Collaborative Partnership
Building New Culture
Collaborative Partnership is intended to:
• stipulate enhanced project management through stakeholders’ involvement;
• encourage contracting parties to embrace the partnering approach to build mutual trust and co-operation, essentially to avoid or reduce disputes;
• promote equitable risk allocation to reduce risk premiums absorbed in tenders;
• manage risks and uncertainties pro-actively through early warning mechanisms;
• use clear and simple language.

Majority of the people working on the NEC form for the first time were impressed by the difference from the confrontational characteristics of the traditional form and the teamwork generated by the NEC form.

Knowledge Harvest
• We have published the Practice Notes to share with works departments and industry stakeholders with a view to aligning the practice and codifying the knowledge and experience harvested.
• Good practices, such as Champion Group, partnering workshops and joint site office, have been shared in the Practice Notes.
• We will continue to work with industry stakeholders to optimise contract management workflow for more efficient project delivery.

Target Cost
• Target cost options of the NEC form incorporate a pain/gain share mechanism for the cost overrun and saving. An open book accounting is adopted to strengthen budgetary control and transparency.
• The target cost options have been adopted in relatively large projects in Hong Kong which help to align contracting parties and allocate risk for better performance in cost and time management.

The NEC Journey in Hong Kong
To improve citizens’ quality of life, enhance Hong Kong’s competitiveness and promote our economic development, the Hong Kong Government has been implementing a wide range of public works projects. The Development Bureau continually advocated “collaborative partnership” in delivering public works projects in Hong Kong, including the introduction of the “New Engineering Contract” (NEC) form, aiming to elevate management efficiency and cost effectiveness. This initiative began to blossom and bear fruit with encouraging results. Accordingly, a new management culture has been revolutionised in the construction industry.

* NEC is a standard suite of partnering contracts developed by the Institution of Civil Engineers in the United Kingdom which emphasise on mutual trust and co-operation and collaborative risk management.

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Nullah in Sai Kung Improvement of Fuk Man Road Contracts:

The NEC Journey

• Nullah Improvement
1st Pilot - Fuk Man Road

Project was successfully completed six months ahead of schedule plus cost savings in 2012.

The first NEC pilot carried out in Hong Kong was the Fuk Man Road Nullah Improvement project, which was successfully completed six months ahead of schedule and with cost savings.

Wide Adoption of NEC in Public Works

Since 2009, the Development Bureau worked alongside works departments to introduce the NEC form into various categories, including land supply, building, highway, drainage and sewerage, water supply, electrical and mechanical works, geotechnical works, and operation and maintenance.

Construction industry stakeholders including clients, consultants and contractors are encouraged to accumulate expertise and experience.

Unlock Collaborations

Contracting parties have abandoned the adversarial thinking and pursuit with zero-sum thinking. The collaborative approach has been adopted in all phases of the project delivery.

For the design-and-build project of Tin Shui Wai Hospital, managed by the Architectural Services Department, collaborative working environment was established to cater for users’ requirements and fast track design development.

The Happy Valley Underground Stormwater Drainage System project, managed by the Drainage Services Department, opted for the target cost option and unleashed cost saving innovations including alternative foundation with zero-cost drainage system. The Happy Valley AES was fully commissioned in March 2017 (ahead of schedule) with a cost savings of about $20 million (about 5% of the final target cost).

International Recognition

The Development Bureau was honored with the Winner Award in the NEC Client of the Year category along with the Highly Commended Award in the Contract Innovation Through Additional Clauses category in the same contest for the HVUSSS project.

The NEC Awards were established in 2015 by the Institution of Civil Engineers in the United Kingdom, aimed to commend excellent performance and achievement in the NEC form. Moreover, the Drainage Services Department won the Winner Award in the NEC Client of the Year category along with the Highly Commended Award in the Contract Innovation Through Additional Clauses category in the same contest for the KAGGSS project.

Performance Benchmarking

• We are introducing benchmarking within the NEC system to measure quantifiable benefits of the NEC forms.

KPIs

• Key Performance Indicators (KPIs) have been generated to track the cost and time performance of NEC ECC contracts and to formulate further improvement goals.

• Preliminary analysis shows that the NEC form can enhance performance of project delivery, including larger and complicated projects delivered on time and within budget.

Embrace New Technologies

• We are introducing new technologies, such as Building Information Modelling (BIM) and digital communication platforms.

• BIM would facilitate effective collaboration across the project team to minimize changes in the construction process and reduce unnecessary resource management.

• NEC form can help shape a new management culture in the construction industry for its sustainable growth and development.

• A new chapter of the NEC journey in the public works procurement has just unfolded. Currently we are planning the progressive transition from NEC3 to NEC4 to enhance collaborative partnering, unlock innovations and achieve better cost management and value for money in public works.

• Furthermore, we are confident that the NEC forms will continue to help shape the new management culture in the construction industry for its sustainable growth and development.

• The happy Valley Underground Stormwater Drainage System project (HVUSSS) was managed by the Drainage Services Department, opting for the target cost option and unleashing cost saving innovations including alternative foundation with zero-cost drainage system.

This was the second NEC pilot project. The development bureau was awarded the Winner Award in the NEC Client of the Year category along with the Highly Commended Award in the Contract Innovation Through Additional Clauses category in the same contest for the HVUSSS project.

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