



東風



TUNG FENG

香港東區扶輪社週報 THE ROTARY CLUB OF HONG KONG ISLAND EAST

Last week's Proceedings -

11th August, 2010

President Heman Lam called the meeting on time and there was a welcome back to PP George Leung and AG Henry Chan from Yunnan / Kunming. President Heman congratulated PP John Kwok on his becoming Rotary Foundation PHF major donor, to be duly recognised in the coming Intercity Meeting on August 17, 2010. Mr Heinz Chiu, our speaker for the topic of construction cost control, would be introduced by PP Rudy.

The next Wednesday luncheon (Aug 18) would be moved to August 17 (Tuesday night) at the Holiday Day Inn Golden Miles to support the Intercity Meeting, which is organised by Area Three (under the supervision of AG Henry, with more than 400 registration already) to honour the visit of Ray Klingensmith, President of Rotary International, 2010-11 (a member of Rotary Club of Kirksville, Missouri, USA). PP John had kindly taken up the role of Chief SAA for the Intercity meeting, to be assisted by PP Eddy and IPP Norman.

The SAA red box collection was HK\$3,000 (including \$1,000 contribution by Pres. Heman and handsome contribution by PE Eric, PP Laurence, PP Stephen and other members). Pres. Heman proposed and all attending members agreed that the red box collection of today would go to the district's disaster relief fund for the victims of the flooding in Ganzu Province in mainland China recently.

Pres. Heman announced the coming District Conference would be held between March 19-20, 2011 and requesting club's submission on their project experience, those selected would be invited to give formal presentation. There would be a member survey questionnaire regarding the proposed new offices of the Rotary Information Center.

A vocation project would be organized by Dir. Jason for a visit to Dialogue in the Dark Hong Kong on August 21 (Saturday afternoon); to share the feelings on the visually impaired (in a small group to appreciate the listening needs and feeling your way in the dark).

Please mark your diary for an important event of our Club (PDG Uncle Peter Hall golf tournament in Fanling) on September 3 (Friday morning) and a fireside dinner at CCC on September 3 (Friday night); to celebrate Uncle Peter's 50th years of Rotary services.

PP Rudy had a pleasant duty to perform, introducing the speaker of the day. Mr Heinz Chiu is a common friend of PP John Luk, a professional engineer by training. Rudy joked about his knowledge of Heinz from one to six. That there were facts for Heinz as follows:

- one wife
- two daughters
- speaking three languages (Chinese, English and German)
- being guest in RCHKIE for three times, expecting to be here in the near future for the fourth time
- working in five locations before (HK, Macao, UK, Switzerland, and Germany)
- knowing Rudy for more than six years

If you went by the Causeway Bay MTR Station, or drove over the Causeway Bay Flyover, or became curious about how government control so much excavation on roads, then you started to know his previous public work project already. His more recent private sector projects included the Megabox, MGM Macau and the latest Mandarin

Oriental.

So we were delighted to have Mr Heinz Chiu to share with us about the construction cost control in the context for both the public and the private sectors.

(A) How public work's construction cost control was different from private sector projects?

- More systematic: Procedures set out in the Project Administration Handbook
- Emphasis on accountability: to the system and ultimately to the public
- Has built in incentive for contractor's alternatives: with up to 50% saving due to contractor
- Added flexibility through delegation of authority: to officers of specified grades to spend contingency, provisional sums

(B) We might often talked about the real estate property developers' fortune, Heinz reminded us that they had big expenditure outlays as well.

- Land and legal cost
- Planning stage cost
- Lease modification premium (if any)
- Inception stage cost
- Site investigation cost
- Design cost
- Foundation cost
- Superstructure cost
- Building services cost
- Fitting-out cost
- Cost of site supervision
- Cost of operation and maintenance

(C) So how about the cost concerns of those contractors doing the construction work for the owners

- Head office overhead
- Tender bidding cost
- Labour cost
- Material and equipment procurement
- Construction plant cost
- Site supervision staff overhead
- Subcontractor payment
- Cost of health, safety and welfare on site
- Loan servicing
- Cost of bond, insurance, compensation
- Dividends to investors

(D) How tenders are prepared to win (be specific)

* Cost make up (leading to bid price)

- Labour
- Plant (machinery)
- Material and equipment
- Subcontract
- Indirect cost
- Profit

* Tender planning (how to construct)

- Network analysis/resource levelling
- Division into trades (concretor, steel fixer, formwork erector etc.)
- Procurement strategy

(E) A successful bid would therefore be from a successful cost control party, they are such as

- Exploits grey areas in answers to tender queries if incorporated in Letter of Clarification/Award
- Uses cheaper material if specification is vague
- Is Front loaded to reduce borrowing
- Achieves breakeven much earlier than stated
- Is based on firm subcontractor rates and secures performance of team

- Speculates on material cost fluctuation in fixed price contract
- Means being a better designer than the consultant
- Incorporates time saving alternatives
- Has the next big contract in mind
- Hides the float time in the program

After a 15 minutes presentation from Heinz on his 20 years of construction cost control experience, there were quite a few questions from the floor. PP Stephen Liu thanked the speaker for his capability to present clearly and interesting enough in many laymen terms.

Pres. Heman made a toast to RI coupled with the HK Island East. The members and guest were invited to stay for a group photo. Please remember the next week's meeting on Wed 18th August 2010 would be moved to join the Intercity meeting on Tuesday 17th August 2010. The luncheon was adjourned on time.

Rotary Potpourri

Sakuji Tanaka is the Choice of RI President (2012-2013)

Sakuji Tanaka, a member of the Rotary Club of Yashio, Saitama, Japan, is the selection of the Nominating Committee for President of Rotary International in 2012-13. Tanaka will become the president-nominee on 1-October if there are no challenging candidates.

Currently a trustee of The Rotary Foundation, Tanaka chaired the 2009 Birmingham Convention Committee. His other service to Rotary includes RI director, regional Rotary Foundation coordinator, district governor and member of the Polio Eradication Advocacy Task Force, the Permanent Fund Committee for Japan and the Future Vision Committee.

Tanaka established an endowed Rotary Peace Fellowship, and he and his wife, Kyoko, are Paul Harris Fellows, Benefactors of the Permanent Fund and Major donors. He is a recipient of RI's Service Above Self Award and The Rotary Distinguished Service Award.

Tanaka and Kyoko have three children and five grandchildren.

Electronic Make-up Questions

You can submit an electronic makeup for this missed meeting by answering the following questions:

Name: _____

Email: _____

1. Who were welcomed back by Pres. Heman ?

Ans)

2. Who has congratulated by Pres. Heman and for what ?

Ans)

3. Who will be the SAAs from our Club in the Intercity City Meeting on 17 Aug 2010 ?

Ans)

4. How many registered participants for the Intercity City Meeting were reported ?

Ans)

5. What was the Red Box Collection today and for what special purpose this time ?

Ans)

6. When will the coming District Conference be held in 2011 ?

Ans)

7. Pres. Heman announced that there would be a member questionnaire to survey for what ?

Ans)

8. When will our Uncle Peter Golf Tournament be held this year ?

Ans)

Joke

Subject: An Indian mind at work !

This is absolutely brilliant!!!

A naked and drunken woman boards a taxi in London one night. The Indian driver keeps staring, and does not start the taxi.

Woman: "Haven't you ever seen a naked woman before?"

Driver: "I'm not staring at you lady.... Just wondering where you have kept the money to pay me."

Photographs of our meeting

on

11th August, 2010

11 August, 2010 Luncheon Meeting Photos



PE Eric Chin, Hon. Tres. Rudy Law & PP John Kwok



PDG Uncle Peter Hall, Guest Speaker - Heniz Chiu & Pres. Heman Lam



PP Laurence Chan & PP Stephen Liu



AG Henry Chan, PP George Leung & Dir. Kevin Leung



PP Eddy Wong, Rtn. Tony Loy & Dir. Anthony Kwong



PP Andy Wong & Rtn. William Wong



Guest Speaker - Heinz Chiu give us a talk on Construction Cost Control



Pres. Heman Lam presented a photo in action to thank Mr. Heinz Chiu



Group photo with members & guest speaker

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