

An aerial, high-angle photograph of the Hong Kong skyline, showing a dense cluster of skyscrapers and buildings. The Victoria Harbour is visible in the middle ground, with several boats and ships. The background shows hazy hills and more distant buildings. The overall tone is light and slightly desaturated.

The Hong Kong Construction Industry

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Chairman, Advisory Committee
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- ▶ Part 1 An overview of the industry
- ▶ Part 2 A construction company

4 Major parties in the development of a land property

▶ **A. Developers** — Cheung Kong



Sun Hung Kai



▶ **B. Designers** — Surveyors, Architects, Engineers

▶ **C. Contractors** — Hsin Chong



Gammon



Shui On



▶ **D. Regulators** — Buildings Department

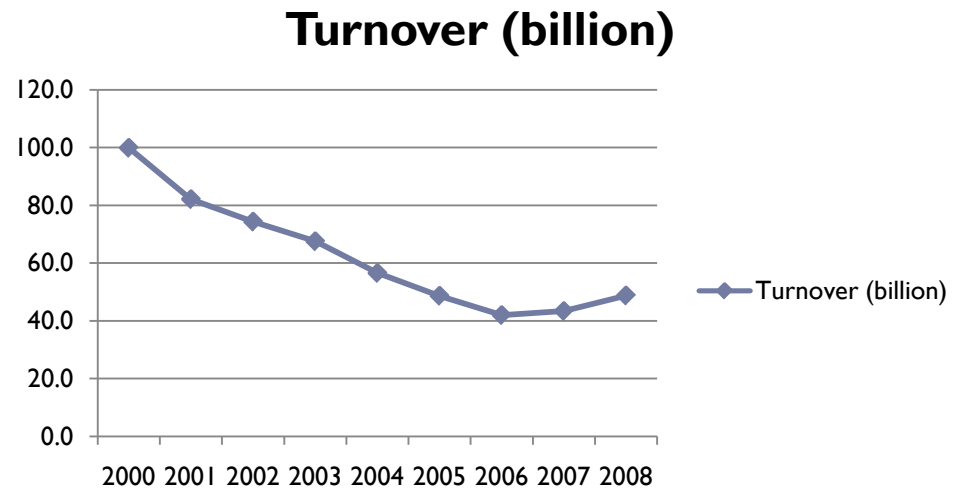


Lands Department



Declining Construction Volume

Year	Turnover (\$ billion)	Worker
2000	100.0	80000
2001	82.2	80301
2002	74.4	73223
2003	67.6	64111
2004	56.6	62689
2005	48.7	59266
2006	42.0	52865
2007	43.4	50185
2008	48.8	49422



Declining Construction Volume

Year	Public Works (\$ Billion)	Private Works (\$ Billion)	Building Works (\$ Billion)	Civil Works (\$Million)
2000	250.0 (55.00%)	240.0 (45.00%)	270.0 (70.00%)	230.0 (30.00%)
2001	41.8 (50.79%)	40.5 (49.00%)	58.0 (70.45%)	24.3 (29.55%)
2002	32.1 (43.13%)	42.3 (56.87%)	53.0 (71.30%)	21.3 (28.70%)
2003	32.4 (47.92%)	35.2 (52.08%)	47.3 (70.01%)	20.3 (29.99%)
2004	28.5 (50.45%)	28.0 (49.55%)	37.4 (66.18%)	19.1 (33.82%)
2005	22.3 (45.87%)	26.3 (54.13%)	34.0 (69.82%)	14.7 (30.18%)
2006	17.1 (40.81%)	24.9 (59.19%)	30.2 (71.83%)	11.8 (28.17%)
2007	14.5 (33.41%)	28.9 (66.59%)	33.9 (78.11%)	9.5 (21.89%)
2008	15.3 (31.41%)	33.5 (68.59%)	39.5 (80.90%)	9.3 (19.10%)

Main Contractors – Hsin Chong, Gammon

- Overall site / project management
- Employ project manager, site supervisors
- Common site facilities, site safety
- Seldom employ trade workers

Specialist Contractors – Piling, electrical and mechanical, lift and escalators

- Possess specialist engineering expertise
- Specialist equipments
- Employ direct labour



Trade Subcontractors

- Steel benders, formworkers, painters.
- Small scale
- Daily paid
- CIC Voluntary Subcontractor Registration
- Scheme for 41 trades – structural, civil, finishing, electrical and mechanical works.

Building Contractors

Civil Engineering Contractors

- ▶ Development Bureau Group A up to HK\$30M
- ▶ Group B up to HK\$75M
- ▶ Group C unlimited value
- ▶ Group C
- ▶ Building 58
- ▶ Port work 24
- ▶ Roads and Drainage 55
- ▶ Site Formation 37
- ▶ Waterworks 35
- ▶ Only 17 contractors have 5C license
- ▶ Gammon, Leighton, China State, Dragages, Paul Y, Kaden
- ▶ HKCA 320 members

Workers

	End 2000	Beginning 2009
▶ Total workers	83924	51944
▶ Public	44355	20825
▶ Private	32704	31119
▶ Building	61676	40772
▶ Civil	22248	11172

Problems 軌槽塌台 6工人飛墜慘死

疑泥頭超重肇禍 摩廈ICC即時停工

- ▶ ○ Safety
- ▶ ○ Quality
- ▶ ○ Environmental
- ▶ ○ Expensive

- ▶ * Multi-layer non value added subcontracting
- ▶ * Daily paid system
- ▶ * Workers training and retention

6名工人周日被臨時召到環球貿易廣場開工，卻在軌槽上「層層疊」式的工作台倒塌意外，其中3人救出後證實死亡，另外3人發控多時，控費逾萬。

(黎漢華攝)

6工人「層層疊」墮軌槽奪命意外圖

1 有清潔工人站在30樓軌槽的工作台清理建築廢料時，工作台疑負荷過重塌下

2 工人連廢料下墜，沿途壓毀多層工作合，造成「層層疊」效應，下層其他工人及雜物相繼壓毀，最終6人墮下軌槽

軌槽闊度：3米×2米

6名分屬同鄉的清潔工人，日前被臨時召到摩廈ICC的30樓，在該處清理建築廢料時，層板疑負荷過重斷裂，造成「層層疊」崩塌效應，6人飛墜20層樓，並慘遭兩層樓高的泥頭活埋，令



Prospects – Hong Kong

- ▶ * 10 large infrastructure projects
- ▶ ◎ South Island Line
- ▶ ◎ Sha Tin – Central Link
- ▶ ◎ Tuen Mun Western Bypass
- ▶ ◎ Tuen Mun – Chek Lap Kok Link
- ▶ ◎ Guangzhou – Shenzhen – HK Express Rail Link
- ▶ ◎ HK – Zhuhai – Macau Bridge
- ▶ ◦ HK – Shenzhen airport Co-operation
- ▶ ◦ Joint Development of Lok Ma Chau Loop
- ▶ ◦ West Kowloon Cultural District
- ▶ ✕ Kai Tak Development Plan
- ▶ ◦ New towns at Kwu Tung North, Fanling North

Prospects – Hong Kong

- ▶ University Developments
- ▶ Ocean Park
- ▶ Housing Society
- ▶ Urban Renewal
- ▶ Housing Authority
- ▶ Much improved turnover, mainly civil engineering works in the next 2 to 5 years.

Prospect - Overseas

- ▶ China
- ▶ Macau



Prospect - Overseas

- ▶ Macau
- ▶ Small construction industry
- ▶ Large demand because of opening up of the gaming industry in 2000
- ▶ Over 10,000 HK construction people worked in Macau in 2008
- ▶ Unlikely will repeat



Prospect - Overseas

▶ China

Most major developers have more land bank in china than in HK

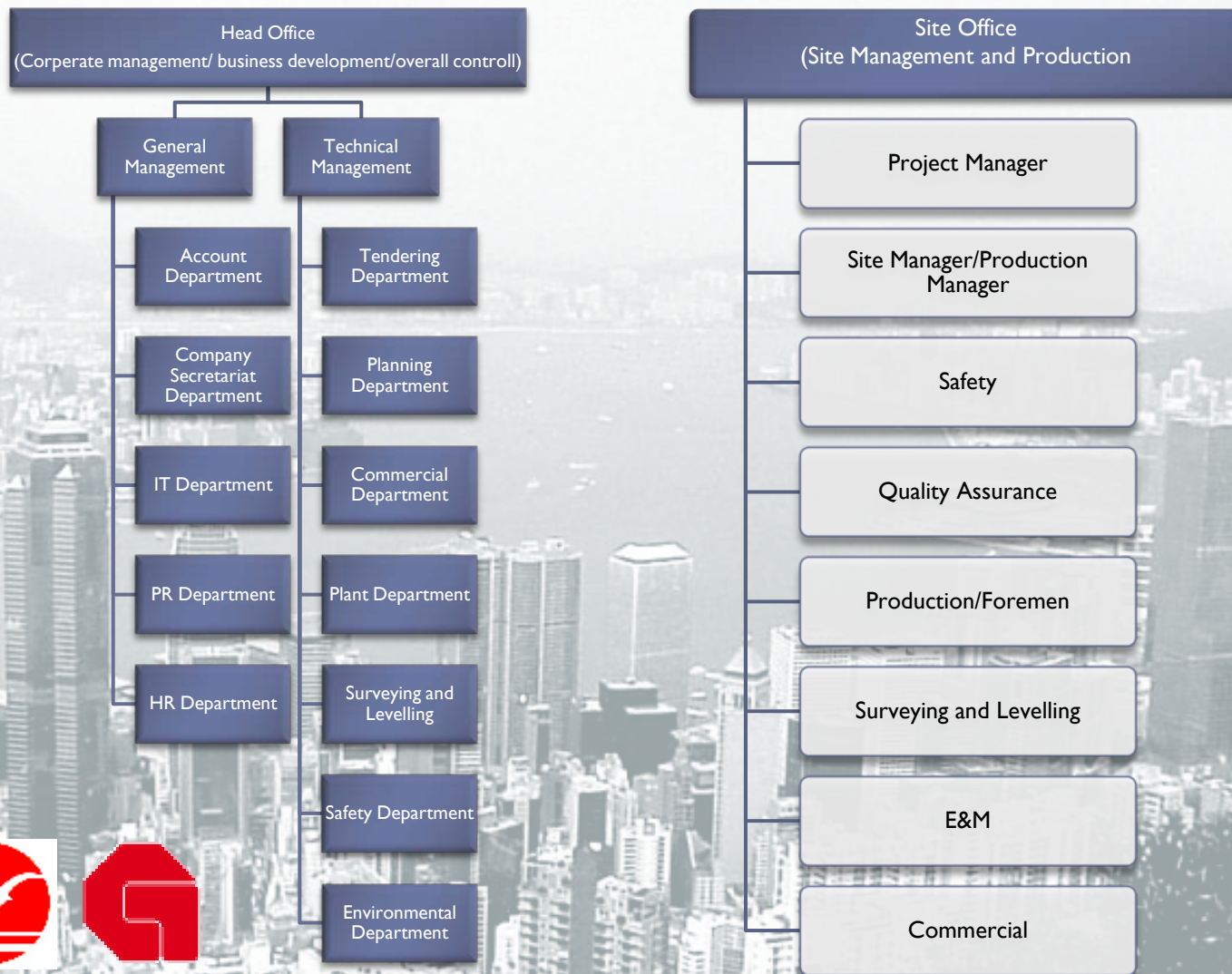
Employ HK Architects, Engineers, QS, PM.

Limited opportunities for HK contractors

- Closed market
- Local industry
- Wage difference
- Nothing to offer



The structure of a major construction company





What makes a successful contractor

- ▶ Careful choice of clients
- ▶ A team of loyal subcontractors
- ▶ A strong technical team
- ▶ A good cross checking system
- ▶ An honest team

Food for thought

- ▶ **Are we more efficient than 30 years ago?**
 - ▶ Very little
 - ▶ Poor quality/unsafe/ low technology
 - ▶ ◦ Long term employment of workers
 - ▶ ◦ Trade subcontractor registration
- ▶ **Can we export our construction expertise?**
 - ▶ Yes, but not much now (except Macau), nothing to offer
 - ▶ The government's role in steering the construction industry
 - ▶ Government project design
- ▶ **Repair and Maintenance**
 - ▶ Are we ready?

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THANK YOU

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