



Quantity Surveying Division
Sr Raymond Kong QSD Council Chairman

HKIS QSD Annual Dinner 2019 (31 May 2019)

The HKIS QSD Annual Dinner 2019 was successfully held on 31 May at the Royal Plaza Hotel with a total of 33 tables.

This year, the QSD had the honour of inviting Ir Lam Sai Hung, JP, Permanent Secretary for Development (Works) of the HKSAR as its Guest of Honour (GoH). Other honourable guests included officials from the Development Bureau, Architectural Services Department, Housing Department, Electrical and Mechanical Services Department, Water Services Department, Drainage Services Department, and Civil Engineering and Development Department. Also, representatives from the Central People's Government's Liaison Office; professional institutes; organisations such as the SISV, ICES, HKIA, HKIE, HKILA, HKICM, URA, HKHS, CIC, CIA, JMHO, and HKCA; and universities and other tertiary educational institutes joined the dinner. I appreciate the support and participation of the HKIS's GC members, Past Presidents, QSD Past Chairmen, fellow members, and HKIS staff, without whom there would have been no dinner.

At the start of the dinner, I shared the QSD's accomplishments with guests. HKIS Senior Vice-President (Acting President), Sr Winnie Shiu, and Ir Lam Sai Hung also delivered enlightening speeches to everyone.

During the dinner, newly-elected member Sr So Kai Yin received the "Quantity Surveying Division APC Best Candidate 2018 Award" in recognition of his outstanding performance during the 2018 Assessment of Professional Competence. Congratulations to Sr So Kai Yin!

The dinner was hosted by a professional MC and artists. The performances and games that accompanied it were very entertaining and everyone had fun.

I want to express my sincere thanks to all sponsors of this event for their generous contributions and support. Thanks also go to the Organising Committee Chairman, Sr Sunny Choi, and his team for their valuable efforts in arranging such a successful and enjoyable event.

The QSD Annual Dinner is one of the HKIS's most anticipated annual events because it provides an excellent opportunity for members to mingle and meet their learned friends from the surveying profession, other professional institutes, and government representatives, as well as make new friends in the construction industry. I look forward to welcoming guests again at the 2020 Annual Dinner.





Below is the enlightening speech of the GoH, Ir Lam Sai Hung, JP, Permanent Secretary for Development (Works).

Raymond, Sunny, Distinguished Guests, Ladies and Gentlemen, Good Evening.

It gives me great pleasure to speak on this occasion in front of so many quantity surveyors and such a learned audience. This occasion offers an opportunity for me to get to know our partners more, and perhaps more importantly, further our friendship.

Quantity Surveyors

Let me begin by saying that my interactions with quantity surveyors have always been pleasant. I am a civil engineer by profession and started to work with quantity surveyors for more than 35 years. You are always versatile, no-nonsense and stick-to principles. These reflect the very essence of your profession. Cost planning, procurement and tendering, contract administration, payment assessment and dispute resolution are important links in the construction process, all calling for “care”, “accuracy” and “decision-making with the utmost honesty and integrity”. This is how I have come to understand the quantity surveying profession.

I cannot omit mentioning that in the HKSAR Government we have quantity surveyors and survey officers working in different Works Departments. Also, there are senior multi-disciplinary posts in my Bureau ably taken up by quantity surveyors,

who have so successfully brought their experience and expertise to enrich our knowledge-base at the Bureau level.

QS as Good Risk Manager

I am sure everyone here agrees that construction is a risky game. People participating in construction should be well equipped with sound knowledge on risk management. Clients need to know how the risk in the project and how such risk is to be shared between the contracting parties and how this would affect the cost. Contractors have to critically assess the risk they are going to bear before inserting a price for their tender.

Being the expertise in drafting contract provisions, quantity surveyors are known to be very good risk managers. They are good at analyzing the interactions among risks, risk apportionment and the price. A good contract document with clear and equitable risk sharing would not only improve project delivery but also keep the overall transaction cost of contracting parties to a minimum.

In the past few months, there have been issues on budget overrun, delays and quality in a number of government-funded projects. In response, we will upgrade the existing Project Control Management Office in my Bureau to a Project Strategy and Governance Office to enhance the capability of public officers in project delivery. One of the initiatives of this new office is to set up a Centre of Excellence for Major Project Leaders in the middle of this year to train 40 to 50 officers up each year, like what have been done in the UK. While we are finalizing the syllabus of the training course, I am sure that risk management is one of the core subjects and seasoned quantity surveyors are best positioned to be our tutors for this subject.

Challenges

I am glad to say that we are looking forward to quite a healthy growth of workload for the short to medium terms. The HKSAR Government maintains substantial commitment on expenditure on public works and infrastructural projects. In the pipeline are major projects such as the Hospital Development Plan, the New Development Areas, the seven railway projects in the Railway Development Strategy 2014 etc. The total annual expenditure will rise to around \$100 billion in next year and over \$130 billion in the coming five years.

In the mid to longer term, the Chief Executive announced in last October an ambitious development plan Lantau Tomorrow Vision which entails formation of artificial islands at Kau Yi Chau of the central waters between Hong Kong island and Lantau. Phase 1 of the reclamation will involve reclaiming 1,000 hectares of land and provision of the associated transport network. The artificial islands are planned to accommodate some 400,000 to 700,000 people and create the third CBD of Hong Kong.

This is the most important development project for Hong Kong in the coming decade or two and its scale is far larger than the ten Airport Core Projects we completed satisfactorily in the 90's. This will also present a challenge to this generation of construction professionals including surveyors. At present, we are heading towards the Finance Committee for funding approval for the study of this Vision in June. If everyone goes right, we plan to start the reclamation in 2025 for the first batch of population intake in 2032.

Value-for-Money Procurement

Many of you will also be aware of the initiatives that the Development Bureau has embarked upon, to place emphasis of works procurement on value-for-money, fit-for-purpose, driving down construction cost while encouraging innovation.

Buildability Evaluation System (BES)

To encourage efficient utilization of labour and plant, we have promulgated the Buildability Evaluation System (BES) in July 2018. Under the system, designs for public building projects are vigorously vetted against prescribed criteria for planning, management, adoption of mechanization, use and re-use of materials, and whole life costing considerations. Working towards higher marks under BES, project teams are incentivized to come up with designs which facilitate efficient methods of work such as dry panels, modular units, off-site fabrication and even robotics.

Apart from encouraging good practices, the broader message that we are sending to the industry is the Government's firm commitment towards lean construction and wider adoption of mechanization. In turn, it is hoped that a steady business environment will be created to attract continuing investments on mechanization systems and personnel.

Innovation and New Modes of Delivery *Building Information Modeling (BIM)*

In the context of use of advanced technologies, I have to say a few words on building information modelling or BIM. As we all know, the construction industry is set for fundamental changes in our structure and modes of delivery, only accelerated by the advancement in technology and Internet of Things (IOT). BIM has come out as the real "game changer". It provides a collaborative way of working among different disciplines at different stages of works.

While some modest success can now be claimed for the implementation of BIM, we have come a long way. To an average consultant or contractor, going for BIM involves considerable investments in equipment, personnel and training. Therefore, participation of the whole industry was our prime consideration in devising our strategies for BIM implementation. Through active engagement of all stakeholders, we managed to draw up specifications, standards and templates mutually acceptable to various parties.

Here I must say thank-you again to our quantity surveyor friends at HKIS, for your expert input throughout the engagement process. Your comments on hardware / software specification; the "5th dimension"; and contract clauses for BIM drawings are all so valid and well appreciated.

The Construction Innovation and Technology Fund set up last year definitely came as a timely help, particularly to those Small and Medium Enterprises who saw the business potentials of BIM but would otherwise miss the opportunity just because of a lack of start-up money. I am pleased to report that since promulgation, the Fund has received over 430 applications, paid \$54 million to 207 applicants.

Modular Integrated Construction (MiC)

Building on BIM and the policy of buildability and wider adoption of mechanization, some building projects in Hong Kong have adopted Modular Integrated Construction, or MiC in short, as pilot projects, such as Disciplined Services Quarters at Pak Shing Kok, Innocell adjacent to Hong Kong Science Park and Student Residence at Wong Chuk Hang for HKU.

Given the clear benefits of MiC to quality, time

and safety and at the same time with less reliance on labourers, Government decided to promote wider use of MiC in government and government-funded projects. We will adopt MiC for government buildings in phases and there will be more government MiC projects coming up. For those government-funded projects like hostels, hospitals, elderly care houses etc undertaken by NGOs or statutory bodies, Government will encourage or mandate the use of MiC whenever practicable.

Collaborative Contracting

Starting with a pilot project ten years ago in 2009, the New Engineering Contract (NEC) has been applied to various types of Public Works Projects. To date over 150 works contracts and 30 consultancies have used or are using the NEC form incorporating various “options”, from measurement to “pain/gain” assessment of target costs.

Based on preliminary feedback and analyses, implementation of the NEC projects so far has yielded very encouraging results, in terms of time, budget, cashflow and variation management. In particular, we note that “mindset change” has been crucial to the successful implementation of NEC.

Looking ahead, 2019 will be another critical milestone, as there will be a sharp increase in the number of “building” projects adopting NEC. Notwithstanding the success that we have achieved so far, we are aware that the issues arising from “building” projects are unique, with a greater number of building components, suppliers and sub-contractors and with cost assessment being more elaborate. Nevertheless, with the support and expert input of our quantity surveyors, I am confident that we will steer through yet another “mindset change”!

Integrating with National Development

Our discussion on the vision for our industry cannot be complete without paying regard to our intrinsic interactions with the Mainland. Over the years, my Bureau has worked closely with the professional institutions and contractor associations to promote Hong Kong’s strategic advantages and services and explore business opportunities in the Mainland.

Through CEPA, we managed to obtain market access and concessionary privileges. Under reciprocity arrangements, qualifications of Hong

Kong professionals are recognized for practising and setting up businesses in the Mainland. More recently, we managed to sign Memoranda of Agreement (MoU’s) with the Ministry of Urban Rural and Housing Development (住建部) and provincial authorities for adopting the Hong Kong mode of construction, including consultants appointment and project management practices, in certain pilot projects in Qin Hai (前海), Hanqin (橫琴) and soon extended to Nansha (南沙).

The above is a quick overview of efforts that we have been making at G to G level (Government to Government). However, the true opening up efforts and pay off, I am sure, have been those made through B to B (business to business). In this regard, I can’t help noticing that, amongst all professionals, quantity surveyors have been at the forefront of reaching out and tapping into the Mainland market. I was told that you provided quantity surveying services in a hotel project in Beijing back in the early 1980s; you were the first in signing up reciprocity arrangement with your counterpart Mainland association in 2005, and to-date, over 100 of your members are practicing full time all over provinces and cities in the Mainland.

Challenges and Opportunities

Unleashing synergy of 11 cities in the Pearl River Delta, the Greater Bay Area presents great opportunities to all professionals and businesses in Hong Kong. With your “first mover” advantage, I am sure that quantity surveyors will continue to succeed and define your new positions in the new markets.

Ladies and gentlemen, just now we have touched on the visions and the key challenges that our industry faces. Inevitably, there will be fundamental changes in the way we design, in the way we build and in the way we procure. There will be corresponding changes to the roles and duties of the various stakeholders and the way we interact.

I am sure there is a lot we can benefit from the quantity surveyors’ versatility and good business instinct. I look forward to our continuing cooperation for the betterment of our industry and professions. Thank you very much.

HKIS Diploma Presentation and Dissertation Awards Presentation (5 June 2019)

The HKIS Diploma Presentation and Dissertation Awards Presentation was held in the Ballroom of the Royal Plaza Hotel on 5 June. During the presentation, HKIS Senior Vice-President (Acting President) Sr Winnie Shiu and I presented diplomas to 66 newly-qualified QSD members and two QSD fellow members. Congratulations to everyone for their achievements.



Meeting with the Housing Department Quantity Surveyors' Association (HDQSA) (24 June 2019)

Following the last meeting with the HDQSA in June 2018, the QSD met with HDQSA representatives again at Housing Department headquarters on 24 June. I attended this meeting along with HKIS Honorary Treasurer and QSD Past Chairman, Sr Paul Wong; QSD Vice Chairpersons, Sr Amelia Fok and Sr Sunny Choi; QSD Honorary Treasurer, Sr Poleon Chan; and QSD Council member, Sr Tiffany Chan. The Chairman of the HDQSA, Sr Jack Cheung, and his committee members gave everyone a warm welcome. Three Housing Department senior quantity surveyors – Sr Lau Tsz Mei (CQS/1), Sr Andrew Lam (CQS/2), and Sr HS Chiu (SQS/CA2) – were also in attendance. During the meeting, the following topical issues were discussed:

1. The use of NEC in the industry
2. The HKIS's progress in drafting the SMM5 and BIM Contract Conditions
3. BIM implementation by the surveying industry and Housing Department
4. Modular integrated construction
5. Security of payment legislation
6. The HKIS's 35th anniversary and the QSD's activities in the coming months
7. Collaboration in CPD events between the HDQSA and HKIS

The meeting was very fruitful and informative. I look forward to more collaborative opportunities between the QSD and HDQSA in the coming years.

