costing and life cycle analysis (LCC/LCA) of building materials and components used in public housing blocks. This study delivered software tools for the selection of building materials and components based on life cycle cost and environmental impact. For public works projects, ETWB is preparing a reference guide on application of life-cycle costing in the context of evaluating procurement options.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
91	Developing the resources for life cycle costing	ETWB, major clients, professional institutions and research bodies Start within 2 years	Software tools for assessing the life cycle cost, environmental impact, waste generation and energy consumption of building construction have been developed under a consultancy commissioned by EMSD in April 2003. These tools will be rolled out for industry-wide adoption in mid-2005 to facilitate development of cost effective, environmentally friendly, and energy efficient designs.
92*	Strengthening defects liability warranty for new buildings	BD, REDA and, developers Within 3 years, subject to enactment of legislation	PCICB agrees with the Government that defects liability warranty for new buildings should remain a matter of agreement between the developer and purchaser rather than being turned into mandatory lease conditions. REDA issued voluntary guidelines to its members in January 2005 calling for a clear statement in the sales brochure on the duration and commencement date of defects liability warranty as well as an extended warranty period of 12 months from the issue of Occupation Permits or six months from date of assignment, whichever is later.
93(a)*	Encouraging green designs – Exemption for floor areas required for green features and facilities	HPLB, BD, Lands D and Plan D Ongoing action	BD, Lands D and Plan D issued the first Joint Practice Note (JPN1) in 2001 to provide incentives for encouraging the provision of green features in new buildings and the adoption of green construction methods. A second Joint Practice Note (JPN2) to encourage the provision of more green features was subsequently issued in February 2002.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position	
93(b)	Encourage green designs – Additional gross floor area to offset the extra cost incurred in the use of green construction methods and materials	HPLB, BD, Lands D and Plan D Within 1 year	The incentives under item 93(a) have provided an initial impetus and the industry has responded favourably by coming up with green features beyond the scope of JPN1 and JPN2. As part of a holistic approach to encourage green buildings, BD has commissioned a consultancy study on the comprehensive environmental performance assessment scheme for buildings which is due to complete in mid-2005.
93(c)	Encouraging green designs – Waiving premium for modifying existing leases for the provision of green features	HPLB, BD, Lands D and Plan D Within 1 year	See items 93(a)&(b). In addition, the current land administration policy requires premium to be charged if there is an increase in land value obtained through a lease modification.
94*	Wider use of green designs in housing estates of HA	HA, REDA and other major clients Within 1 year	The green design approach has been adopted in new public housing projects, including the promulgation of design guidelines for outdoor landscaping works for leisure and sports purposes.
95	Design tools and databases for the development of environmentally friendly designs	BD, industry co-ordinating body and research bodies Start within 2 years	See item 91.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
96 Promoting public awareness of energy efficiency and wider adoption of energy efficient designs. Develop guidelines to help clients and occupiers to assess life-cycle energy cost of construction	EMSD, BD, industry co-ordinating body and research bodies Start within 2 years	See item 91.
97(a)* Abating environmental nuisance during construction - Giving weight to environmental performance in assessing tenders and performance of contractors	All clients Start within 1 year	<p>For public housing projects, contractors are required to submit Environmental Management Plan for demolition, piling, building and civil contracts. HA has introduced "Pay for Safety and Environment" for major works contracts and assigns an appropriate weight to environmental issues in appraising the accession to its Premier League of Contractors. Procedures for taking regulatory actions against contractors convicted under the Public Health and Municipal Services Ordinance were also introduced in August 2004.</p> <p>For public works projects, a standard marking scheme covering assessment of environmental performance have been introduced since June 2002. Procedures for taking regulatory actions against contractors convicted of environmental offences were introduced in April 2003.</p>

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
97(b)	Abating environmental nuisance during construction - Separate accounts in construction contracts for measures taken to address pollution prevention and control	All clients Start within 1 year ETWB has introduced in March 2002 additional site tidiness/cleanliness requirements and measures governing target setting, monitoring and control, on-site sorting and pay-for-waste-management in mid-2003. This will soon be strengthened by enhanced contractual requirements on environmental nuisance abatement measures in mid-2005. An integrated pay for safety, environment and hygiene scheme has been introduced in public housing projects since October 2003.
97(c)*	Abating environmental nuisance during construction – Encouraging contractors to employ dedicated personnel on-site to assist line managers in managing the environmental aspects of construction activities	All clients Start within 1 year For public works projects, the appointment of dedicated personnel has been specified as part of the additional contractual requirements for waste management introduced in mid-2003. For public housing projects, contractors are required to employ dedicated personnel under Environmental Management Plans.
98*	Regulatory impact assessment on the cumulative impact of the environmental legislation on the construction industry vis-à-vis the community	ETWB and EPD Start within 1 year EPD has enhanced the business friendliness of its operations following a consultancy study commissioned by the former Business and Services Promotion Unit and made a presentation to PCICB in October 2003 on key initiatives to reduce the regulatory impact on the construction industry.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position	
99*	Promotion of partnership between the construction industry and the EPD	EPD Ongoing action	EPD has continued to strengthen partnership with the construction industry through issuing handbooks, producing training packages, as well as organizing seminars and workshops. To this end, two websites disseminating information on green working practices and environmentally friendly construction equipment were completed in April 2003. A dedicated helpdesk service was launched in January 2005.
100	Charges for waste disposal	ETWB and EPD As soon as possible	The construction waste disposal charging scheme will be launched in October 2005.
101	Sites for handling construction and demolition materials	ETWB, HPLB, EPD, Lands D and Plan D Start within 1 year	In addition to barging points, a recycling facility and two fill banks are available to cope with increasing volume of construction and demolition materials. Two sorting facilities will be set up to tie in with implementation of the construction waste disposal charging scheme in 2005. ETWB is also actively discussing with the Mainland authority with a view to starting cross-boundary delivery of public fill for beneficial reuse in Mainland reclamation projects before end-2005.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
102*	Wider use of recycled materials	Public sector clients Within 2 years	The specifications for public works and public housing projects have been revised to facilitate use of recycled materials as hardcore in foundations, sub-base in road pavement and concrete in technically less demanding works. ETWB has identified some 100 projects for increased usage of recycled aggregates and has issued guidelines to promote use of concrete paving units made from recycled aggregates. As a result, about 200,000 tonnes of recycled aggregates is used annually in public works projects.
103	Encouraging more durable buildings to minimize the generation of demolition materials	BD As soon as possible	BD is collecting data on the use of new materials and technologies for building construction in order to compile a new practice note and will carry out a feasibility study on adaptive reuse of existing buildings to minimize maintenance and renovation. A practice note on "Use of Recycled Aggregates in Concrete" was issued in February 2003.
104	Extending the incentive scheme for promoting construction of new environmentally friendly buildings to also cover existing buildings	HPLB, BD, Lands D and Plan D Within 2 years	See item 93. BD will review the effectiveness of JPN1 and JPN2 before consider extending the incentive scheme to cover existing buildings.

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
105	Comprehensive environmental assessment scheme for buildings with appropriate incentives	BD and other industry stakeholders Within 3 years	BD has commissioned a consultancy study for completion in 2005 to devise a comprehensive scheme to assess the environmental performance of buildings in Hong Kong.
106*	Lead agency on construction-related matters	Government Immediately upon endorsement	ETWB took over the former Works Bureau as lead agency on 1 July 2002. The Industry Review Steering Committee has been meeting regularly since December 2001 to monitor the progress of CIRC recommendations.
107	Establishment of industry co-ordinating body	Government and all stakeholders As soon as possible, subject to enactment of necessary legislation	A bill seeking to establish the Construction Industry Council is being scrutinized by LegCo.

Recommendation	Recommended Implementing Parties and Timeframe	Present Position
108 Comprehensive review of the entire development process	<p>Government Within 3 years</p>	<p>The first package of amendments arising from review of the Buildings Ordinance has come into operation at the end of 2004 and the second package is scheduled for submission to LegCo at the end of 2005. Measures to re-engineer the building plan approval process was launched in July 2002. Processing of building plans for signboards as well as application for contractor shed permit has also been improved. The Town Planning (Amendment) Bill was passed by LegCo in July 2004 to streamline and expedite the planning approval process, whilst Lands D has installed since December 2003 a new computer system to monitor the progress of building plan submissions.</p> <p>Working groups were set up at different levels to sustain the impetus. For example, a task force comprising officials of BD, Lands D and Plan D is looking into the alignment of interpretation of key development parameters. Meanwhile, regulatory regimes for the pre-construction and construction stages of the development process are being reviewed by two separate task forces formed by the Economic and Employment Council as well as PCICB respectively.</p>

Recommendation		Recommended Implementing Parties and Timeframe	Present Position
109	Review of the implementation progress of CIRC recommendations in 3 years' time	Government In 3 years	An overall review of industry reforms is being conducted by ETWB.

Implications of the Proposal

Economic Implications

The construction industry is a strategic sector for the materialization of fixed investment in buildings and infrastructure, both in terms of development and maintenance activities. The CIRC recommendations seek to bring about a new culture in this important sector by upgrading its efficiency, productivity, cost-effectiveness, quality and performance. Successful implementation of these reforms will improve competitiveness and export potential of the industry, thus leading to new business opportunities and job creation.

Environmental Implications

2. Implementation of the CIRC recommendations will improve overall environmental performance of the construction industry.

Financial and Civil Service Implications

3. An annual provision of \$9.2 million, inclusive of 12 posts, had been allocated to the former Works Bureau for three years with effect from July 2001 to implement the CIRC recommendations under its purview and to monitor subsequent progress.

4. Due to deferral of the CIC Bill and other residual duties, resources have been earmarked within the envelope of ETWB to retain five non-directorate posts until the end of 2005-06. Moreover, an annual provision of \$0.5 million has been allocated to the Planning Department for the extension of one Town Planner/Assistant Town Planner post in 2005-06.

Sustainability Implications

5. Successful implementation of the CIRC recommendations will facilitate wider use of recycled materials and achieve greater waste reduction. As envisaged by the CIRC, a policy framework with the concept of sustainable construction being an integral element of sustainable development will be developed. Vigorous pursuit of life cycle costing, energy efficiency and green building features will also help enhance the quality of our living environment and are conducive to the long-term sustainability of Hong Kong.