



中華人民共和國香港特別行政區政府
發展局

Development Bureau

The Government of the Hong Kong Special Administrative Region
of the People's Republic of China



Project Cost Management Forum 2023

項目成本管理論壇2023

WHOLE-PROCESS PROJECT COST GOVERNANCE

項目造價全過程管控



Message from the Permanent Secretary for Development (Works)



Ir LAU Chun-kit, Ricky

Permanent Secretary for Development (Works)
Development Bureau, HKSAR Government

I'm pleased to welcome you to the Project Cost Management Forum 2023 organised under the Centre of Excellence for Major Project Leaders of the Development Bureau.

The Government is committed to continuously investing in infrastructure and urban development to meet social needs and boost Hong Kong's competitiveness. In the coming years, we will embark on two key development engines – the Northern Metropolis and Kau Yi Chau Artificial Islands – together with various infrastructure projects. In the medium to long term, Hong Kong's annual construction volume will increase to around HK\$300 billion.

Realising the importance of our construction industry to our economic future and the considerable financial resources invested in our public projects, it is vital and timely for our construction industry to rethink project cost governance, cultivate a cost-conscious mindset and embrace the principles of "fitness for purpose" and "no frills" throughout entire project delivery cycle.

Through working hand in hand with public clients, consultants, contractors and every stakeholder in the infrastructure supply chain, we can strengthen project cost governance and make a difference for a promising and sustainable future for our construction industry.

Lastly, wish our good friends and close working partners from Mainland, Singapore and the United Kingdom a fruitful and rewarding Forum.



Government-led initiatives to strengthen project cost governance and enable cost-effective project delivery

Task Force on Managing Cost of Public Works

In order to strengthen cost control for public works, the then Financial Secretary set up a Task Force in 2015 to examine the causes behind escalating construction costs and to formulate corresponding measures.

Modular Integrated Construction (MiC)

Promoted adoption of MiC in Hong Kong construction industry through piloting in public projects to enhance efficiency, productivity and cost effectiveness of building projects.

Project Strategy and Governance Office

The PCMO was upgraded and renamed as the Project Strategy and Governance Office (PSGO) and adopted a wider focus that now includes implementing project strategies, reinforcing capability requirements in project governance and monitoring cost performance of projects.

Centre of Excellence for Major Project Leaders

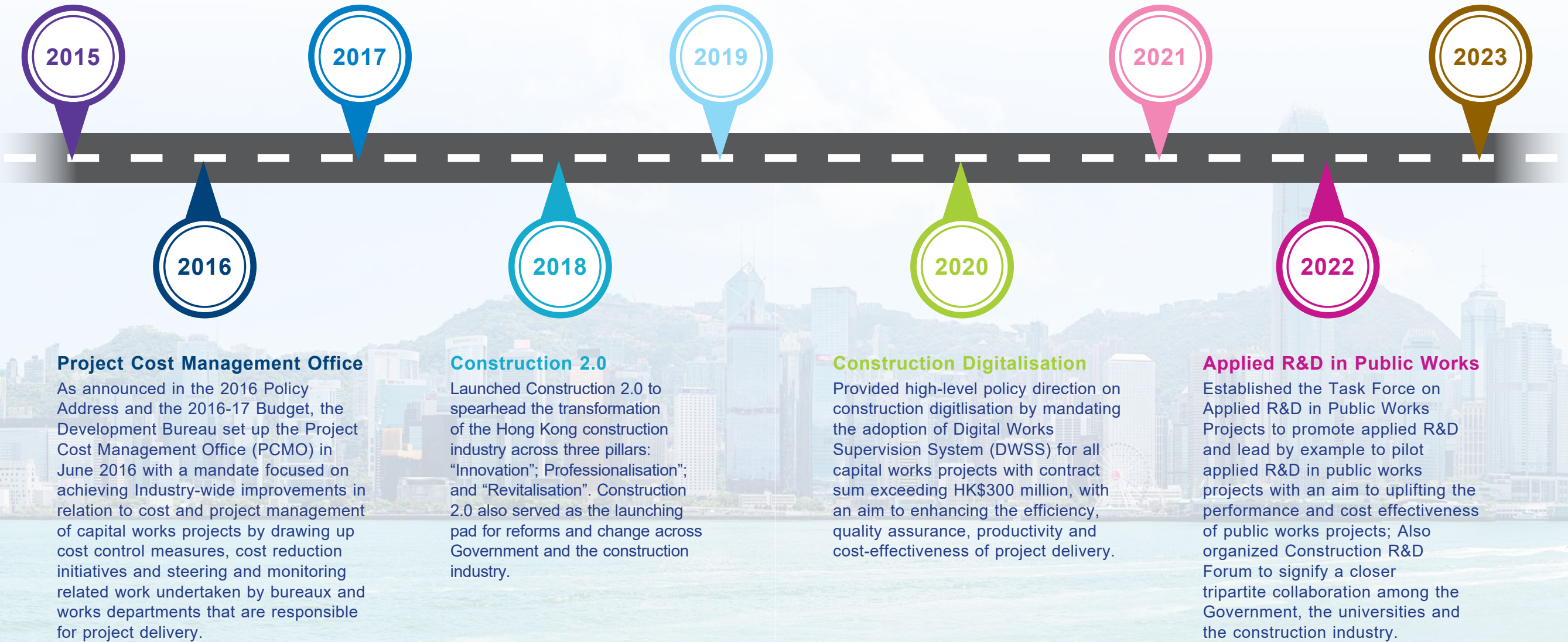
Established in July 2019, the Centre of Excellence for Major Project Leaders (CoE) offers high-level project management and leadership development programmes to government officials. The objective is to equip major project leaders with world-class leadership skills to further enhance their project delivery capabilities, leading to enhanced project performance.

Project Cost Management Forum

Held on 23 June 2021, the Project Cost Management Forum facilitated knowledge and best practice exchanges on project cost management between project leaders in the public and private sectors in Hong Kong.

Whole-process Project Cost Governance

Strengthen international collaboration and keep the momentum in driving whole-process project cost governance to ensure satisfactory delivery of public projects and to support the upcoming huge development programme.



Programme

Time	Event
13:15	Reception
13:45	Opening Remarks Ir LAU Chun-kit, Ricky <i>Permanent Secretary for Development (Works) Development Bureau, HKSAR Government</i>
	Photo Session
	內地建設工程造價管理 The Construction Project Cost Management in Mainland, China 王中和先生 Mr WANG Zhonghe <i>中國建設工程造價管理協會 副理事長兼秘書長 Secretary-General, China Cost Engineering Association, China</i>
	Project Cost Governance in Hong Kong Ir KWONG Ka-sing, John <i>Head of Project Strategy and Governance Office Development Bureau, HKSAR Government</i>
	項目造價全過程管控的實踐與探索 Practice and Exploration of the Whole Process Project Cost Control of Bureau of Public Works of Shenzhen Municipality 杜煒平先生 Mr DU Weiping <i>中國深圳市建築工務署 副署長 Deputy Director Bureau of Public Works of Shenzhen Municipality, China</i>
	Project Cost Management of Public Projects in Singapore Ms LEE Yoke-ling, June <i>2Director (Centre for Public Project Management) Ministry of Finance, Singapore</i>
	Plenary Session facilitated by Mr LI Chi Sum of KPMG Advisory (Hong Kong) Limited
	Break
	Our Journey of New Commercial Management at Capital Works Ir Carl Michael DEVLIN <i>Capital Works Director MTR Corporation Limited</i>
	Procuring for Value and Long-Term Benefit for Hong Kong Mr Steve LEWIS <i>Partner & Head of Infrastructure, Major Programs and Construction Advisory Ernst & Young Transactions Limited</i>
	Commercial Delivery for Major Programmes & Projects Mr Davendra DABASIA <i>Chief Operating Officer for Consultancy Mace Group, United Kingdom</i>
	Plenary Session facilitated by Mr LI Chi Sum of KPMG Advisory (Hong Kong) Limited
17:00	End of Forum

Forum Facilitator



Mr LI Chi Sum
*Partner, Government and Infrastructure Advisory
KPMG Advisory (Hong Kong) Limited*

Chi-sum is specialised in strategy formulation, partnership building and commercial development of infrastructure, construction and real estate projects in Hong Kong and Greater Bay Area.

He has been working with the Governments and the private sector in the region to expedite the commercial advancement of the infrastructure landscape in the region. As part of his work in the sector, a key focus is bringing greater volumes of attractive commercial opportunities to market and delivering enhanced social and economic outcomes for public and private projects across the region. He has advised on the execution of more than 20 successfully closed major projects across the sports, tourism, health, logistics, social and commercial property sectors.

Forum Speaker



王中和先生 Mr WANG Zhonghe

中國建設工程造價管理協會 副理事長兼秘書長
Secretary-General
China Cost Engineering Association, China

王中和為管理學博士，教授級高級工程師，造價工程師。現任中國建設工程造價管理協會副理事長兼秘書長住建部高等教育工程管理專業評估委員會委員、工程造價計價依據編審委員會副主任委員。長期從事工程造價管理和研究工作。

內地建設工程造價管理

改革開放以來，中國建築業持續快速發展，建造能力不斷增強，產業規模不斷擴大，對經濟社會發展、城鄉建設和民生改善作出了重要貢獻。隨著建築業高品質發展，工程建設組織方式不斷完善，工程總承包、全過程工程諮詢等管理方式不斷發展。工程造價管理堅持發揮市場在資源配置中的決定性作用，不斷完善工程造價市場形成機制，按照清單計量、市場詢價、自主報價、競爭定價的工程計量計價方式，達到合理確定和有效工程造價的目的。

Forum Speaker

PROJECT
STRATEGY AND
GOVERNANCE
OFFICE



Ir KWONG Ka-sing, John

Head of Project Strategy and Governance Office
Development Bureau, HKSAR Government

Ir John KWONG is the Head of Project Strategy and Governance (PSGO) of the Development Bureau. He is a civil engineer by training and possesses over 30 years' experience in overseeing and delivering a wide-range of major projects in various bureaux and departments. He graduated from the University of Hong Kong and obtained several postgraduate degrees in engineering and laws.

John established PSGO in 2019 and has been leading this dedicated office with multi-disciplinary professionals to devise and implement a series of strategies for improving the overall productivity and enhancing project cost governance in a holistic manner, with an aim to uplifting the performance and cost-effectiveness of public works projects.

Project Cost Governance in Hong Kong

Project cost governance is crucial for the success of public project delivery. Against the backdrop of the challenges faced by the construction industry in Hong Kong, in particular high construction cost and declining productivity, the Government has promulgated multi-pronged measures to achieve whole-process cost governance for public works projects.

We need to ensure satisfactory delivery of public works projects for the community. PSGO continues to implement the major initiatives to uplift the project performance by promoting project cost governance; enhancing project delivery capability; leading strategic developments to enhance cost-effectiveness; and enhancing collaboration with international counterparts and local industry stakeholders.

Forum Speaker



杜煒平先生 Mr DU Weiping

中國深圳市建築工務署 副署長

Deputy Director

Bureau of Public Works of Shenzhen Municipality, China

杜煒平，男，漢族，1969年7月生，陝西西安人，工學博士，高級工程師，先後任深圳市住宅工程管理站站長、南山區建築工務署署長、南山街道書記等職，現任深圳市建築工務署黨組成員、副署長，是南山區第七屆人大代表，曾指揮過中央援港應急醫院和落馬洲方艙設施、深圳市藝術學校新址工程、大運村等重點項目建設，具有豐富的項目管理經驗。

項目造價全過程管控的實踐與探索

深圳市建築工務署自2002年成立以來，堅持以“廉潔、高效、專業、精品”核心價值觀為指引，致力於打造持續領先的政府工程精品，在項目建設全過程造價管控方面積累了一定經驗。本演講將從項目投資決策、設計管理、招標投標、合同管理、信息化與數據積累等方面，分享我們的經驗和做法，幫助大家了解深圳政府工程集中管理模式。期待與香港建築業界多渠道互動、學習交流，為推動大灣區建造業高質量發展貢獻力量。

Forum Speaker



Ms LEE Yoke-ling, June

2Director (Centre for Public Project Management)

Ministry of Finance, Singapore

June leads a multi-disciplinary team in conducting technical reviews of building and infrastructure projects that exceed SGD120 million.

Trained as a civil engineer, she started her career with then Ministry of Environment as a drainage catchment engineer, before moving on to Ministry of Education and a public-listed private developer. In these organisations, she worked on a range of residential, industrial, civil infrastructure projects, as well as education-related institutions in various capacities as a civil engineer, building regulator and project director.

Prior to Year 2023, she initiated and helmed a milestone programme for fellow public project leaders to sustain value-for-money mindsets and build capabilities in project development.

Project Cost Management of Public Projects in Singapore

Ministry of Finance (MOF) has introduced measures to manage project costs for the construction of large, and publicly-funded building and infrastructure projects. The presentation explains the project review process that aims to achieve value-for-money and cost-efficiency for projects above SGD120 million, as well as the greater scrutiny involved for projects of higher risks or value above SGD600 million when they go through the gateway process to seek budget approval.

At key project milestones, project agencies will prepare project cost estimates that commensurate with the updated project scope and design for review by MOF for cost reasonableness and subsequent approval of the project budget by Development Planning Committee (DPC).

The measures to manage project costs of large building and infrastructure projects do not end at budget approval. When a tender is called by the project agency, this is usually done through competitive open tender which allows for price discovery. There is also an assessment of the cost-benefit trade-off before an award is made by the tender approving authority, which comprises senior officials from the project agency.

At any stage after project is approved, re-approval by DPC is required if there are material changes to the project scope, or the cost increases exceed 10% or SGD125 million, whichever is lower.

Forum Speaker



Ir Carl Michael DEVLIN

Capital Works Director
MTR Corporation Limited

Ir DEVLIN is the Capital Works Director of MTR Corporation Limited, responsible for leading the Capital Works Business Unit, overseeing the Company's capital works portfolio and covering new railway extensions and operations projects.

He possesses extensive experience across a range of large-scale, complex and multi-disciplinary projects in different sectors including transport, rail and civil infrastructure, aviation, energy, oil and gas. He has a strong project management background with solid business leadership experience and has worked successfully with stakeholders and international companies in the United Kingdom, New Zealand, Australia, the United States, Canada and Japan.

Our Journey of New Commercial Management at Capital Works

The New Engineering Contract (NEC) is an emerging type of commercial management contracts among the construction industry in Hong Kong, with the benefits in emphasizing collaboration, promoting proactive project management and embracing joint risk management.

MTR recognized the value of collaboration and began partnering with our contractors more than 20 years ago during the construction of Tseung Kwan O Line. This collaborative approach has then evolved through the development of MTR Target Cost Collaborative Contract and has been adopted in many major complex railway projects such as West Island Line and South Island Line (East).

MTR embarked on the first trial of the NEC3 contract at the Kennedy Town Swimming Pool Project in 2014. The NEC form of contract, distinct from the traditional contracts, encouraged collaboration, team building and problem-solving. The project was successfully delivered in November 2016.

The experience of the implementation of NEC demonstrated significant benefits, including improved administration efficiency, reduced disputes, and enhanced project outcomes. This success provided confidences for MTR to move forward, leading to the broader adoption of NEC in all our new wave of railway extension projects.

In this presentation, we are going to discuss MTR's new railway extension projects in Hong Kong, share our evolution journey of commercial management, exchange on the differences of the traditional and NEC contracts and highlight the beauty and challenges of the NEC implementation.

Forum Speaker



Mr Steve LEWIS

Partner & Head of Infrastructure, Major Programs and Construction Advisory
Ernst & Young Transactions Limited

An experienced Chartered Surveyor and EY Partner with experience of working with organisations at a strategic, programme and project level in both the private & public sectors in the UK, China, Middle East and Asia-Pacific.

He has extensive experience advising on a range of fast-moving and complex projects in a variety of roles spanning the asset lifecycle and as a lead adviser on a large range of infrastructure and other built asset construction and operation programmes. Steve has held roles in Government, quasi-Government and private sector programmes including the provision of advice in respect of infrastructure digitalisation and technology enabled development and operation, setting up complex projects and managing all elements of delivery, operation, construction, asset management, procurement and contract strategy, risk management, project controls structures, systems and methodologies and major programme organisational design.

Procuring for Value and Long-Term Benefit for Hong Kong

Engaging with complex supply chains to drive efficiency in delivery and increase capability in the market is critical for ensuring the successful delivery of construction works and wider construction pipeline two approaches are explored:

1. Framework Procurement: a strategy involving establishing long-term agreements with a select group of suppliers. This provides more confidence to the supply chain by creating a stable and predictable pipeline of work. It standardizes terms and conditions, pre-negotiates pricing, and streamlines procurement processes. Framework procurement can lead to improved delivery to the Government by promoting collaboration, reducing tendering time, and fostering long-term relationships with suppliers.
2. Direct Procurement: an approach that involves Government directly engaging suppliers intermediaries where appropriate for the benefit of the whole value chain. This can be particularly beneficial in uncertain or volatile market conditions because it allows for greater control and flexibility. By bypassing traditional procurement channels, the Government can negotiate directly with suppliers, expedite decision-making, and respond quickly to changing project requirements. It can enhance certainty for suppliers, as they have a direct line of communication with the Government and can align their capabilities with project needs based on a more certain pipeline.

Forum Speaker



Mr Davendra DABASIA

Chief Operating Officer for Consultancy
Mace Group, United Kingdom

Davendra DABASIA's practical expertise in delivering major construction programmes and projects spans two decades and five continents. During his career at Mace, he has honed his skills in programme and project delivery, through a close involvement with infrastructure, sports and events, growing the company's transport offering and more recently, leading the growth of Mace's offer into new geographies.

As Chief Operating Officer for Consultancy, Davendra is responsible for driving Mace Consult's performance, alongside building our global delivery capability and best practice across our markets and geographies.

Davendra is a delivery partner expert, who has successfully represented major international programmes – including Lima 2019 Pan American Games, Olympic Park Legacy Transformation and GO Expansion – developing strong relationships with clients built on openness, trust, and collaboration.

Commercial Delivery for Major Programmes & Projects

Major programmes are complex in nature and too frequently are delivered late, over budget and under deliver against the expected benefits case. Currently there are headwinds which need to be navigated by industry as well as areas of opportunity to improve commercial outcomes. In inflationary marketplaces elements which lead to increased costs need to be carefully controlled more so now than ever whilst opportunities to enhance value maximised.

The learning gained from delivering major programmes across the globe reinforces the importance of building on alternative delivery models and exploit attributes which have enabled positive outcomes in order to continue to evolve and enable more sustainable and predictable outcomes in this pivotal decade of major programmes delivery.

Notes

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