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Construct For Excellence I

"Changes of an unprecedented scale are lying ahead."

Henry Tang, Chairman CIRC

CIRC Buzz Word Quiz
Before turning to the recommendations a short CIRC Buzz Word Quiz is in order to test your understanding. Following is a 100 words/terms taken from the report. Ask yourself how many of them you are familiar with and then put that number over 100 to come up with your CIRC quotient. You can benchmark your score against my guide on page 33, Good luck.

Client-oriented, modern, innovative, teamwork, multi-layered subcontracting, quality, cost-effectiveness, self-regulation, radical, best practice, upgradability, facilitating, crossroads, collaborative, computer modeling, ISAS, change programme, environmental impact, customer satisfaction, Reading, productivity, sustainability, in-situ construction, life-cycle costs, buildability, fragmentation, ISO 14001, culture change, total systems approach, stakeholders, supply chain, continuous improvement, fairness, incentives, allying, value chain, HK-BEAM, strategic relationships, C & D material, CONDAM, good practice, recyclability, learning curve, co-operation, conducive regulatory environment, appropriate procurement, mutual benefits, performance oriented, milestones, feedback, interface, rethinking construction, key performance indicators, benchmarks, risk management, equitable, ADR, partnering, planning, supervisor, stakeholder, mindset, target cost, ACA, project pact, C21, cost drivers, maintainability, regulatory impact assessment, prime contracting, risk allocation, greenbuilding, logistics management, IT, PPC 2000, open book accounting, integration, hazard management, infrastructure service integrator, PFSS, principal contractor, duty holders, environmental assessment, repairability, building energy codes, service culture, dispute review board, project brief, market forces, adversarial, quality criteria, daily wage system, modular, movement for innovation, segregated delivery processes, electronic document management, dispute resolution adviser, performance based remuneration, prefabrication, open communications, and contract strategies.

Structure of the Report
Now back to the report. At 207 pages the report is a lengthy tome stretching across 10 chapters with seven annexes1 and 109 recommendations. Though each of the individual recommendations deserves comment, space of course does not permit this. Instead, I prefer to take some of the key concepts that emerge and develop them. I will concede at the outset that this entails some subjectivity on my part but would say in my defence no more subjectivity than the committee exercised in coming up with a report exhibiting such breadth under the original Terms of Reference2.

Recognition of the Problems
The first milestone the report makes is to honestly recognise some of the problems facing industry. It is true that it did so only after noting the contribution of industry toward the growth and development of Hong Kong but this seems fair. What are some of these problems then; in short, the construction industry is labour-intensive, dangerous and polluting. Much construction work suffers from defects, construction costs are comparatively high and productivity relatively low. The industry suffers from fragmentation and is beset with an adversarial culture. Contract awards routinely
The Vision
The report puts forward a bold vision for growth and development "... a vision of an integrated construction industry that is capable of continuous improvement towards excellence in a market-driven environment."

"The three planks in this vision can clearly be seen to involve integration, continuous improvement and market forces. Continuous improvement received additional emphasis in the covering letter that Chairman, Henry Tang, sent with the report when it was delivered to the Chief Executive. "Our conclusions are that we need a modern, safe, innovative, efficient environmentally responsible and client-oriented construction industry that strives to deliver quality products in order to support the further development of our economy in the 21st century and to provide a better living environment for the population. The industry must enhance its competitiveness through continuous improvement."

Public Sector, Private Sector or Both
The report comes down in favour of the public sector taking the lead in driving change. "We feel strongly that public sector clients should take a lead in implementing our recommended improvement measures and in adopting good practices in construction procurement and project implementation."

This comes in part not only from the greater control government exercises over the public sector versus the private sector, but also because of the report's three-category division of local construction work. This is not to say the private sector has no role to play. In fact, the report allocates a very large role to the private sector but sees it building upon public sector reform. One example is a call for a review of the government's Conditions of Contract. It is intended that the review be completed within one year; on the other hand, the private sector is invited to review the current HKIA and proposed ICC conditions but within a two-year timeframe. The public sector too is invited to review both current HKIA and proposed ICC conditions but within a two-year timeframe. The public sector has also been assigned the largest role in implementing specific recommendations. In many cases responsibility has been given expressly to the Works Bureau or Housing Authority. These bodies seem a good place to start if one notes that public sector works and housing projects account for almost one-half of all local construction activity, and that the public sector has been the driving force for change in other countries. The Works Bureau in fact is, given special responsibility as a lead agency in taking change forward, while the public sector assumes this role. Several other points may be mentioned, firstly, the report does not see the public sector in only public sector terms but also as a client akin to one in the private sector. Thus, the government will also have a role to play in the proposed new industry co-ordinating body. Secondly, in some cases, the report "urges clients in the private sector to improve their practices in line with the spirit of [the] ... recommendations". Lastly, even with responsibility for implementation going in the majority of cases to a public sector “other stakeholders which have not been specifically named should be brought in as appropriate”. Therefore, while the public sector has rightfully been given the lead — the lead is not expected to last.

1 Annex A sets out the Terms of Reference, B and C Committee and Sub-committee membership, D- Model Project Pact, E- Construction Worker Registration Scheme, F- Methodology for Calculating Construction Site Accident Rates and G- Proposed Framework for Local Construction.

2 That is, in terms of quality, quantity, environmental friendliness, manpower, safety and supervision, customer satisfaction, timeliness in delivery and value for money.

3 (1) Public housing projects undertaken by the Housing Authority; (2) other public sector works commissioned by the Government, Airport Authority, KCRC and MTRC; and (3) private sector construction projects undertaken by property developers.

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