

Ref. : WP(PS)106/11
Group : 6

24 April 2001

Works Bureau Technical Circular No. 8/2001

Interest on Overdue Payments For Consultancy Agreements

Scope

This Circular announces the revision of the interest to be paid to consultants in the event of the Government's failure to make payment to the consultants within the period stipulated in the consultancy agreement.

Effective Date

2. This Circular shall take immediate effect.

Effects on Existing Circulars

3. This Circular has no effect on existing Circulars.

Background

4. In the current set of Conditions of Employment, there is a clause which provides all money due from the Employer to the Consultants to be paid to the Consultants within a specific period. In the event of failure to make payment to the Consultants in compliance with the provisions, the Employer shall pay to the Consultants interest at the judgement debt rate prescribed from time to time by the Rules of the High Court (the then Supreme Court) upon any overdue payment from the date on which the same should have been made.

Policy

5. The payment of interest on overdue payment by the Government is for compensating the consultants for having to borrow money owing to the overdue payment. In the light of the current borrowing rates in the market, the Works Bureau has determined to adjust the interest rate for overdue payment for consultancy agreement to one percent below judgement debt rate. This interest rate is in line with the interest rate in the General Conditions of Contract for works contract.

Implementation

6. With immediate effect, the Special Conditions of Employment given in Annex shall be incorporated in consultancy documents of all consultancy agreements which the AACSB/EACSB has not yet approved a shortlist before the date of this Circular.

(W S CHAN)
Deputy Secretary (Works Policy)

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Standard Special Conditions of Employment
Interest on Overdue Payment

Payment of accounts **S.C.E.1** Clause 31 of the General Conditions of Employment is deleted and replaced by the following:

31. (A) Except as provided for in sub-clause (B) of this Clause accounts of all money due from the Employer to the Consultants in accordance with this Agreement shall be paid within 28 days after receipt of the Consultants' invoice by the Director's Representative. In the event of failure by the Employer to make payment to the Consultants in compliance with the provisions of this Clause the Employer shall pay to the Consultants interest at one percent below the judgement debt rate prescribed from time to time by the Rules of the High Court (Chapter 4 of the Laws of Hong Kong) upon any overdue payment from the date on which the same should have been made.

 (B) If any item or part of an item of an account rendered by the Consultants is reasonably disputed or reasonably subject to question by the Employer, the Employer shall within 14 days after receipt of the invoice by the Director's Representative inform the Consultants in writing of all items under dispute or subject to question. Payment by the Employer of the remainder of that account shall not be withheld on such grounds and the provisions of sub-clause (A) of this Clause shall apply to such remainder.