

## **SECTION 1 INTRODUCTION**

### **1.1 General**

1.1.1 The Contractor Management Handbook consolidates and updates the existing guidelines and procedures pertaining to administration and monitoring of the performance of contractors and suppliers on the List of Approved Contractors for Public Works and the List of Approved Suppliers of Materials and Specialist Contractors for Public Works into a single handbook.

### **1.2 Effective Date**

1.2.1 The Revision B of this Handbook shall take effect from **1 July 2005**.

1.2.2 For the effective dates of the subsequent revisions, please refer to the Revision Sheet and the relevant ensuing paragraphs.

### **1.3 Effect on Existing Technical Circulars**

1.3.1 This Handbook shall supersede the following Technical Circulars: -

- (a) WBTC No. 5/2001 – Contractor Management Handbook;
- (b) WBTC No. 25/2002 – Contractor Management Handbook – Revision A;
- (c) ETWB TCW No. 44/2002 and 44/2002A – Regulating Actions for Contractors Convicted of Employing Illegal Workers or of Having Illegal Workers on Sites under their Control; and
- (d) ETWB TCW No. 18/2003 – Substitution of Listing Status and Transfer of Benefits and Obligations of Contracts.

1.3.2 This Handbook should be read in conjunction with the following Technical Circulars or such subsequent amendments as may be issued from time to time: -

- (a) WBTC No. 17/96 – Supply of Bituminous Pavement Materials and Construction of Special Bituminous Surfacing;

- (b) WBTC No. 26/2000 – Score Card for Assessment of Site Safety Performance;
- (c) WBTC No. 13/2001 and ETWB TCW No. 13/2001A – Quality Management System Certification of Consultants and Contractors for Public Works Administered by the Works Group of Departments;
- (d) WBTC No. 25/2001 and ETWB TCW No. 25/2001A – Admission of EMSTF onto the List of Approved Suppliers of Materials and Specialist Contractors for Public Works under 25 Categories of E&M, Electronics and Building Services;
- (e) WBTC No. 13/2002 – Employment of Qualified Tradesmen and Intermediate Tradesmen by Contractors of Public Works Contracts;
- (f) Not used
- (g) ETWB TCW No. 50/2002 – Contractors' Joint Ventures;
- (h) Not used
- (i) ETWB TCW No. 12/2003 – Employment of Technician Apprentices and Building & Civil Engineering Graduates by Contractors of Public Works Contracts;
- (j) Not used
- (k) ETWB TCW No. 22/2003 & 22/2003A – Additional Measures to Improve Site Cleanliness and Control Mosquito Breeding on Construction Sites;
- (l) ETWB TCW No. 10/2004 – Tenderer's Eligibility for the Award of Works Contracts;
- (m) Not used
- (n) ETWB TCW No. 31/2004 and DEVB TCW No. 6/2010 – Trip Ticket System for Disposal of Construction & Demolition Materials;

- (o) ETWB TCW No. 19/2005 – Environmental Management on Construction Sites (and Pay for Safety Performance Merit Scheme);
- (p) ETWB TCW No. 3/2007 & DEVB TCW No. 3/2007A – Contractors’ Performance Index System;
- (q) DEVB TCW No. 3/2009 – Regulating Action against Contractors for Occurrence of a Serious Incident or Conviction for Site Safety or Environmental Offences; and
- (r) DEVB TCW No. 1/2013 – Rules for the Administration of the “Plumbing Installation” Category under the List of Approved Suppliers of Materials and Specialist Contractors for Public Works.

## **1.4 Changes Incorporated**

1.4.1 The revisions made to the Revision A of this Handbook by the following documents have been incorporated in this Revision B: -

- (a) ETWB TCW No. 13/2001A – Quality Management System Certification of Consultants and Contractors for Public Works Administered by the Works Group of Departments;
- (b) ETWB TCW No. 44/2002 and 44/2002A – Regulating Actions for Contractors Convicted of Employing Illegal Workers or of Having Illegal Workers on Sites under their Control [superseded by Section 5 of this Handbook];
- (c) ETWB TCW No. 47/2002 – Management of Sub-contractors by Contractors [subsumed under Chapter 5 and Chapter 7 of the Project Administration Handbook for Civil Engineering Works (PAH) which is available in the website of the Civil Engineering and Development Department (CEDD), and Section 5 of Appendix 4B of this Handbook];
- (d) ETWB TCW No. 2/2003, 2/2003A and 2/2003B [superseded by ETWB TCW No. 3/2009 – Regulating Action against Contractors for Occurrence of a Serious Incident or Conviction for Site Safety or Environmental Offences];
- (e) ETWB TCW No. 12/2003 – Employment of Technician Apprentices and Building & Civil Engineering Graduates by Contractors of Public Works Contracts;
- (f) ETWB TCW No. 18/2003 – Substitution of Listing Status and Transfer of Benefits and Obligations of Contracts [superseded by Section 6 of this Handbook];
- (g) ETWB TCW No. 10/2004 – Tenderer’s Eligibility for the Award of Works Contracts;

- (h) ETWB TCW No. 13/2004 – Engagement of Sub-contractors Registered from Voluntary Sub-contractor Registration Scheme [subsumed under Chapter 5 and Chapter 7 of PAH which is available in the website of CEDD];
- (i) ETWB TCW No. 31/2004 – Trip Ticket System for Disposal of Construction & Demolition Materials;
- (j) changes in category description as publicized in the website of DEVB;
- (k) deletion of 2 categories of works as publicized in the website of DEVB; and
- (l) subsequent amendments made on Appendix 3C to the Contractor Management Handbook – Revision A, as publicized in the website of DEVB.

## 1.5 Amendments in the Revision B

1.5.1 The amendments made in the Revision B of this Handbook are listed hereunder for ease of reference: -

	<u>Brief Description</u>	<u>Reference</u>
(a)	General updating	
(b)	Requirement of submitting written partnership agreement	Paragraphs 2.1.7, 2.4.4 & 2.15.1
(c)	Clarification on the value of contracts for Group Tender Limits	Paragraph 2.2.1
(d)	Elaboration on the vetting required for changes in company structure	Sub-sections 2.15 & 3.15
(e)	Updating the means of publishing the Approved Lists	Paragraphs 2.4.8 & 3.4.8
(f)	Revision of the list of categories which financial checking is not required on the contractors except those tenderers whose contract is of value exceeding \$5,000,000	Paragraphs 3.4.6 & 3.9.2

(g)	Introduction of Profitability Trend Analysis (PTA) for contractors on the List of Approved Suppliers of Materials and Specialist Contractors for Public Works	Paragraph 3.9.3; Appendix 3B: 7 to 10 & 14
(h)	Revision of reporting system at the maintenance and defects liability periods	Sub-section 4.5
(i)	Clarification on the procedure for issuing additional six-weekly intervening reports	Sub-section 4.5
(j)	Clarification on the timetable for reporting on contractors' performance if the Reporting Review Committee intends to alter any grades in the performance report	Paragraph 4.6.4; Appendix 4D
(k)	Clarification on the circumstances for failing to comply with any of the Rules for Administration of the Approved Lists	Sub-paragraph 5.1.3(xvii)
(l)	Clarification on "misconduct" & "suspected misconduct" leading to regulating actions	Sub-paragraphs 5.1.3(v), 5.2.3(a)(i), 5.2.3(a)(ii) & 5.2.3(c)(i) and paragraphs 5.2.4 & 5.2.5
(m)	Clarification on non-conforming tenders leading to regulating actions	Sub-paragraph 5.2.3(b)(i)
(n)	Elaboration of the definition of a competitive tender	Sub-paragraph 5.2.3(b)(i)
(o)	Specifying the commencement date of voluntary suspension for consecutive Adverse reports	Sub-paragraph 5.4.5(b)(ii)
(p)	Clarification on the procedure for uplifting of voluntary suspension made during the maintenance period or defects liability period	Sub-paragraph 5.4.5(b)(ii)

(q)	Clarification on the circumstances requiring an overall review of the situation after completion of the contract	Sub-paragraphs 5.4.5(b)(ii) & 5.4.5(d)
(r)	Additional circumstances which may lead to the taking of regulating actions against contractors on the List of Approved Suppliers of Materials and Specialist Contractors for Public Works	Paragraph 5.6.4
(s)	Tightening the triggering criterion for taking regulating actions against contractors convicted of contraventions of the Employment Ordinance (Cap. 57)	Paragraph 5.7.1
(t)	Update on Sub-sections 6.5 - 6.8	Paragraphs 6.5.1 - 6.8.1; Appendices 6A - 6C
(u)	Revision of financial criteria for retention and tendering	Appendix 2A: 5; Appendix 3B: 3, 4 & 15
(v)	Clarification of the existing financial information required to be submitted for financial assessment	Appendix 2A: 2, 13; Appendix 3B: 2,12; Annex to Appendices 2A & 3B
(w)	Specifying time limits for the minimum technical criteria and the requirements for relevant experience as sub-contractors	Appendix 2B
(x)	Update on guidance notes for completion of reports on contractors' performance	Appendix 4B

1.5.2 In order to facilitate the existing contractors on the List of Approved Contractors for Public Works and/or the List of Approved Suppliers of Materials and Specialist Contractors for Public Works to maintain their present listing status, the contractors will be given a 18-months' grace period to adjust to the new financial criteria. All contractors on the aforesaid Lists shall meet the new financial criteria set out in the Revision B from **1 January 2007**. That is to say, all management accounts or audited accounts with

the accounting periods ending on or after 30 June 2006 will be subject to the new financial criteria.

1.5.3 Commencing from **1 July 2005**, all contractors shall meet the new financial criteria applicable to the specific category and/or Group for admission, confirmation or promotion even though application for admission, confirmation or promotion has been made prior to **1 July 2005** and consideration is being given to the application.

1.5.4 For the purpose of tender evaluation, contractors shall be subject to the financial assessment based on the new financial criteria set out in the Revision B if the tender closing date of a tender falls on **1 July 2005** or anytime thereafter.

## **1.6 Amendments in the Revisions B-1 to B-11**

1.6.1 Please refer to the Revision Sheet.

## **1.7 Amendments in the Revision B-12**

1.7.1 The revised tender limits for the contractors on the List of Approved Contractors for Public Works shall take effect from **1 December 2013**, except that the probationary Group C limit will be revised in two stages taking effect from **1 December 2013** and **1 December 2015** respectively. For contracts with the first date of invitation for tender being before the effective date of the revised tender limits, the tender limits before the revision are adopted for assessment purpose.

1.7.2 The revised financial criteria for the contractors on the List of Approved Contractors for Public Works shall take effect from **1 December 2013**. Existing contractors on the List will be given a grace period of 12 months after which they are required to fully comply with these revised financial criteria for retention by **1 December 2014**. Notwithstanding this grace period, contractors will have to meet the revised financial criteria when tendering for a new contract with tender invitation date on or after the effective date, viz. 1 December 2013.

1.7.3 The revised admission/confirmation/promotion requirements for the contractors on the List of Approved Contractors for Public Works shall also take effect from **1 December 2013**. The revised requirements mainly include:

- (a) cancellation of the minimum 24-month probationary period;
- (b) alignment of different experience requirements amongst the categories; and
- (c) acceptance of relevant non-government main contracts executed in HKSAR for probationary contractors to get the confirmation status.

1.7.4 Moreover, the revised admission/confirmation/promotion requirements for the contractors on Landslip Preventive/Remedial Works to Slopes/Retaining Walls category and Turn-key Interior Design & Fitting-out Works category shall take effect from **1 December 2013**.

## 1.8 Amendments in the Revision B-13

1.8.1 The major amendments made in the Revision B of this Handbook are listed hereunder for ease of reference: -

	<u>Brief Description</u>	<u>Reference</u>
(a)	General updating	Paragraphs 2.8.1, 2.9.1, 2.15.2, 3.5.3, 3.15.1, 3.15.5, 3.15.6, 4.2.1, 4.2.2, 4.4.2, 4.5.1, 4.5.3, 4.5.8, 4.6.2, 4.6.3, 4.6.4 & 5.2.2; Sub-paragraphs 5.2.3(d)(ix); Paragraphs 5.7.9, 5.8.9, 5.15 & 5.15.1; Appendix 3B; Annex 1 to Appendix 3C; and Appendices 4A, 4B and 5A to 5D
(b)	Clarification on the counting of Housing Authority contracts associated with the eligibility to tender and for the award of contracts	Paragraph 2.3.3; Sub-paragraph 2.5.1(c); and Paragraphs 2.5.3 & 2.5.4
(c)	Alignment with updated guidelines on public works tender procedures issued in pursuant to the revised Agreement on Government Procurement of the World Trade Organization (WTO GPA) that contractors not yet on the approved contractor list in the relevant category / group / status will be permitted to take tender documents and may also submit a tender according to the tender notice	Paragraph 2.8.5
(d)	Alignment with the provision of the new Companies Ordinance (Cap. 622)	Paragraph 2.11.1; Sub-paragraph 6.1.1(b); and Appendices 6A to 6E
(e)	Subsumption of the requirement on deferment of preparation of a report on contractor's performance if the contract commences shortly before the end of the reporting period as previously promulgated by letter to all contractors on the List of Approved Contractors for Public Works and the List of Approved Suppliers of Materials and Specialist Contractors for Public Works ref: (01RYD-01-6) in DEVB(PS) 108/34 of 26 May 2008	Paragraphs 4.5.2 & 4.5.2A



(f)	Clarification on the need to report tendering performance of contractors in tender exercises which have been cancelled	Sub-paragraph 5.2.3(b)(i)
(g)	Removal of the Central and Public Works Tender Boards from the distribution list on confirmation of voluntary suspension, confirmation of uplifting of voluntary suspension and advice on the reason of recommendation for mandatory suspension not being supported in relation to the regulating actions associated with contractors given the 2nd consecutive Adverse report on performance	Sub-paragraphs 5.4.5(b)(ii) & 5.4.5(b)(iii)
(h)	Incorporation of new aspects and the relevant guidelines for the assessment of contractors' performance on training of workers to meet manpower demands and productivity enhancements into the standard proforma of the Report on Contractor's Performance and the Guidance Notes for Completion of Reports respectively	Items 7.6 and 7.10 in Section 7 of Appendix 4A and Items 7.6, 7.10 and 9.3(d) of Appendix 4B

1.8.2 The new Companies Ordinance (Cap. 622) commenced operation on 3 March 2014. To align with the provision of the new Companies Ordinance (Cap. 622), the corresponding amendments made to this Handbook should take effect from **3 March 2014**.

1.8.3 The revised WTO GPA came into force on 6 April 2014. The relevant amendment made to paragraph 2.8.5 should take effect on all works contracts governed by WTO GPA to be tendered on or after **6 April 2014**.

1.8.4 The revised standard proforma of the Report on Contractor's Performance and the Guidance Notes for Completion of Reports will become effective from **1 June 2014** (i.e. 2014Q3), and reports with end date on 1 June 2014 and thereafter shall be completed with the use of the revised proforma.

## 1.9 Amendments in the Revision B-14

1.9.1 The major amendments made in the Revision B of this Handbook are listed hereunder for ease of reference: -

	<u>Brief Description</u>	<u>Reference</u>
(a)	General updating	Paragraphs 2.5.4
(b)	Revision of group tender limits, minimum technical and management criteria for confirmation and minimum number and qualifications of full time management and technical personnel as previously promulgated by letter to all contractors on the List of Approved Contractors for Public Works ref: (0213J-01-1) in DEVB(PS) 108/6/2 of 29 May 2009	Paragraphs 2.2.1, 2.2.3, 2.5.1, 2.5.4 & Appendix 2A, Appendix 2B and Appendix 2C.
(c)	Updating values of contracts normally required financial vetting	Paragraph 2.9.2

1.9.2 The revised tender limits for the contractors on the List of Approved Contractors for Public Works shall take effect from **15 February 2017**. For contracts with the first date of invitation for tender being before the effective date of the revised tender limits, the tender limits before the revision are adopted for assessment purpose.

1.9.3 The revised financial criteria for the contractors on the List of Approved Contractors for Public Works shall take effect from **15 February 2017**. Existing contractors on the List will be given a grace period of 12 months after which they are required to fully comply with these revised financial criteria for retention by **15 February 2018**. Notwithstanding this grace period, contractors will have to meet the revised financial criteria when tendering for a new contract with tender invitation date on or after the effective date, viz. 15 February 2017.

1.9.4 The revised admission/confirmation/promotion requirements for the contractors on the List of Approved Contractors for Public Works in Appendix 2B and Appendix 2C shall also take effect from **15 February 2017**.