

## Insights

# BILLS COMMITTEE FORMED TO REVIEW HONG KONG SECURITY OF PAYMENT BILL

Jun 17, 2024

We explored in our earlier Insight *Hong Kong Security of Payment Bill gazetted* the key provisions of the long-anticipated Construction Industry Security of Payment Bill ("Bill") which was gazetted on 17 May 2024.

Since the Bill was introduced into LegCo for its first reading on 29 May 2024, there have been the following developments:

1. The Bill was considered during a House Committee meeting on 31 May 2024.
2. According to a report on the Bill prepared by the LegCo Secretariat for the meeting on 31 May 2024, the Panel of Development of LegCo expressed the following concerns: *"Members supported the legislative proposal but were concerned that industry stakeholders may split projects in order to circumvent the legislative proposal. Members also raised enquiries about the implementation details of the adjudication mechanism."*
  - As regards the first concern, the Bill proposes that its provisions should only be applicable to public and private contracts with main contract values of not less than HK\$5 million for construction work contracts and HK\$0.5 million for supply of goods contracts and services related to the construction work. Apparently, the panel members are concerned that an employer or a contractor might divide or split their contracts into a number of smaller contracts or sub-contracts with values under HK\$5 million or HK\$0.5 million (as the case may be), thereby circumventing the operation of the Bill.
  - It remains to be seen how the Administration will respond to these concerns.
3. On 31 May 2024, a Bills Committee was formed to study the Bill in detail. This Bills Committee is scheduled to meet on 21 June 2024.
4. A date is yet to be confirmed for the resumption of second and third reading of the Bill.

BCLP will continue to provide key updates of the Bill's developments in the LegCo as and when they occur.

## RELATED CAPABILITIES

- Construction Disputes
- Commercial Construction & Engineering

## MEET THE TEAM



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