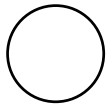


MEMO



<i>From</i>	Secretary for Development	<i>To</i>	Distribution
<i>Ref.</i>	() in DEVB(W) 510/94/02	<i>(Attn:</i>)
<i>Tel. No.</i>	3509 8279	<i>Your Ref.</i>	
<i>Fax No.</i>	2905 1181	<i>Dated</i>	<i>Fax No.</i>
<i>Date</i>	28 March 2019	<i>Total Pages</i>	3 + encl.

Renaming and Enhancement of the Subcontractor Registration Scheme of the Construction Industry Council (to be known as Registered Specialist Trade Contractors Scheme)

Background

The requirement for contractors of all capital and maintenance works to employ subcontractors (whether nominated, specialist or domestic) registered in the Subcontractor Registration Scheme (SRS) was promulgated in August 2004 via ETWB TCW No. 13/2004 and SDEV's memo ref. (02K18-01-4) in DEVB(W)510/94/02 dated 22 July 2013. Relevant provisions were subsequently incorporated into Chapter 5 (Section 9.31 and Appendix 5.6) and Chapter 7 (Section 21.14.2) of the Project Administration Handbook for Civil Engineering Works (PAH).

2. The Construction Industry Council (CIC) completed a review of the SRS in end 2018. As a result of the review, the CIC proposed to rename the SRS as the Registered Specialist Trade Contractors Scheme (RSTCS) with a couple of enhancements. Under the revamped framework, the RSTCS comprises the lists of both the Registered Specialist Trade Contractors (RSTC) and the Registered Subcontractors (RS). The RSTC are further classified into Group 1 and Group 2 subject to different admission criteria and tender limits.

3. The RSTCS will take effect from 1 April 2019. Upon the launch of the RSTCS, the existing registered subcontractors under seven designated trades¹ will be automatically transferred to Group 1 RSTC. These registered subcontractors may also apply for direct admission to Group 2 RSTC if they can meet the respective criteria. For other registered subcontractors in the remaining trades, they will be retained as RS under the RSTCS (previously SRS²). More information of the RSTCS can be found on the website of CIC (<http://www.cic.hk>).

¹ (1) Concreting; (2) Concreting Formwork; (3) Curtain Wall; (4) Demolition; (5) Erection of Concrete Precast Component; (6) Reinforcement Bar Fixing and (7) Scaffolding

² The term "SRS" as referred to in ETWB TCW No. 13/2004 and PAH shall be superseded and replaced by "RSTCS".

Engagement of Subcontractors Registered under the RSTCS

4. A suite of updated Notes to Tenderers (NTT), Special Conditions of Contract (SCC) and Additional Conditions of Contract (ACC) is enclosed at **Annex A**, setting out the requirement that public works contractors are required to employ subcontractors (whether nominated, specialist or domestic and irrespective of tier) who are registered under the respective trades (and groups if applicable) available in the RSTCS. With effect from 1 April 2019 and subject to paragraph 5 below, for all capital and maintenance works contracts with tenders not yet been invited, the updated NTT and SCC/ACC (whichever is applicable) shall be adopted. For contracts for which tenders have been invited, project officers should arrange to take necessary actions, including issue of tender addendum, as appropriate to duly incorporate the updated NTT and SCC/ACC (whichever is applicable).

5. To allow time for building up adequate Group 2 RSTC, the requirement to engage subcontractors from this group for works exceeding the tender limit of Group 1 shall only be adopted in contracts for which tenders will be invited on or after 1 October 2020 or any other date to be announced by the DEVB (the “full implementation date”). In the interim, no tender limit in respect of the engagement of RSTC shall be imposed on contracts for which tenders will be invited before the full implementation date.

Revised Requirement for Subcontractor Management Plan

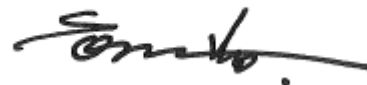
6. Under the new arrangement, the contractors should provide the details of subcontract(s), including but not limited to the trades (and groups if applicable) of the subcontractor(s) under the RSTCS and value of the subcontract(s) in the Subcontractor Management Plan (SMP). The updated NTT and Appendix to SCC and ACC on SMP are enclosed at **Annex B**.

7. To build up subcontractors information and facilitate future analysis, project offices shall submit quarterly the particulars of subcontracts under item (ii) of Appendix to SCC and ACC on SMP in an excel template (Table 1 in Annex B) to DEVB.

Updates Required in the PAH

8. By copy, I would be grateful if the respective Owners of PAH Chapter 5 and Chapter 7 would arrange to update the relevant parts of the PAH by 30 June 2019.

9. If you have any enquiries on the above, please feel free to contact Ms Emily L F Chan, AS(WP4)2, on tel. no. 3509 8322.



(Y K HO)
for Secretary for Development

Encl.

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Secretary of Working Group for Reviewing and Updating PAH
Owner of Chapter 5 of the PAH
Owner of Chapter 7 of the PAH
TS, DEVB

**NOTES TO TENDERERS AND SPECIAL CONDITIONS OF CONTRACT FOR
ENGAGEMENT OF SUBCONTRACTORS REGISTERED FROM
THE “REGISTERED SPECIALIST TRADE CONTRACTORS SCHEME”
(FOR GENERAL CONDITIONS OF CONTRACT (GCC))**

The following Notes to Tenderers and Special Conditions of Contract shall be included in tenders for all capital and maintenance works contracts:

Notes to Tenderers:

“Tenderers’ attention is drawn to the Special Conditions of Contract [x] requiring the engagement of sub-contractors who are registered under the respective trades [and groups]¹ available in the Registered Specialist Trade Contractors Scheme (RSTCS).”

Special Conditions of Contract

I) “SCC[x] - Engagement of sub-contractors who are registered under the respective trades [and groups]¹ available in the Registered Specialist Trade Contractors Scheme:

General Conditions of Contract Clause 4 is amended by adding the following:

(10)² (a) For the purpose of this sub-clause (10)², the following words and expressions shall have the meaning hereby assigned to them:

“RSTCS⁸” means the Registered Specialist Trade Contractors Scheme managed by the Construction Industry Council and as referred to in the Rules and Procedures applicable to the aforesaid Registered Specialist Trade Contractors Scheme.

[“Group 1” and “Group 2” mean the classification of contractors into Group 1 and Group 2 under each trade of the Register of Specialist Trade Contractors.]¹

- (b) Where the Contractor is to [sub-contract/sub-let]³ part of the Works execution of which involves trades available in the RSTCS, the Contractor shall only engage, for the purposes of execution of such part of the Works, sub-contractor(s) who has satisfied all of the following criteria:
- (i) the sub-contractor is the sub-contractor stated in the Contractor's latest updated submission of the Sub-contractor Management Plan;
 - (ii) the sub-contractor has completed registration under the relevant trade(s) available in the RSTCS before the commencement of the works under the relevant sub-contract; and
 - [(iii) if the sub-contractor is registered under a trade in the Register of Specialist Trade Contractors and if the value of relevant sub-contract exceeds the tender limit of Group 1, the sub-contractor has been admitted into Group 2 before the commencement of the works under the relevant sub-contract.]¹

The Contractor shall not engage a sub-contractor who is suspended or in the process of an appeal against his suspension from registration in the RSTCS unless the suspension is lifted before the commencement of the works under the relevant sub-contracts. The foregoing shall also apply to the Contractor's engagement of [Nominated Sub-contractors]⁴, [Specialist Sub-contractors]⁵ and [sub-contractors for specialist works referred to in Special Condition of Contract Clause []]⁶⁷.

- (c) The Contractor shall ensure that where any part of the part of the Works sub-contracted to :-
- (i) a sub-contractor engaged under sub-clause 10²(b) of this Clause;
 - [(ii) a Nominated Sub-contractor;]⁴
 - [(iii) a Specialist Sub-contractor; or]⁵
 - [(iv) a sub-contractor for specialist works referred to in Special Condition of Contract Clause []]⁶⁷,

execution of which involves trades available in the RSTCS is further sub-contracted (irrespective of any tier), only sub-contractors (irrespective of any tier) who have satisfied all of the following criteria are engaged for the purposes of execution of such part of the part of the Works:

- (i) the sub-contractor is the sub-contractor stated in the Contractor's latest updated submission of the Sub-contractor Management Plan;
- (ii) the sub-contractor has completed registration under the relevant trade(s) available in the RSTCS before the commencement of the works under the relevant further sub-contract; and
- [(iii) if the sub-contractor is registered under a trade in the Register of Specialist Trade Contractors and if the value of relevant sub-contract exceeds the tender limit of Group 1, the sub-contractor has been admitted into Group 2 before the commencement of the works under the relevant further sub-contract.]¹

The Contractor shall also ensure that a sub-contractor (irrespective of any tier) who is suspended or in the process of an appeal against his suspension from registration in the RSTCS shall not be engaged for the aforesaid further sub-contracting (irrespective of any tier) unless the suspension is lifted before the commencement of the works under the relevant further sub-contracts.

Notes:

1. The contractors registered in the Register of Specialist Trade Contractors are classified into two groups – Group 1 and Group 2, with different admission criteria and tender limits. For newly established companies without complete job records, but satisfying other admission criteria, they might apply for registration as a Group 1 (probationary) contractor under the trades available in the Register of Specialist Trade Contractors. The words in square bracket should be adopted for capital and maintenance works contracts for which tenders will be invited on or after 1.10.2020 (or such other date as announced by DEVB), i.e. the tender limits of Group 1 and Group 2 should be observed. (para. 5 of SDEV's memo ref. DEVB(W) 510/94/02 of 28.3.2019 refers)

Annex A

2. The numbering of this added sub-clause may vary depending on the type of GCCs used and whether there are other SCC in the contract which also amend GCC Clause 4.
3. Use “sub-contract” or “sub-let” as appropriate depending on the type of GCC’s used in individual contract.
4. Use as appropriate depending on the type of GCC’s used in individual contract.
5. Use when the standard SCC in WBTC No. 25/94 (entitled “Standard Form of Domestic Sub-contract for specialist works”) is used in individual contract.
6. Insert the number of the SCC in the individual contract which has used the standard SCC for sub-contracting in Secretary for Works’ memo WB(W) 209/32/110 (entitled “Library of Special Conditions of Contract Clause 14 - Sub-contracting”) dated 23.3.2001.
7. Use when standard SCC on sub-contracting in Secretary for Works’ memo WB(W)209/32/110 (entitled “Library of Special Conditions of Contract Clause 14 - Sub-contracting”) dated 23.3.2001 is used in individual contract.
8. Upon the launch of the RSTCS by the CCC on 1.4.2019, seven trades – (1) Concreting; (2) Concreting Formwork; (3) Curtain Wall; (4) Demolition; (5) Erection of Concrete Precast Component; (6) Reinforcement Bar Fixing and (7) Scaffolding are put under the Register of Specialist Trade Contractors.

**NOTES TO TENDERERS
AND APPENDIX TO SPECIAL CONDITIONS OF CONTRACT
FOR SUBCONTRACTOR MANAGEMENT PLAN
(FOR GENERAL CONDITIONS OF CONTRACT (GCC))**

The following Notes to Tenderers and Appendix to Special Conditions of Contract shall be included in tenders for all capital and maintenance works contracts:

Notes to Tenderers

NTT# : Payment for Sub-contractor Management Plan

Tenderers' attention is drawn to GCT 20, Special Conditions of Contract Clause [x] and Particular Specification Section [x] requiring the submission and quarterly updating of the Sub-contractor Management Plan (SMP) in the form and contents as prescribed in the Contract. Tenderers' attention is also drawn to the requirement to monitor and ensure the implementation of and the compliance with the SMP.

Tenderers should note that there are no separate items in the [*Bills of Quantities/Schedule of Rates] for measurement of "complete Sub-contractor Management Plan" and "quarterly updating of Sub-contractor Management Plan" and that, in line with the [*General Preambles/Method of Measurement] to the [*Bills of Quantities/Schedule of Rates], the rates in the [*Bills of Quantities/Schedule of Rates] shall cover, inter alia, the provision of implementation of and compliance with the SMP.

NTT# : Details of Sub-contractor Management Plan

Tenderers' attention is drawn to the Appendix [x] to Special Conditions of Contract [x] requiring the submission of the details of sub-contract(s), including but not limited to the trade and group (if any) of the sub-contractor under the Registered Specialist Trade Contractors Scheme and value of the sub-contract(s) in the Sub-contractor Management Plan.

Please insert appropriate reference

*Delete or amend as appropriate

Appendix [x] to SCC[x]

Guidelines on Scope and Contents of Sub-contractor Management Plan

The Sub-contractor Management Plan shall include (but not limited to) the following:

- i) Scope of works to be sub-contracted including the form and extent of sub-contracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material shall be addressed. The scope of works to be sub-contracted shall comply with the relevant contractual provisions (i.e. the SCC for **Limiting the Tiers of Sub-contracting**).
- ii) Particulars of sub-contracts (irrespective of tiers) as required under the Template under Table 1.
- iii) The Contractor's approach to demand/ensure his sub-contractor(s) to a) abstain from sub-contracting the whole of the works sub-contracted to him/them, and b) report upwards his/their sub-contracting arrangement and any subsequent changes with written declarations of no "hidden" sub-contracts for any part of the Works sub-contracted to any of them.
- iv) The Contractor's proposed measures for supervision of the works and monitoring of the performance of sub-contractors, particularly the aspects of the works programming, quality and safety of the works and environmental protection.
- v) Criteria for selection of sub-contractor(s) involving trade(s) not available in the Registered Specialist Trade Contractors Scheme (RSTCS).
- vi) The Contractor's approach to ensure all his sub-contractor(s) (irrespective of tiers) to adopt written contracts in his/their sub-contracting and that all the sub-contract(s) comply with the requirements stipulated in the Contract (i.e. SCC for **Sub-contract conditions**).
- vii) Details of the Contractor's Management Team, as required in the Contract (i.e. the SCC for **Contractor's Management Team**), employed on direct supervision and management of sub-contractor(s). An organization chart showing the responsibilities of the Contractor's direct staff in supervision and management of his sub-contractor(s) shall be submitted.
- viii) Declaration that members of staff on the Contractor's Management Team are prohibited to be given a sub-contract to any part of the Works or to have a vested interest in any of the sub-contractors irrespective of tiers.
- ix) The Contractor's proposed measures to ensure the compliance with the implementation of the system of payment of wages to the Site Workers as stipulated in the Contract (i.e. SCC for **Payment of Wages of Site Workers**). The Contractor's proposed measures for ensuring timely payments to sub-contractor(s) and payments by sub-contractor(s) to sub-contractor(s) of lower tiers.

NB. The above items are not exhaustive. The Contractor can add any other items, which he considers pertinent to the proper management of his sub-contractor(s).

Appendix [x] to SCC[x]

[For contracts without contract measures to prevent non-payment of wages and/or limiting number of tiers of sub-contracting]

Guidelines on Scope and Contents of Sub-contractor Management Plan

The Sub-contractor Management Plan shall include (but not limited to) the following:

- i) Scope of works to be sub-contracted including the form and extent of sub-contracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material shall be addressed.
- ii) Particulars of sub-contracts (irrespective of tiers) as required under the Template under Table 1.
- iii) Criteria for selection of sub-contractor(s) involving trade(s) not available in the Registered Specialist Trade Contractors Scheme (RSTCS).
- iv) Details of the Contractor's own staff employed for direct supervision and management of his sub-contractor(s). An organization chart showing the responsibilities of the contractor's direct staff in supervision and management of his sub-contractor(s) shall be submitted.
- v) The Contractor's approach to demand/ensure his sub-contractor(s) to a) abstain from sub-contracting the whole of the works sub-contracted to him/them, and b) submit written declarations of no "hidden" sub-contracting of works.
- vi) The Contractor's approach to encourage his sub-contractor(s) to adopt written contract(s) in his/their sub-contracting.
- vii) The Contractor's proposed measures to demand his sub-contractor(s) to report upward his/their sub-contracting arrangement(s) and any subsequent changes.
- viii) The Contractor's proposed measures for monitoring and assessing the works programme, quality, safety and environmental performance of his sub-contractors.
- ix) The Contractor's proposed measures for ensuring timely payment to downstream sub-contractor(s) after his payment to his direct sub-contractor(s).
- x) The Contractor's approach for monitoring disputes.
- xi) The Contractor's approach for handling complaints from workers on site regarding wages arrears disputes and co-ordinating with Labour Department for prompt action. Contractors are required to keep the Architect/Engineer/Supervising Officer's site representatives updated of the situation.
- xii) The Contractor's proposed measures for maintaining updated daily attendance records of all workers on site.
- xiii) The Contractor's proposed measures for site security and workers' daily access control if applicable.

NB. The above items are not exhaustive. The Contractor can add any other issues, which he considers pertinent to the proper management of his sub-contractor(s).

Table 1 - Particulars of Sub-contracts

No.	Name of Company	Commencement Date	Program	No. of Tier	Type of Works	Form of sub-contractor	Registered Specialist Trade Contractors Scheme (RSTCS)				Sub-contract		
							Type ⁽²⁾	Registration No.	Expiry Date	Group (if any)	Trade and Specialty ⁽³⁾	Value ⁽⁴⁾	Grouping ⁽⁵⁾
e.g.	ABC Company	1.4.2019	9 months	1	Formworks	Labour, Plant & Material	RSTC	XXXXXX	31.3.2022	1	Concreting Formwork	E	2
1	123 Company	1.4.2019	12 months	2	Fire Service	Labour & Plant	RS	XXXXXX	31.3.2022	NA	Fire Service Installation	D	NA
2													

Notes

(1) Apart from the above information, the Contractor shall provide additional information and supporting document upon requested.

(2) RSTC refers to the Registered Specialist Trade Contractor in RSTCS.

(3) RS refers to the Registered Subcontractor in RSTCS.

(4) For details of the classification of Trade and Specialty, please refer to the website of the Construction Industry Council (CIC).

(5) A: value < \$1M

B: \$1M ≤ value < \$3M

C: \$3M ≤ value < \$6M

D: \$6M ≤ value < \$15M

E: \$15M ≤ value < \$30M

F: \$30M ≤ value < \$50M

G: value ≥ \$50M

(5) Group 1 or Group 2 refers to the tender limit of the trade set by CIC. (Grouping is only applicable to RSTC)

**NOTES TO TENDERERS AND ADDITIONAL CONDITIONS OF CONTRACT FOR
ENGAGEMENT OF SUBCONTRACTORS REGISTERED FROM
THE “REGISTERED SPECIALIST TRADE CONTRACTORS SCHEME”
(FOR NEW ENGINEERING CONTRACT (NEC) –
ENGINEERING AND CONSTRUCTION CONTRACT (ECC))**

The following Notes to Tenderers and Additional Conditions of Contract shall be included in tenders for all capital and maintenance works contracts:

Notes to Tenderers:

NTT [51][#] – Engagement of Subcontractors who are Registered under the Respective Trades [and Groups]¹ available in the Registered Specialist Trade Contractors Scheme

Tenderers’ attention is drawn to the Clause [C6][#] of the *additional conditions of contract* requiring the engagement of subcontractors who are registered under the respective trades [and groups]¹ available in the Registered Specialist Trade Contractors Scheme (RSTCS).

Additional Conditions of Contract

[C6][#] – Engagement of Subcontractors who are registered under the respective trades [and groups]¹ available in the Registered Specialist Trade Contractors Scheme

- (1) For the purpose of this Clause, the following words and expressions shall have the meaning hereby assigned to them:

“RSTCS³” means the Registered Specialist Trade Contractors Scheme managed by the Construction Industry Council and as referred to in the Rules and Procedures applicable to the aforesaid Registered Specialist Trade Contractors Scheme.

[“Group 1” and “Group 2” mean the classification of contractors into Group 1 and Group 2 under each trade of the Register of Specialist Trade Contractors.]¹

- (2) Where the *Contractor* is to subcontract part of the *works*, performance of which involves trades available in the RSTCS, the *Contractor* shall only engage, for the purposes of execution of such part of the *works*, Subcontractors who has satisfied all of the following criteria:

- (i) the Subcontractor is the subcontractor stated in the *Contractor's* latest updated submission of the Subcontractor Management Plan;
- (ii) the Subcontractor has completed registration under the relevant trades in the RSTCS before the commencement of the work under the relevant subcontracts; and
- [(iii) if the Subcontractor is registered under a trade in the Register of Specialist Trade Contractors and if the value of relevant subcontract exceeds the tender limit of Group 1, the Subcontractor has been admitted into Group 2 before the commencement of the work under the relevant subcontract.]¹

The *Contractor* shall not engage a Subcontractor who is suspended or in the process of an appeal against his suspension from registration in the RSTCS unless the suspension is lifted before the commencement of the work under the relevant subcontracts. The foregoing shall also apply to the *Contractor's* engagement of Specialist Subcontractors in Clause [C3]² of these *additional conditions of contract*.

- (3) The *Contractor* shall ensure that where any part of the part of the *works* subcontracted to a Subcontractor engaged under sub-clause (2) performance of which involves trades available in the RSTCS is further subcontracted (irrespective of any tier), only subcontractors (irrespective of any tier) who have satisfied all of the following criteria are engaged for the purpose of execution of such part of the part of the *works*:
 - (i) the subcontractor is the subcontractor stated in the *Contractor's* latest updated submission of the Subcontractor Management Plan;
 - (ii) the subcontractor has completed their registration under the relevant trades available in RSTCS before the commencement of the work under the relevant further subcontracts;
 - [(iii) if the subcontractor is registered under a trade in the Register of Specialist Trade Contractors and if the value of relevant subcontract exceeds the tender limit of Group 1, the subcontractor has been admitted into Group 2 before the commencement of the work under the relevant subcontract]¹

The *Contractor* shall also ensure that a subcontractor (irrespective of any tier) who is suspended or in the process of an appeal against his suspension from registration in the RSTCS shall not be engaged for the aforesaid further subcontracting (irrespective of any tier) unless the suspension is lifted before the commencement of the work under the relevant further subcontracts.

Notes:

Please insert appropriate reference

1. The contractors registered in the Register of Specialist Trade Contractors are classified into two groups – Group 1 and Group 2, with different admission criteria and tender limits. For newly established companies without complete job records, but satisfying other admission criteria, they might apply for registration as a Group 1 (probationary) subcontractor under the trades available in the Register of Specialist Trade Contractors. The words in square bracket should be adopted for capital and maintenance works contracts for which tenders will be invited on or after 1.10.2020 (or such other date as announced by DEVB), i.e. the tender limits of Group 1 and Group 2 should be observed. (para. 5 of SDEV's memo ref. DEVB(W) 510/94/02 of 28.3.2019 refers)
2. Insert appropriate reference which refers to Clause C3 of Library of Standard Additional Conditions of Contract for NEC ECC regarding "Specialist Subcontractors".
3. Upon the launch of the RSTCS by CIC on 1.4.2019, seven trades – (1) Concreting; (2) Concreting Formwork; (3) Curtain Wall; (4) Demolition; (5) Erection of Concrete Precast Component; (6) Reinforcement Bar Fixing and (7) Scaffolding are put under the Register of Specialist Trade Contractors.

**NOTES TO TENDERERS
AND APPENDIX TO ADDITIONAL CONDITIONS OF CONTRACT FOR
SUBCONTRACTOR MANAGEMENT PLAN.
(FOR NEW ENGINEERING CONTRACT (NEC)
– ENGINEERING AND CONSTRUCTION CONTRACT (ECC))**

The following Notes to Tenderers and Appendix to Additional Conditions of Contract shall be included in tenders for all capital and maintenance works contracts:

Notes to Tenderers

NTT [52][#] Payment for Subcontractor Management Plan

Tenderers' attention is drawn to Clause [GCT 20][#] of General Conditions of Tender, Clause [C5][#] of *additional conditions of contract* and Clause [XX][#] of the Particular Specification requiring the submission and quarterly updating of the Subcontractor Management Plan (SMP) in the form and contents as prescribed in the Contract. Tenderers' attention is also drawn to the requirement to monitor and ensure the implementation of and the compliance with the SMP.

Tenderers should note that there are no separate items in the [**bill of quantities/activity schedule*] for "submission of Subcontractor Management Plan" and "quarterly updating of Subcontractor Management Plan". The prices in the [**bill of quantities/activity schedule*] shall cover, inter alia, the provision of implementation of and compliance with the SMP.

NTT [53][#] Details of Subcontractor Management Plan

Tenderers' attention is drawn to the Appendix [x][#] to Clause [C5][#] of *additional conditions of contract* on the scope and contents of Subcontractor Management Plan, including but not limited to the details of subcontract(s), the trade and group (if any) of the subcontractor under the Registered Specialist Trade Contractors Scheme and value of the subcontract(s).

[#] Please insert appropriate reference

* Delete as appropriate.

Appendix [x] to ACC[x]

Guidelines on Scope and Contents of Subcontractor Management Plan

The Subcontractor Management Plan shall include (but not limited to) the following:

- i) Scope of works to be subcontracted including the form and extent of subcontracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material shall be addressed. The scope of works to be subcontracted shall comply with the relevant contractual provisions (i.e. the ACC for **Limiting the Tiers of Subcontracting**).
- ii) Particulars of subcontracts (irrespective of tiers) as required under the Template under Table 1.
- iii) The *Contractor's* approach to demand/ensure his subcontractor(s) to a) abstain from subcontracting the whole of the works subcontracted to him/them, and b) report upwards his/their subcontracting arrangement and any subsequent changes with written declarations of no "hidden" subcontracts for any part of the *work* subcontracted to any of them.
- iv) The *Contractor's* proposed measures for supervision of the *work* and monitoring of the performance of subcontractors, particularly the aspects of the works programming, quality and safety of the works and environmental protection.
- v) Criteria for selection of subcontractor(s) involving trade(s) not available in the Registered Specialist Trade Contractors Scheme (RSTCS).
- vi) The *Contractor's* approach to ensure all his subcontractor(s) (irrespective of tiers) to adopt written contracts in his/their subcontracting and that all the subcontract(s) comply with the requirement as stipulated in the Contract (i.e. ACC for **Subcontract conditions**).
- vii) Details of the *Contractor's* Management Team, as required in the Contract (i.e. the ACC for **Contractor's Management Team**), employed on direct supervision and management of subcontractor(s). An organization chart showing the responsibilities of the *Contractor's* direct staff in supervision and management of his subcontractor(s) shall be submitted.
- viii) Declaration that members of staff on the *Contractor's* Management Team are prohibited to be given a subcontract to any part of the *works* or to have a vested interest in any of the subcontractors irrespective of tiers.
- ix) The *Contractor's* proposed measures to ensure the compliance with the implementation of the system of payment of wages to the Site Workers as stipulated in the Contract (i.e. ACC for **Payment of Wages of Site Workers**). The *Contractor's* proposed measures for ensuring timely payments to subcontractor(s) and payments by subcontractor(s) to subcontractor(s) of lower tiers.

NB. The above items are not exhaustive. The *Contractor* can add any other items, which he considers pertinent to the proper management of his subcontractor(s).

Appendix [x] to ACC[x]

[For contracts without contract measures to prevent non-payment of wages and/or limiting number of tiers of subcontracting]

Guidelines on Scope and Contents of Subcontractor Management Plan

The Subcontractor Management Plan shall include (but not limited to) the following:

- i) Scope of works to be subcontracted including the form and extent of subcontracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material shall be addressed.
- ii) Particulars of subcontracts (irrespective of tiers) as required under the Template under Table 1.
- iii) Criteria for selection of subcontractor(s) involving trade(s) not available in the Registered Specialist Trade Contractors Scheme (RSTCS).
- iv) Details of the *Contractor's* own staff employed for direct supervision and management of his subcontractor(s). An organization chart showing the responsibilities of the contractor's direct staff in supervision and management of his subcontractor(s) shall be submitted.
- v) The *Contractor's* approach to demand/ensure his subcontractor(s) to a) abstain from subcontracting the whole of the works subcontracted to him/them, and b) submit written declarations of no "hidden" subcontracting of works.
- vi) The *Contractor's* approach to encourage his subcontractor(s) to adopt written contract(s) in his/their subcontracting.
- vii) The *Contractor's* proposed measures to demand his subcontractor(s) to report upward his/their subcontracting arrangement(s) and any subsequent changes.
- viii) The *Contractor's* proposed measures for monitoring and assessing the works programme, quality, safety and environmental performance of his subcontractors.
- ix) The *Contractor's* proposed measures for ensuring timely payment to downstream subcontractor(s) after his payment to his direct subcontractor(s).
- x) The *Contractor's* approach for monitoring disputes.
- xi) The *Contractor's* approach for handling complaints from workers on site regarding wages arrears disputes and co-ordinating with Labour Department for prompt action. *Contractors* are required to keep the Architect/Engineer/Supervising Officer's site representatives updated of the situation.
- xii) The *Contractor's* proposed measures for maintaining updated daily attendance records of all workers on site.
- xiii) The *Contractor's* proposed measures for site security and workers' daily access control if applicable.

NB. The above items are not exhaustive. The *Contractor* can add any other issues, which he considers pertinent to the proper management of his subcontractor(s).

Table 1 - Particulars of Subcontracts

No.	Name of Company	Commencement Date	Program	No. of Tier	Type of Works	Form of subcontractor	Registered Specialist Trade Contractors Scheme (RSTCS)		Trade and Specialty ⁽³⁾		Subcontract	
							Type ⁽²⁾	Registration No.	Expiry Date	Group (if any)	Value ⁽⁴⁾	Grouping ⁽⁵⁾
e.g.	ABC Company	1.4.2019	9 months	1	Formworks	Labour, Plant & Material	RSTC	XXXXXX	31.3.2022	1	E	2
	123 Company	1.4.2019	12 months	2	Fire Service	Labour & Plant	RS	XXXXXX	31.3.2022	NA	D	NA
1												
2												

Notes

- (1) Apart from the above information, the *Contractor* shall provide additional information and supporting document upon requested.
- (2) RSTC refers to the Registered Specialist Trade Contractor in RSTCS.
- (3) RS refers to the Registered Subcontractor in RSTCS.
- (4) For details of the classification of Trade and Specialty, please refer to the website of the Construction and Industry Council (CIC).
- (5) Group 1 or Group 2 refers to the tender limit of the trade set by CIC. (Grouping is only applicable to RSTC)

- A: value < \$1M
- B: \$1M ≤ value < \$3M
- C: \$3M ≤ value < \$6M
- D: \$6M ≤ value < \$15M
- E: \$15M ≤ value < \$30M
- F: \$30M ≤ value < \$50M
- G: value ≥ \$50M

**NOTES TO TENDERERS AND ADDITIONAL CONDITIONS OF CONTRACT FOR
ENGAGEMENT OF SUBCONTRACTORS REGISTERED FROM
THE “REGISTERED SPECIALIST TRADE CONTRACTORS SCHEME”
(FOR NEW ENGINEERING CONTRACT (NEC) –
TERM SERVICE CONTRACT (TSC))**

The following Notes to Tenderers and Additional Conditions of Contract shall be included in tenders for all capital and maintenance works contracts:

Notes to Tenderers:

NTT [51]# – Engagement of Subcontractors who are Registered under the Respective Trades [and Groups]¹ available in the Registered Specialist Trade Contractors Scheme

Tenderers’ attention is drawn to the Clause [C6][#] of the *additional conditions of contract* requiring the engagement of subcontractors who are registered under the respective trades [and groups]¹ available in the Registered Specialist Trade Contractors Scheme (RSTCS).

Additional Conditions of Contract

[C6] [#] - Engagement of Subcontractors who are registered under the respective trades [and groups]¹ available in the Registered Specialist Trade Contractors Scheme

- (1) For the purpose of this Clause, the following words and expressions shall have the meaning hereby assigned to them:

“RSTCS³” means the Registered Specialist Trade Contractors Scheme managed by the Construction Industry Council and as referred to in the Rules and Procedures applicable to the aforesaid Registered Specialist Trade Contractors Scheme.

[“Group 1” and “Group 2” mean the classification of contractors into Group 1 and Group 2 under each trade of the Register of Specialist Trade Contractors.]¹

- (2) Where the *Contractor* is to subcontract part of the *service*, performance of which involves trades available in the RSTCS, the *Contractor* shall only engage, for the purposes of execution of such part of the *service*, Subcontractors who has satisfied all of the following criteria:

- (i) the Subcontractor is the subcontractor stated in the *Contractor's* latest updated submission of the Subcontractor Management Plan;
- (ii) the Subcontractor has completed registration under the relevant trades in the RSTCS before the commencement of the work under the relevant subcontracts; and
- [(iii) if the Subcontractor is registered under a trade in the Register of Specialist Trade Contractors and if the value of relevant subcontract exceeds the tender limit of Group 1, the Subcontractor has been admitted into Group 2 before the commencement of the work under the relevant subcontract.]¹

The *Contractor* shall not engage a Subcontractor who is suspended or in the process of an appeal against his suspension from registration in the RSTCS unless the suspension is lifted before the commencement of the work under the relevant subcontracts. The foregoing shall also apply to the *Contractor's* engagement of Specialist Subcontractors in Clause [C3]² of these *additional conditions of contract*.

- (3) The *Contractor* shall ensure that where any part of the *service* subcontracted to a Subcontractor engaged under sub-clause (2) performance of which involves trades available under RSTCS is further subcontracted (irrespective of any tier), only subcontractors (irrespective of any tier) who have satisfied all of the following criteria are engaged for the purposes of execution of such part of the part of the *service*:

- (i) the subcontractor is the subcontractor stated in the *Contractor's* latest updated submission of the Subcontractor Management Plan;
- (ii) the subcontractor has completed their registration under the relevant trades available in RSTCS before the commencement of the work under the relevant further subcontracts;
- [(iii) if the subcontractor is registered under a trade in the Register of Specialist Trade Contractors and if the value of relevant subcontract exceeds the tender limit of Group 1, the subcontractor has been admitted into Group 2 before the commencement of the works under the relevant subcontract]¹

The *Contractor* shall also ensure that a subcontractor (irrespective of any tier) who is suspended or in the process of an appeal against his suspension from registration in the RSTCS shall not be engaged for the aforesaid further subcontracting (irrespective of any tier) unless the suspension is lifted before the commencement of the work under the relevant further subcontracts.

Notes:

Please insert appropriate reference

1. The contractors registered in the Register of Specialist Trade Contractors are classified into two groups – Group 1 and Group 2, with different level of admission criteria and tender limits. For newly established companies without complete job records, but satisfying other admission criteria, they might apply for registration as a Group 1 (probationary) subcontractor under the trades available in the Register of Specialist Trade Contractors. The words in square bracket should be adopted for capital works and maintenance contracts for which tenders will be invited on or after 1.10.2020 (or such other date as announced by DEVB), i.e. the tender limits of Group 1 and Group 2 should be observed. (para. 5 of SDEV's memo ref. DEVB(W) 510/94/02 of 28.3.2019 refers)
2. Insert appropriate reference which refers to Clause C3 of Library of Standard Additional Conditions of Contract for NEC TSC regarding "Specialist Subcontractors".
3. Upon the launch of the RSTCS by CIC on 1.4.2019, seven trades – (1) Concreting; (2) Concreting Formwork; (3) Curtain Wall; (4) Demolition; (5) Erection of Concrete Precast Component; (6) Reinforcement Bar Fixing and (7) Scaffolding are put under the Register of Specialist Trade Contractors.

**NOTES TO TENDERERS
AND APPENDIX TO ADDITIONAL CONDITIONS OF CONTRACT FOR
SUBCONTRACTOR MANAGEMENT PLAN
(FOR NEW ENGINEERING CONTRACT (NEC)
– TERM SERVICE CONTRACT (TSC))**

The following Notes to Tenderers and Appendix to Additional Conditions of Contract shall be included in tenders for all capital and maintenance works contracts:

Notes to Tenderers

NTT [52][#] Payment for Subcontractor Management Plan

Tenderers' attention is drawn to Clause [GCT 20][#] of General Conditions of Tender, Clause [C5][#] of *additional conditions of contract* and Clause [XX][#] of the Particular Specification requiring the submission and quarterly updating of the Subcontractor Management Plan (SMP) in the form and contents as prescribed in the Contract. Tenderers' attention is also drawn to the requirement to monitor and ensure the implementation of and the compliance with the SMP.

Tenderers should note that there are no separate items in the Schedule of Rates for "submission of Subcontractor Management Plan" and "quarterly updating of Subcontractor Management Plan". The rates in the Schedules of Rates shall cover, inter alia, the provision of implementation of and compliance with the SMP.

NTT [53][#] Details of Subcontractor Management Plan

Tenderers' attention is drawn to the Appendix [x][#] to Clause [C5][#] of *additional conditions of contract* on the scope and contents of Subcontractor Management Plan including but not limited to the details of subcontract(s), the trade and group (if any) of the subcontractor under the Registered Specialist Trade Contractors Scheme and value of the subcontract(s).

Please insert appropriate reference

* Delete as appropriate.

Appendix [x] to ACC[x]

Guidelines on Scope and Contents of Subcontractor Management Plan

The Subcontractor Management Plan shall include (but not limited to) the following:

- i) Scope of works to be subcontracted including the form and extent of subcontracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material shall be addressed. The scope of works to be subcontracted shall comply with the relevant contractual provisions (i.e. the ACC for **Limiting the Tiers of Subcontracting**).
- ii) Particulars of subcontracts (irrespective of tiers) as required under the Template under Table 1.
- iii) The *Contractor's* approach to demand/ensure his subcontractor(s) to a) abstain from subcontracting the whole of the works subcontracted to him/them, and b) report upwards his/their subcontracting arrangement and any subsequent changes with written declarations of no "hidden" subcontracts for any part of the *works* subcontracted to any of them.
- iv) The *Contractor's* proposed measures for supervision of the works and monitoring of the performance of subcontractors, particularly the aspects of the works programming, quality and safety of the works and environmental protection.
- v) Criteria for selection of subcontractor(s) involving trade(s) not available in the Registered Specialist Trade Contractors Scheme (RSTCS).
- vi) The *Contractor's* approach to ensure all his subcontractor(s) (irrespective of tiers) to adopt written contracts in his/their subcontracting and that all the subcontract(s) comply with the requirements as stipulated in the Contract (i.e. ACC for **Subcontract conditions**).
- vii) Details of the *Contractor's* Management Team, as required in the Contract (i.e. the ACC for **Contractor's Management Team**), employed on direct supervision and management of subcontractor(s). An organization chart showing the responsibilities of the *Contractor's* direct staff in supervision and management of his subcontractor(s) shall be submitted.
- viii) Declaration that members of staff on the *Contractor's* Management Team are prohibited to be given a subcontract to any part of the *works* or to have a vested interest in any of the subcontractors irrespective of tiers.
- ix) The *Contractor's* proposed measures to ensure the compliance with the implementation of the system of payment of wages to the Site Workers as stipulated in the Contract (i.e. ACC for **Payment of Wages of Site Workers**). The *Contractor's* proposed measures for ensuring timely payments to subcontractor(s) and payments by subcontractor(s) to subcontractor(s) of lower tiers.

NB. The above items are not exhaustive. The *Contractor* can add any other items, which he considers pertinent to the proper management of his subcontractor(s).

Appendix [x] to ACC[x]

[For contracts without contract measures to prevent non-payment of wages and/or limiting number of tiers of subcontracting]

Guidelines on Scope and Contents of Subcontractor Management Plan

The Subcontractor Management Plan shall include (but not limited to) the following:

- i) Scope of works to be subcontracted including the form and extent of subcontracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material shall be addressed.
- ii) Particulars of subcontracts (irrespective of tiers) as required under the Template under Table 1.
- iii) Criteria for selection of subcontractor(s) involving trade(s) not available in the Registered Specialist Trade Contractors Scheme (RSTCS).
- iv) Details of the *Contractor's* own staff employed for direct supervision and management of his subcontractor(s). An organization chart showing the responsibilities of the contractor's direct staff in supervision and management of his subcontractor(s) shall be submitted.
- v) The *Contractor's* approach to demand/ensure his subcontractor(s) to a) abstain from subcontracting the whole of the works subcontracted to him/them, and b) submit written declarations of no "hidden" subcontracting of works.
- vi) The *Contractor's* approach to encourage his subcontractor(s) to adopt written contract(s) in his/their subcontracting.
- vii) The *Contractor's* proposed measures to demand his subcontractor(s) to report upward his/their subcontracting arrangement(s) and any subsequent changes.
- viii) The *Contractor's* proposed measures for monitoring and assessing the works programme, quality, safety and environmental performance of his subcontractors.
- ix) The *Contractor's* proposed measures for ensuring timely payment to downstream subcontractor(s) after his payment to his direct subcontractor(s).
- x) The *Contractor's* approach for monitoring disputes.
- xi) The *Contractor's* approach for handling complaints from workers on site regarding wages arrears disputes and co-ordinating with Labour Department for prompt action. *Contractors* are required to keep the Architect/Engineer/Supervising Officer's site representatives updated of the situation.
- xii) The *Contractor's* proposed measures for maintaining updated daily attendance records of all workers on site.
- xiii) The *Contractor's* proposed measures for site security and workers' daily access control if applicable.

NB. The above items are not exhaustive. The *Contractor* can add any other issues, which he considers pertinent to the proper management of his subcontractor(s).

Table 1 - Particulars of Subcontracts

No.	Name of Company	Commencement Date	Program	No. of Tier	Type of Works	Form of subcontractor	Registered Specialist Trade Contractors Scheme (RSTCS)				Subcontract		
							Type ⁽²⁾	Registration No.	Expiry Date	Group (if any)	Trade and Specialty ⁽³⁾	Value ⁽⁴⁾	Grouping ⁽⁵⁾
e.g.	ABC Company	1.4.2019	9 months	1	Formworks	Labour, Plant & Material	RSTC	XXXXXX	31.3.2022	1	Concreting Formwork	E	2
	123 Company	1.4.2019	12 months	2	Fire Service	Labour & Plant	RS	XXXXXX	31.3.2022	NA	Fire Service Installation	D	NA
1													
2													

Notes

- (1) Apart from the above information, the *Contractor* shall provide additional information and supporting document upon requested.
- (2) RSTC refers to the Registered Specialist Trade Contractor in RSTCS.
- (3) RS refers to the Registered Subcontractor in RSTCS.
- (4) For details of the classification of Trade and Specialty, please refer to the website of the Construction and Industry Council (CIC).
- (5) Group 1 or Group 2 refers to the tender limit of the trade set by CIC. (Grouping is only applicable to RSTC)

- A: value < \$1M
 B: \$1M ≤ value < \$3M
 C: \$3M ≤ value < \$6M
 D: \$6M ≤ value < \$15M
 E: \$15M ≤ value < \$30M
 F: \$30M ≤ value < \$50M
 G: value ≥ \$50M

MEMO

From Secretary for Development
Ref. () in DEVB(PS) 109/11/01 Pt. 9
Tel. No. 3509 8337
Fax No. 2521 9682
E-mail wongkye@devb.gov.hk
Date 16 May 2017

To Distribution
(Attn.: _____)
Your Ref. _____
dated _____
Fax No. _____
Total Pages _____ 2 + Encl.

Revised Requirements for Streamlining of Subcontractor Management Plan

This memo promulgates the revised requirements for streamlining of Subcontractor Management Plan (SMP) submission in public works contracts.

Background

2. To facilitate effective management and monitoring of sub-contractors by Works Departments, the SMP policy was introduced via Environment, Transport and Works Bureau (ETWB) Technical Circular (Works) No. 47/2002 "Management of Sub-contractors by Contractors" and the operational procedures were elaborated in our memo ref. DEVB(W) 109/11/01 Pt. 9 dated 19 December 2008. With collective experience accumulated by the respective Works Departments over these years, it is an opportune time to examine the prevailing procedures with a view to streamlining the administration effort and management work for both contractors and project offices. Against this background, a comprehensive review on SMP policy has been conducted and we intend to roll out the revised requirements for adoption in new contracts as detailed in the ensuing paragraphs of this memo.

Revised Requirements for Submission of SMP

3. The revised requirements are as follows:-

- (i) Deletion of the pre-priced items in Bills of Quantities/Schedule of Rates for "complete Sub-contractor Management Plan" and "quarterly updating of Sub-contractor Management Plan"; and
- (ii) Minor revision of "Guidelines on Scope and Contents of SMP" – from "Criteria for selection of sub-contractors" to "Criteria for selection of sub-contractor(s) involving trade(s) not available in the Primary Register of the Subcontractor Registration Scheme".

Effective Date

4. The revised enhancement measures should be implemented in all public works contracts to be tendered on or after **1 June 2017**.


Contract Documentation

5. The revised contract documentation including Notes to Tenderers and Appendix to Special Conditions of Contract enclosed at **Annex** supersedes Project Administration Handbook (PAH) Chapter 5 Appendix 5.22 and "Appendix [x] to SCC[x]" of PAH Chapter 5 Appendix 5.23.

6. PAH Chapter 5 Appendices 5.24, 5.26 and 5.27 will no longer be required for any contracts tendered on or after 1 June 2017.

7. The above new policy together with the procedures in the existing ETWB TC(W) No. 47/2002 and memo ref. DEVB(W) 109/11/01 Pt. 9 dated 19 December 2008 will be subsumed in the PAH and respective manuals for ArchSD and EMSD in due course.

8. Should you have any enquiries, please contact our Ms Iman W M LAI, AS(WP)13, at Tel No. 3509 8383.


(Edwin WONG)
for Secretary for Development

Encl.

Distribution

D ArchS	(Attn : Mr. C.Y. KAN, TS/CM)
DCED	(Attn : Mr. Arthur CHIU, TS/HQ)
DDS	(Attn : Mr. Benedict CHEUNG, TS1)
DEMS	(Attn : Mr. S. L. TANG, CA)
DHy	(Attn : Mr. Ivan TANG, TS)
DWS	(Attn : Mr. John LOUIE, SE/HQ)

Internal

PAS(W)4
AS(WP)13

c.c.

LAD(W) (Attn : Miss Adela AU)

Notes to Tenderers

NTT# : Payment for Sub-contractor Management Plan

Tenderers' attention is drawn to GCT 20, Special Conditions of Contract Clause [x] and Particular Specification Section [x] requiring the submission and quarterly updating of the Sub-contractor Management Plan (SMP) in the form and contents as prescribed in the Contract. Tenderers' attention is also drawn to the requirement to monitor and ensure the implementation of and the compliance with the SMP.

Tenderers should note that there are no separate items in the [*Bills of Quantities/Schedule of Rates] for measurement of "complete Sub-contractor Management Plan" and "quarterly updating of Sub-contractor Management Plan" and that, in line with the [*General Preambles/Method of Measurement] to the [*Bills of Quantities/Schedule of Rates], the rates in the [*Bills of Quantities/Schedules of Rates] shall cover, inter alia, the provision of implementation of and compliance with the SMP.

*Delete or amend as appropriate

Appendix [x] to SCC[x]Guidelines on Scope and Contents of Sub-contractor Management Plan to be Specified in the Special Conditions of Tender/Special Conditions of Contract

- i) Scope of works to be sub-contracted including the form and extent of sub-contracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material shall be addressed. The scope of works to be sub-contracted shall comply with the contractual provisions (i.e. the SCC for **Limiting the Tiers of Sub-contracting**).
- ii) Details of sub-contract(s) (irrespective of tiers) including the name(s) of sub-contractor(s), proposed form of sub-contract(s) and the programme(s) of the sub-contracted works.
- iii) The Contractor's approach to demand/ensure his sub-contractor(s) to a) abstain from sub-contracting the whole of the works sub-contracted to him/them, and b) report upwards his/their sub-contracting arrangement and any subsequent changes with written declarations of no "hidden" sub-contracts for any part of the Works sub-contracted to any of them.
- iv) The Contractor's proposed measures for supervision of the works and monitoring of the performance of sub-contractors, particularly the aspect of the works programming, quality and safety of the works and environmental protection.
- v) Criteria for selection of sub-contractor(s) involving trade(s) not available in the Primary Register of the Subcontractor Registration Scheme.
- vi) The Contractor's approach to ensure all his sub-contractor(s) (irrespective of tiers) to adopt written contracts in his/their sub-contracting and that all the sub-contract(s) comply with the requirements as stipulated in the Contract (i.e. SCC for **Sub-contract conditions**).
- vii) Details of the Contractor's Management Team, as required in the Contract (i.e. the SCC for **Contractor's Management Team**), employed on direct supervision and management of sub-contractor(s). An organization chart showing the responsibilities of the Contractor's direct staff in supervision and management of his sub-contractor(s) shall be submitted.
- viii) Declaration that members of staff on the Contractor's Management Team are prohibited to be given a sub-contract to any part of the Works or to have a vested interest in any of the sub-contractors irrespective of tiers.
- ix) The Contractor's proposed measures to ensure the compliance with the implementation of the system of payment of wages to the Site Personnel as stipulated in the Contract (i.e. SCC for **Payment of Wages of Site Personnel**). The Contractor's proposed measures for ensuring timely payments to sub-contractor(s) and payments by sub-contractor(s) to sub-contractor(s) of lower tiers.

NB. The above items are not exhaustive. The Contractor can add any other items, which he considers pertinent to the proper management of his sub-contractor(s).

Appendix [x] to SCC[x]

[For contracts without contract measures to prevent non-payment of wages and/or limiting number of tiers of sub-contracting]

Guidelines on Scope and Contents of Sub-contractor Management Plan to be Specified in the Special Conditions of Tender/Special Conditions of Contract

- i) Scope of works to be sub-contracted including the form and extent of sub-contracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material shall be addressed.
- ii) Arrangement for each sub-contract including the name(s) of sub-contractor(s) known to the Contractor, proposed form of sub-contract(s) and the programme(s).
- iii) Criteria for selection of sub-contractor(s) involving trade(s) not available in the Primary Register of the Subcontractor Registration Scheme.
- iv) Details of the Contractor's own staff employed for direct supervision and management of his sub-contractor(s). An organization chart showing the responsibilities of the contractor's direct staff in supervision and management of his sub-contractor(s) shall be submitted.
- v) The Contractor's approach to demand/ensure his sub-contractor(s) to a) abstain from sub-contracting the whole of the works sub-contracted to him/them, and b) submit written declarations of no "hidden" sub-contracting of works.
- vi) The Contractor's approach to encourage his sub-contractor(s) to adopt written contract(s) in his/their sub-contracting.
- vii) The Contractor's proposed measures to demand his sub-contractor(s) to report upward his/their sub-contracting arrangement(s) and any subsequent changes.
- viii) The Contractor's proposed measures for monitoring and assessing the works programme, quality, safety and environmental performance of his sub-contractors.
- ix) The Contractor's proposed measures for ensuring timely payment to downstream sub-contractor(s) after his payment to his direct sub-contractor(s).
- x) The Contractor's approach for monitoring disputes.
- xi) The Contractor's approach for handling complaints from workers on site regarding wages arrears disputes and co-ordinating with Labour Department for prompt action. Contractors are required to keep the Architect/Engineer/Supervising Officer's site representatives updated of the situation.
- xii) The Contractor's proposed measures for maintaining updated daily attendance records of all workers on site.
- xiii) The Contractor's proposed measures for site security and workers' daily access control if applicable.

NB. The above items are not exhaustive. The Contractor can add any other issues, which he considers pertinent to the proper management of his sub-contractor(s).



MEMO

<p><i>From</i> Secretary for Development</p> <p><i>Ref</i> 0 in DEVB(W) 109/11/01 Pt. 9</p> <p><i>Tel. No.</i> 2848 2105</p> <p><i>Fax No.</i> 2521 9682</p> <p><i>Email</i> david.sp.tong@devb.gov.hk</p> <p><i>Date</i> 19 December 2008</p>	<p><i>To</i> Distribution</p> <p><i>(Attn : _____)</i></p> <p><i>Your Ref.</i> _____</p> <p><i>dated</i> _____</p> <p><i>Fax No.</i> _____</p> <p><i>Total Pages</i> 2 + encl.</p>
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Enhancement Measures for Subcontractor Management Plan (SMP)

The SMP policy was first promulgated in December 2002 under Environmental Transport and Works Bureau (ETWB) Technical Circular (Works) No. 47/2002 "Management of Sub-contractors by Contractors". To enhance the enforcement of SMP, the Works Policies Coordination Committee (WPCC) has at its meeting on 30 October 2008 endorsed the following measures:-

- (i) payment for SMP submission
- (ii) contractual provisions to require contractors to provide documentary proof of compliance
- (iii) standard checklist to assist project officers in checking/monitoring SMP submission/compliances; and
- (iv) internal technical audit for SMP compliance.

Effective Date

2. The enhancement measures should be implemented in all public works contracts to be tendered on or after **1 February 2009**. The WPCC Paper No. WPCC/011, which sets out the background and details of this policy, have been uploaded to the DEVB(WB) Intranet for reference.

Contract Documentation

3. The contract documentation including, Notes to Tenderers, Special Conditions of Contract, Particular Specification, Amended Method of Measurement and Sample Bills of Quantities for incorporation of the enforcement measures are enclosed at **Annex A**. These documents supersede the following sections of the existing ETWB TC(W) No. 47/2002:-

- (i) Paragraph 10 (II) - SCC[x] on Management of Sub-contractors;
- (ii) Paragraph 11 - Notes to Tenderers; and
- (iii) Appendix A – Guidelines on Scope and Contents of SMP.

The Special Conditions of Tender under Paragraph 10 (I) of the TCW remains valid.

Supporting Information

4. A checklist to assist project officers in checking/monitoring SMP submission/compliances is enclosed at **Annex B**. The revised Technical Audit procedures for checking of SMP compliance is also included at **Annex C**.

5. The above new policy and procedures together with the procedures in the existing ETWB TC(W) No. 47/2002 will be subsumed in the Project Administration Handbook and respective manuals for ArchSD and EMSD in due course.

6. For enquires, please contact our Mr. T. F. LEUNG, CAS(W)7, at telephone no. 28482655.

(David TONG)

for Secretary for Development

Distribution

D Arch S (Attn.: Mr. W W Li)
DCED (Attn.: Mr. Alan Tse)
DDS (Attn.: Mr. Tsui Wai)
DEMS (Attn.: Mr. F. Chan)
D of Hy (Attn.: Mr. James Chan)
DWS (Attn.: Mr. C H Ng)

c.c. TS

Notes to Tenderers

NTT# : Payment for Sub-contractor Management Plan

Tenderers' attention is drawn to GCT 20, Special Conditions of Contract Clauses [x] and [xx] and Particular Specification Section [x] requiring the submission and quarterly updating of the Sub-contractor Management Plan (SMP) in the form and contents as prescribed in the Contract. Tenderers' attention is also drawn to the requirement to monitor and ensure the implementation of and the compliance with the SMP.

Separate items are stipulated in the Bills of Quantities/ Schedule of Rates for the provision of, implementation of and compliance with the SMP.

Subsumed

Special Conditions of Contract**SCC[x] Management of Sub-contractors**

General Conditions of Contract Clause 4 is amended by adding the following:

7^(a) Notwithstanding the foregoing sub-clauses of this Clause, the Contractor shall within 30 days of the Employer's letter of acceptance of the Tender submit a Sub-contractor Management Plan (SMP) to the Architect/Engineer/ Supervising Officer* (A/E/SO*) for information and comments, if any.

(b) The Contractor shall then submit quarterly the updated SMP till the issuance of the certificate of completion. Where there is more than one such certificate, the issuance of the last certificate of completion to the A/E/SO* for information and comments, if any. Should there be any major changes in the Contractor's sub-contracting arrangement during the period before the next quarterly reporting, the Contractor should notify immediately such changes to the A/E/SO* in writing. The quarterly updated SMP required under this paragraph (b) shall be submitted within one month from each quarterly period. For the avoidance of doubt, the first quarterly period shall commence from the date of submission of the SMP by the Contractor pursuant to paragraph (a) of this sub-clause. Any interim notification of changes by the Contractor shall not affect his obligation to submit the quarterly updated SMP. In case there is no change to the previous SMP, the contractor shall declare such status in writing instead of submitting the same SMP again.

(c) The SMP submitted under paragraphs (a) and (b) of this sub-clause shall contain detailed information as required by the Guidelines on Scope and Contents of the Sub-contractor Management Plan at Appendix [x] to these Special Conditions of Contract.

(d) The A/E/SO* may upon receipt of the SMP comment on

the SMP and notify the Contractor of such comments in writing. If the A/E/SO* is of the opinion that the SMP submitted under paragraphs (a) and (b) of this sub-clause does not meet the requirements of the Contract, the A/E/SO* may, by written notice, require the Contractor to revise or update the SMP and the Contractor shall comply with that requirement within 14 days of the date of the notice. No approval of the SMP is required from the A/E/SO*.

(e) Subject to the provisions of other Special Conditions of Contract stating to the contrary, the Contractor shall ensure that his sub-contractors shall not sub-contract the whole of the works sub-contracted to them.

(f) The Contractor shall employ his own staff to manage and supervise his sub-contractors.

(g) For the purpose of this clause and the Guidelines on Scope and Contents of the Sub-contractor Management Plan at Appendix [x] to these Special Conditions of Contract, the term 'sub-contractor' means all types of sub-contractor including without limitation Nominated Sub-contractor and Specialist Sub-contractor.

(h) The Contractor shall, upon written request by the A/E/SO* (which may be issued by the A/E/SO* from time to time or at any time), produce to the A/E/SO* documentary proof to demonstrate to the satisfaction of the A/E/SO* that the Contractor has complied with all the provisions in the latest SMP submitted under paragraphs (a) and (b) of this sub-clause. Such documentary proof includes, but is not limited to, documents of sub-contracts, reports from sub-contractors on their further sub-contracting arrangement and daily attendance records of site workers. For the purpose of determining the extent of documentary proof, the A/E/SO* shall make reference to the Guidelines on documentary proof to demonstrate the compliance of the provisions in the SMP at Appendix [y] to these Special Conditions of Contract. The A/E/SO* may make as many separate written requests as he thinks fit. The provisions of this sub-clause shall be without prejudice to sub-clause (5/7*) of this Clause.

* Delete as appropriate [The numbering of the sub-clause may vary depending on individual contract. The sub-clause intended to be referred to is the sub-clause of GCC Clause 4 which states the duty of the Contractor if so required to furnish full particulars of any sub-contractor employed on the Works.]

^ The numbering of this added sub-clause may vary depending on the type of GCCs used and whether there is other SCC in the contract which also amend GCC Clause 4.

Subsumed

Appendix [x] to SCC[x]

Guidelines on Scope and Contents of Sub-contractor Management Plan to be Specified in the Special Conditions of Tender/Special Conditions of Contract

- i) Scope of works to be sub-contracted including the form and extent of sub-contracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material should be addressed. The scope of works to be sub-contracted shall comply with the contractual provisions (i.e. the SCC for **Limiting the Tiers of Sub-contracting**).
- ii) Details of sub-contracts (irrespective of tiers) including the names of sub-contractors, proposed form of sub-contracts and the programme of the sub-contracted works.
- iii) The Contractor's approach to demand/ensure his sub-contractors to a) abstain from sub-contracting the whole of the works sub-contracted to them, and b) report upwards their sub-contracting arrangement and any subsequent changes with written declarations of no "hidden" sub-contracts for any part of the Works sub-contracted to him.
- iv) The Contractor's proposed measures for supervision of the works and monitoring of the performance of sub-contractors, particularly the aspects of the works programming, quality and safety of the works and environmental protection.
- v) Criteria for selection of sub-contractors.
- vi) The Contractor's approach to ensure all his sub-contractors (irrespective of tiers) to adopt written contracts in their sub-contracting and that all the sub-contracts complied with the requirements as stipulated in the Contract (i.e. SCC for **Sub-contract conditions**).
- vii) Details of the Contractor's Management Team, as required in the Contract (i.e. the SCC for **Contractor's Management Team**), employed on direct supervision and management of sub-contractors. An organization chart showing the responsibilities of the Contractor's direct staff in supervision and management of his sub-contractors should be submitted.
- viii) Declaration that members of staff on the Contractor's management Team are prohibited to be given a sub-contract to any part of the Works or to have a vested interest in any of the sub-contractors irrespective of tiers.
- ix) The Contractor's proposed measures to ensure the compliance with the implementation of the system of payment of wages to the Site Personnel as stipulated in the Contract (i.e. SCC for **Payment of Wages of Site Personnel**) The Contractor's proposed measures for ensuring timely payments to sub-contractors and payments by sub-contractors to sub-contractors of lower tiers.

NB. The above items are not exhaustive. The Contractor can add any other items, which he considers pertinent to the proper management of his sub-contractors.

Appendix [x] to SCC[x]

[For contracts without contract measures to prevent non-payment of wages and/or limiting number of tiers of sub-contracting]

Guidelines on Scope and Contents of Sub-contractor Management Plan to be Specified in the Special Conditions of Tender/Special Conditions of Contract

- i) Scope of works to be sub-contracted including the form and extent of sub-contracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material should be addressed.
- ii) Arrangement for each sub-contract including the names of sub-contractors known to the Contractor, proposed form of sub-contracts and the programme.
- iii) Criteria for selection of sub-contractors.
- iv) Details of the Contractor's own staff employed for direct supervision and management of his sub-contractors. An organization chart showing the responsibilities of the contractor's direct staff in supervision and management of his sub-contractors should be submitted.
- v) The Contractor's approach to demand/ensure his sub-contractors to a) abstain from sub-contracting the whole of the works sub-contracted to them, and b) submit written declarations of no "hidden" sub-contracting of works.
- vi) The Contractor's approach to encourage his sub-contractors to adopt written contracts in their sub-contracting.
- vii) The Contractor's proposed measures to demand his sub-contractors to report upward their sub-contracting arrangements and any subsequent changes.
- viii) The Contractor's proposed measures for monitoring and assessing the works programme, quality, safety and environmental performance of his sub-contractors.
- ix) The Contractor's proposed measures for ensuring timely payment to downstream sub-contractors after his payment to his sub-contractors.
- x) The Contractor's approach for monitoring early industrial dispute problems.
- xi) The Contractor's approach for handling complaints from workers on site regarding wages arrears disputes and co-ordinate with Labour Department for earlier action. Contractors are required to keep the Architect/Engineer/Supervising Officer's site representatives informed of the latest situation.
- xii) The Contractor's proposed measures for maintaining updated daily attendance records of all workers on site.
- xiii) The Contractor's proposed measures for site security and workers' daily access control if applicable.

NB. The above items are not exhaustive. The Contractor can add any other issues, which he considers pertinent to the proper management of his sub-contractors.

Guidelines on documentary proof to demonstrate the compliance of the provisions in the SMP

- i) A/E/SO should base on their professional judgment in selecting samples of sub-contract document/report for documentary proof.
- ii) Documentary proof should be limited to relevant information for the demonstration of the compliance of the provisions in the submitted SMP i.e. information as stipulated in the Guidelines on Scope and Contents of the Sub-contractor Management Plan at Appendix [x] to these Special Conditions of Contract.
- iii) Documentary proof should exclude sensitive commercial information such as price, payment conditions, bills of quantity etc.

Subsumed

SCC[xx] : Payment for Sub-contractor Management Plan

The Contractor shall be entitled to the sums set out in the Sub-contractor Management Plan section of the Bills of Quantities/Schedule of Rates provided that the Contractor has complied with the requirements specified in the Contract.

Subsumed

Particular Specification

SECTION X

Management of Sub-contractors

GENERAL

General X.1 (1) The Contractor shall ensure the submission and quarterly updating of the Sub-contractor Management Plan (SMP) in the form and contents as prescribed in the Contract.

(2) The Contractor shall monitor and ensure the implementation of and the compliance with the SMP.

SUB-CONTRACTOR MANAGEMENT PLAN (SMP)

SMP X.2 The Contractor shall, in accordance with SCC [x], prepare and submit to the Architect/Engineer/Supervising Officer* (A/E/SO*) 2 copies of the Sub-contractor Management Plan signed by the Site Agent. The SMP shall contain detailed information as required by the Guideline on Scope and Contents of the Sub-contractor Management Plan at Appendix [x] to the SCC [x].

Quarterly updated SMP X.3 (1) The Contractor shall, in accordance with SCC [x], submit to the Architect/Engineer/Supervising Officer* (A/E/SO*) 2 copies of the quarterly updated Sub-contractor Management Plan signed by the Site Agent. The quarterly updated SMP shall contain the updated detailed information as required by the Guideline on Scope and Contents of the Sub-contractor Management Plan at Appendix [x] to the SCC [x].

- (2) If there is no change to the previous SMP, the Contractor shall, in accordance with SCC [x], declare such status in writing instead of submitting the same SMP again. The declaration shall be signed by the Site Agent and for the purpose of this Particular Specification, the declaration shall be considered as a quarterly updating of the SMP.

Subsumed

**Preamble to amend the Standard Method of Measurement to Introduce the
“Payment for Sub-contractor Management Plan”**

Section (XX) – Sub-contractor Management Plan (SMP)

**IMPLEMENTATION OF SUB-CONTRACTOR
MANAGEMENT PLAN**

- Preambles**
- xx.01 The quantities of the items in this bill are all provisional.
- [Guidance Note: xx.01 for Building contracts only]*
- xx.02 The pre-fixed rates appearing in the items under this Section XX shall be deemed to have allowed for the value of work in connection with meeting all contractual obligations regarding the Sub-contractors Management Plan in the execution of the Works and any other related obligations, liabilities, risks and profit. In the event that the rates have been insufficient or where there are any aspects where the method provided hereunder do not measure any item or exclude the measurement of any item or part thereof, the difference in value shall be deemed to have been included in the rates inserted elsewhere in the Bills of Quantities.
- Sub-contractor Management plan**
- Units**
- xx.03 The units of measurement shall be :
- (i) complete Sub-contractor Management Plan item.
 - (ii) quarterly updating of Sub-contractor Management Plan..... number.
- Measurement**
- xx.04 The item for “complete Sub-contractor Management Plan” shall be measured when the SMP has been submitted, the content is in order and the A/E/SO* is satisfied that it has been completed and it meets all requirements of the Contract at the time of its completion.
- xx.05 The item for “ quarterly updating of Sub-contractor Management Plan” shall be measured when the quarterly updated SMP has been submitted, the content is in order and the A/E/SO* is satisfied that the SMP has been completed and meets all requirements of the Contract at the time of its completion. The declaration referred to in P.S. X.3(2) shall be considered as quarterly updating of
-

the SMP. No measurement shall be made for Contractor's interim notification of major changes of sub-contractor management.

Itemisation xx.06 Separate items shall be provided for Sub-contractor Management Plan in accordance with General Principles paragraphs 3 and 4 and the following :

[Guidance Note: In the case of building contracts, delete "General Principles paragraphs 3 and 4 and".]

Group	Feature
I	1. Complete Sub-contractor Management Plan
	2. Quarterly updating of Sub-contractor Management Plan

Complete Sub-contractor Management Plan xx.08 The item for "complete Sub-contractor Management Plan" shall, in accordance with General Preambles paragraph 2, also include

[Guidance Note: In the case of building contracts, substitute "General Preambles paragraph 2" with "the Hong Kong Standard Method of Measurement of Building Works – Fourth Edition Section II Clause 11". This guidance note also applies to similar items in remaining part of this section.]

Item Coverage (a) develop and complete the Sub-contractor Management Plan incorporating the details required by the Contract; and

(b) submit the required copies of the SMP to the A/E/SO*.

quarterly updating of Sub-contractor management Plan xx.09 The item for the "quarterly updating of Sub-contractor Management Plan" shall, in accordance with General Preambles paragraph 2, also include :

[Guidance Note: In the case of building contracts, substitute "General Preambles paragraph 2" with "the Hong Kong Standard Method of Measurement of Building Works – Fourth Edition Section II Clause 11". This

guidance note also applies to similar items in remaining part of this section.]

Item Coverage

- (a) reviewing, updating and revising Sub-contractor management Plan taking into account the changes in the Contractor's sub-contracting arrangement during the period and/or comments made by the A/E/SO*; and
- (b) submit the required copies of the quarterly updated SMP to the A/E/SO*.

Subsumed

Sample Bill of Quantities for Payment for Sub-contractor Management Plan

Item No.	Description	Quantity	Unit	Rate \$	Amount \$
A.	Complete Sub-contractor Management Plan	-	Item	10,000*	10,000*
B.	Quarterly Updating of Sub-contractor Management Plan	??	nr	1,000*	

Notes:-

* The rate for item A and B are fixed <<refer to table below for fixed rates>>

nr number

Contract Values (\$)	Fixed Rates (\$) for the following BQ items			
	Civil Engineering & Building		E&M	
	Complete SMP (one off)	Quarterly Updating of SMP (each time)	Complete SMP (one off)	Quarterly Updating of SMP (each time)
Less than 20M	4,800	500	2,000	500
Between 20M and 50M	10,000	1,000	3,000	1,000
More than 50M	15,000	2,000	5,000	1,500

Standard Checklist for monitoring of the Sub-contractor Management Plan

PART A - Submission

Checklist Ref:

Date:

ITEM		Yes	No	N/A	Remarks
Section 1	Time Requirements				
1.1	Complies with contract requirements on timely submission				
Guidance Notes for Part A Section 1:					
(a) First submission within 30 days of Letter of Acceptance					
(b) Quarterly update-within 1 month from the start day of the quarterly period					
(c) Major changes update - interim notification					
(d) Revision/updates within 14 days of the date of notification					
Section 2	Content Requirements				
2.1	Compliance with contract requirements/SMP guidelines on limiting the tiers of Sub-contracting (refer to guidance notes (a) to (c))				
2.2	Reasonable measures for monitoring and assessing sub-contractors performance on: works programme, works quality, safety and environmental issues				
2.3	Compliance with contract requirements/SMP guidelines on Subcontract conditions (refer to guidance notes (d) and (e))				
2.4	Compliance with contract requirements/SMP guidelines on Organization chart/Contractor's Management Team (refer to guidance notes (f))				
2.5	Compliance with contract requirements/SMP guidelines on Payment of Wages of Site Personnel (refer to guidance notes (g) and (i))				
2.6	Reasonable measures for ensuring timely payment to downstream sub-contractors including payment by sub-contractors to sub-contractors of lower tier				

Guidance Notes for Part A Section 2:

- (a) Clear and sufficient information on scope of works to be sub-contracted
- (b) Clear measures to ensure that sub-contractors shall not sub-contract the whole of the works sub-contracted to them
- (c) Clear measures to ensure sub-contractors to report upwards their sub-contracting arrangements and any subsequent changes
- (d) Clear requirement to demand sub-contractors to submit written declarations of no "hidden" sub-contracting works
- (e) Clear arrangement to ensure sub-contractors to adopt written contracts in their further sub-contracting and all the sub-contracts complied with the requirements as stipulated in the Contract
- (f) Organization chart with names and responsibilities to show that the Contractor employs his own staff to manage and supervise his sub-contractors
- (g) Reasonable approach for early monitoring of industrial dispute
- (h) Reasonable approach for handling complaints from workers on site regarding wages arrears disputes
- (i) Reasonable mechanism to keep the A/E/SO informed of the latest situation regarding wages arrears or industrial dispute

Guidance Notes on follow up action for Part A:

- (a) Reminder/Warning to be issued for non-compliance on A1.1, A2.1 to 2.6 above
- (b) Warning/notifying mechanism to be triggered
- (c) Reflect the non-compliance in the Report on Contractor's Performance
- (d) Payment for SMP is made in accordance with requirements in the Contract

Standard Checklist for monitoring of the Sub-contractor Management Plan

PART B - Site Compliance Check

Checklist Ref:

Date:

ITEM		Yes	No	N/A	Remarks
Section 1	Documentary Proof				
1.1	Evidence of compliance with contract requirements/SMP guidelines on limiting the tiers of Sub-contracting (refer to guidance notes (a) to (c))				
1.2	Evidence of measures being implemented for monitoring and assessing sub-contractors' performance on: works programme, works quality, safety and environmental issues				
1.3	Evidence of compliance with contract requirements/SMP guideline: on Subcontract conditions (refer to guidance notes (d) and (e))				
1.4	Evidence of compliance with contract requirements (if applicable) or - Contractor's Management Team				
1.5	Evidence of compliance with contract requirements/SMP guideline: on Payment of Wages of Site Personnel (refer to guidance notes (f) and (g))				
1.6	Evidence of measures for ensuring timely payment to downstream sub-contractors including payments by sub-contractors to sub-contractors of lower tiers				

Guidance Notes for Part B Section 1:

- (a) Evidence of sub-contract arrangement tally with SMF
- (b) Evidence of measures being implemented that sub-contractors shall not sub-contract the whole of the works sub-contracted to them
- (c) Evidence of measures being implemented to ensure sub-contractors to report upwards their sub-contracting arrangements and any subsequent changes
- (d) Evidence of requirement to demand sub-contractors to submit written declarations of no "hidden" sub-contracting work
- (e) Evidence of sub-contractors to adopt written contracts in their further sub-contracting and all the sub-contracts complied with the requirements stipulated in the Contract
- (f) Evidence of early monitoring of industrial dispute (if applicable)
- (g) Evidence of handling complaints from workers on site regarding wages arrears disputes (if applicable)

ITEM		Yes	No	N/A	Remarks
Section 2	Site Observations				
2.1	Frontline RSSs are facilitated to have easy access to the submitted SMPs				
2.2	Observations indicate that the site arrangement reasonably tally with the submitted Organization chart				
2.3	Observations indicate that the site arrangement reasonably tally with the submitted information on scope of works to be sub-contracted				
2.4	If applicable, observations indicate that complaints from workers on site regarding wages arrears disputes were being handled, industrial dispute were being monitored at an early stage and A/E/SO were informed of the latest situation				

Guidance Notes on follow up action for Part B:

- (a) Reminder/Warning to be issued for non-compliance on B1.1 to 1.6, B2.1 to 2.4 above
- (b) Reflect the non-compliance in the Report on Contractor's Performance

Additional items for incorporation into the Appendices of the “Manual for Technical Audits on Works Contracts” promulgated under ETWB TC (Works) 53/2002.

1) Additional items B.39 and C.30 (for adding to Appendix A and B respectively).

	<u>ITEMS</u>	<u>REQUIREMENTS</u>
B.39 (App. A) Or C.30 (App.B)	Sub-contractor Management Plan	<p>Check compliance with the SCC for the Management of Sub-contractors:</p> <p>i) Contractor’s compliance with the requirements as stipulated in SCCs has been checked.</p> <p>ii) Whether the SMP submitted by the Contractor tallies with the actual sub-contracting arrangement on site has been checked based on records of the relevant items in the Standard Checklist for monitoring of the SMP completed by the ER/RSS).</p> <p>iii) Proper records of the Standard Checklists are maintained.</p>

2. Additional item 62A and 49A (for adding to Appendix C and D respectively).

Item		Compliance with Requirements			Remarks
		Yes	No	N/A	
62A or 49A	Sub-contractor Management Plan a) Submission b) Site Compliance				

Ref : ETWB(PS) 109/11/1

Group : 2, 4, 5, 15

20 December 2002

Environment, Transport and Works Bureau
Technical Circular (Works) No. 47/2002

Management of Sub-contractors by Contractors

Scope

This Circular introduces a new requirement for public works contractors to prepare Sub-contractor Management Plans (SMP). The main objective of SMP is to enable Government departments to strengthen control over the contractors through enhancing the transparency of their monitoring of sub-contractors and their accountability to the Government.

Effective Date

2. This Circular shall take effect on 16 January 2003.

Effect on Existing Technical Circulars

3. This Circular has no effect on the existing technical circulars, but it should be read in conjunction with the latest version of the Contractor Management Handbook (CMH).

Background

4. Sub-contracting is a common practice in the construction industry. If

properly managed by contractors, it will facilitate the execution of works in a cost-effective manner with efficient use of resources. However, in the absence of proper management, uncontrolled sub-contracting could have adverse impact on the progress and quality of works.

New Requirements

5. To augment the existing provisions prohibiting contractors from sub-contracting the whole of the contracted works, special conditions are introduced in public works contracts to enhance the management of sub-contractors by contractors.

6. A tenderer is required to submit with his tender a proposed outline SMP to show how he is going to manage his sub-contractors. The guidelines on scope and contents of the SMP given at **Appendix A** should be attached to the tender document to facilitate the tenderer to prepare his SMP. GCC clauses 4(3) and 4(5) will be left intact as these still empower the Architect/Engineer to order the removal of any sub-contractor from the Site and require, where necessary, full particulars of any sub-contractor employed or to be employed on the Works in any particular case.

7. Within 30 days of the acceptance of the tender, the contractor should submit a detailed version of the SMP in the form and contents as prescribed in the contract. Thereafter, the contractor shall update and submit the SMP on a quarterly basis. The contractor should inform the Architect/Engineer/Supervising Officer in writing immediately whenever there are major changes in his sub-contracting arrangement.

8. Apart from introducing SMP, the following requirements should be specified in the form of a SCC:

- i) The contractor will be required to ensure that his sub-contractors will not further sub-contract the whole of the works sub-contracted to them.
- ii) The contractor will be required to employ his own staff to manage and supervise his sub-contractors.

9. To obtain a full picture of the contractor's sub-contracting arrangement, the term 'sub-contractor' described in this Circular means all types of sub-contractor including without limitation Nominated Sub-contractor and Specialist Sub-contractor. Nevertheless, the requirements stipulated in WBTC No. 25/94 and other technical circulars for domestic sub-contractors and nominated sub-contractors should still be followed.

New Special Conditions of Tender and Special Conditions of Contract

10. The following SCT and SCC should be included in tenders for all capital and maintenance works contracts:

I) "SCT[x] Management of Sub-contractors

- (a) The tenderer shall submit with his tender an outline Sub-contractor Management Plan (SMP) which shall contain information as required in the Guidelines on Scope and Contents of the Sub-contractor Management Plan at Appendix [x] to the Special Conditions of Contract. The outline SMP submitted shall not form part of the contract.
- (b) For the purpose of this Clause and Appendix [x] to the Special Conditions of Contract, the term 'sub-contractor' means all types of sub-contractor including without limitation Nominated Sub-contractor and Specialist Sub-contractor.
- (c) Failure to submit the outline SMP may invalidate the tender."

II) "SCC[x] Management of Sub-contractors

General Conditions of Contract Clause 4 is amended by adding the following:

- (7)(a) Notwithstanding the foregoing sub-clauses of this Clause, the Contractor shall within 30 days of the Employer's letter of acceptance of the Tender submit a Sub-contractor

Management Plan (SMP) to the Architect/Engineer/Supervising Officer* (A/E/SO*) for information and comments, if any.

- (b) The Contractor shall then submit quarterly the updated SMP till the issuance of the certificate of completion or where there is more than one such certificate, the issuance of the last certificate of completion to the A/E/SO* for information and comments, if any. Should there be any major changes in the Contractor's sub-contracting arrangement during the period before the next quarterly reporting, the Contractor should notify immediately such changes to the A/E/SO* in writing. The quarterly updated SMP required under this paragraph (b) shall be submitted within one month from each quarterly period. For the avoidance of doubt, the first quarterly period shall commence from the date of submission of the SMP by the Contractor pursuant to paragraph (a) of this sub-clause. Any interim notification of changes by the Contractor shall not affect his obligation to submit the quarterly updated SMP. In case there is no change to the previous SMP, the contractor shall declare such status in writing instead of submitting the same SMP again.
- (c) The SMP submitted under paragraphs (a) and (b) of this sub-clause shall contain detailed information as required by the Guidelines on Scope and Contents of the Sub-contractor Management Plan at Appendix [x] to these Special Conditions of Contract.
- (d) The A/E/SO* may upon receipt of the SMP comment on the SMP and notify the Contractor of such comments in writing. No approval of the SMP is required from the A/E/SO*.
- (e) Subject to the provisions of other Special Conditions of Contract stating to the contrary, the Contractor shall ensure that his sub-contractors shall not sub-contract the whole of the works sub-contracted to them.

- (f) The Contractor shall employ his own staff to manage and supervise his sub-contractors.
- (g) For the purpose of this clause and Appendix [x] to these Special Conditions of Contract, the term ‘sub-contractor’ means all types of sub-contractor including without limitation Nominated Sub-contractor and Specialist Sub-contractor.

* Delete as appropriate”

Notes to Tenderers

11. The following Note to Tenderers is required to draw the tenderers’ attention about the new requirement on the submission of the SMP:

“Tenderers should note SCT [x] and SCC [x] on the requirement of submission of the Sub-contractor Management Plan.”

Guidance Notes for Assessing the Contractor’s Performance

12. To supplement the existing item 5.6 (“Management of Sub-contractors by Site Agent”) in Section 5 of Appendix 4A to the Contractor Management Handbook (CMH), a new item 5.9 (“Compliance with provisions in Special Conditions of Contract on sub-contracting and submission of the SMP”) with related guidance notes as shown in **Appendix B** will be added in Section 5 of Appendix 4B to the CMH to assess the contractor’s performance in relation to compliance with the SCC provisions on sub-contracting and submission of the SMP.

Compliance

13. A contractor’s performance in complying with the provisions in the SCC on sub-contracting and submission of the SMP will be assessed as pursuant to Section 4 of the CMH. Regulating actions shall be taken against the contractor in accordance with Section 5 of the CMH for poor performance in complying with the above provisions, but the guidelines for monitoring of performance given in Sub-section 5.4 of the CMH should be followed prior to making a recommendation

for suspension from tendering.

14. If a contractor fails to update and submit the SMP to show his latest changes to the sub-contracting arrangement within one month of the quarterly reporting as required in the SCC, the procuring department should warn the contractor in writing and urge him to submit the updated SMP, and copy the warning letter to the Secretary for the Environment, Transport and Works (Attention: PAS(W)4).

15. If, after expiry of the one-month period as stated in paragraph 14, the contractor has failed to comply with or submit the updated SMP, the procuring department should notify the Secretary for the Environment, Transport and Works (Attention: PAS(W)4) with a copy to the Chairman of the relevant Managing Review Committee requesting regulating actions against the contractor in accordance with Section 5 of the CMH. Upon receipt of the procuring department's notice, the Secretary for the Environment, Transport and Works will give a further opportunity to the contractor to present his case before deciding whether to immediately suspend the contractor from tendering. Copies of all correspondence will be sent to the procuring department and the Managing Department. Uplifting of the suspension will only be considered when the contractor has submitted the updated SMP showing his latest sub-contracting arrangement.

Review

16. The provisions in this Circular will be reviewed one year after implementation.

(W S CHAN)

Deputy Secretary for the Environment,
Transport and Works (Transport and Works) W2

Guidelines on Scope and Contents of Sub-contractor Management Plan to be Specified in the Special Conditions of Tender/Special Conditions of Contract

- i) Scope of works to be sub-contracted including the form and extent of sub-contracting arrangement such as labour only, labour and plant, labour and material, plant only, lump sum or any other combination of types. Proof of ownership of construction plant and material should be addressed.
- ii) Arrangement for each sub-contract including the names of sub-contractors known to the Contractor, proposed form of sub-contracts and the programme.
- iii) Criteria for selection of sub-contractors.
- iv) Details of the Contractor's own staff employed for direct supervision and management of his sub-contractors. An organization chart showing the responsibilities of the contractor's direct staff in supervision and management of his sub-contractors should be submitted.
- v) The Contractor's approach to demand/ensure his sub-contractors to a) abstain from sub-contracting the whole of the works sub-contracted to them, and b) submit written declarations of no "hidden" sub-contracting of works.
- vi) The Contractor's approach to encourage his sub-contractors to adopt written contracts in their sub-contracting.
- vii) The Contractor's proposed measures to demand his sub-contractors to report upward their sub-contracting arrangements and any subsequent changes.
- viii) The Contractor's proposed measures for monitoring and assessing the works programme, quality, safety and environmental performance of his sub-contractors.
- ix) The Contractor's proposed measures for ensuring timely payment to downstream sub-contractors after his payment to his sub-contractors.
- x) The Contractor's approach for monitoring early industrial dispute problems.
- xi) The Contractor's approach for handling complaints from workers on site regarding wages arrears disputes and co-ordinate with Labour Department for earlier action. Contractors are required to keep the Architect/Engineer/Supervising Officer's site representatives informed of the latest situation.
- xii) The Contractor's proposed measures for maintaining updated daily attendance records of all workers on site.
- xiii) The Contractor's proposed measures for site security and workers' daily access control if applicable.

NB. The above items are not exhaustive. The Contractor can add any other issues, which he considers pertinent to the proper management of his sub-contractors.

Guidance notes for assessing the contractor's performance

A new item 5.9 (Compliance with provisions in SCC on sub-contracting and submission of the SMP) with the following guidance notes will be added in Section 5 of Appendix 4B to the Contractor Management Handbook (CMH). Pending the next updating of the CMH, such guidance notes should be followed for assessing the contractor's performance:

- Did the contractor ensure that his sub-contractors have not sub-contracted the whole of the works assigned to them?
- Did the contractor employ his own direct staff to manage and supervise his sub-contracting works?
- Has the SMP been properly prepared as per the scope and contents stated in the Contract?
- Did the contractor submit the SMP in time?
- Has the contractor submitted the proposed measures and approaches as per the details stated in the contract?
- Has the contractor updated and submitted his SMP to reflect his latest sub-contracting arrangements?