

Core Clauses (Updated as at 22.5.2024)

In the contract, the core clauses are the TSC core clauses and the clauses set out in the TSC as main Option clauses for the respective main Options

Remarks: Standard Amendments to be applied to the stated main Option(s), unless otherwise specified below or vetted by LAD(W) and commented/endorsed by the Inter-departmental Working Group and/or the Steering Committee.

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
11.2	A, C	Delete	the whole sub-clause (4).	To align with relevant provisions of such in Hong Kong, e.g. Prevention of Bribery Ordinance, rather than the Corrupt Act.	N.A.
11.2	A, C	Add	the following after the end of the sub-clause (7):  “Equipment also includes Constructional Plant as defined in clause [D19] of the <i>additional conditions of contract</i> .”	To enhance clarity by specifying that “Equipment” covers “Constructional Plant” as defined in GCC 1. GCC’s definition of “Constructional Plant” is provided in the <i>additional condition of contract</i> clause “Hired and Hire-Purchase Constructional Plant”. The Project Offices should update the clause no. in square bracket.	GCC 1
11.2	A,C	Replace	the whole sub-clause (15) by the following new sub-clause (15):  “The Contract Areas are the <i>contract areas</i> unless later changed in accordance with the contract.	To modify to suit NEC TSC contracts in Hong Kong. To facilitate the specification of areas/territories in Hong Kong where the Affected Property is located. It is presumed that the term “Contract Areas” would be referred to in Contract Data Part one and some part of the contracts, where appropriate. Otherwise, project office shall make amendments to suit, where appropriate.	N.A.
11.2	A, C	Replace	“is required” by “may be required” in sub-clause (18)	To align with Clause 33.1 as not every Task Order will require a Task Order programme.	N.A.
11.2	A, C	Add	the following new paragraph at the end of the sub-clause (19):  “The <i>Contractor</i> corrects those Defects which would not have prevented the <i>Client</i> or Others from using the Affected Property and Others from doing their work before the expiry of the Maintenance Period of a Task Order.”	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
11.2	A, C	Add	the following new sub-clause (19A):  “Maintenance Period is the <i>maintenance period</i> within which the <i>Contractor</i> corrects all Defects which would not have prevented the <i>Client</i> or Others from using the Affected Property and Others from doing their work.”	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
11.2	C	Replace	the whole sub-clause (24) by the following new sub-clause (24):  “Disallowed Cost is cost which <ul style="list-style-type: none"> <li>• is not justified by the <i>Contractor</i>’s accounts and records,</li> <li>• should not have been paid to a Subcontractor or supplier in accordance with its contract,</li> <li>• was incurred only because the <i>Contractor</i> did not <ul style="list-style-type: none"> <li>— follow an acceptance or procurement procedure stated in NEC Clause 24, the <i>additional conditions of contract</i> or the Scope,</li> <li>— give any early warning which the contract required it to give,</li> <li>— give notification to the <i>Service Manager</i> of the preparation for and conduct of an adjudication, a mediation, an arbitration or proceedings of a tribunal between the <i>Contractor</i> and a Subcontractor or supplier or</li> <li>— pay its Subcontractor or supplier in accordance with the subcontract in a timely manner,</li> </ul> </li> <li>• was incurred due to a Subcontractor suspending or reducing the rate of progress of its work pursuant to clause 37 of the Security of Payment Provisions for Relevant Subcontracts as incorporated in the Relevant Subcontract,</li> </ul> and the cost of <ul style="list-style-type: none"> <li>• Plant and Materials not used to Provide the Service (after allowing for reasonable wastage) unless resulting from a change to the Scope, a Task or the Affected Property,</li> <li>• correcting Defects caused by the <i>Contractor</i> not complying with a constraint on how it is to Provide the</li> </ul>	<p>Add “NEC Clause 24, the <i>additional conditions of contract</i> or” before “the Scope” in the first sub-bullet point of the third main bullet point in sub-clause (24).</p> <p><u>Rationale</u> To modify the definition of Disallowed Cost to suit the acceptance or procurement procedures in NEC TSC contracts in Hong Kong.</p> <p>Add “, a mediation, an arbitration” after “give notification to the <i>Service Manager</i> of the preparation for and conduct of an adjudication” in the third sub-bullet point of the third main bullet point in sub-clause (24).</p> <p><u>Rationale</u> To modify the definition of Disallowed Cost to suit the use of mediation or arbitration as options for settlement of disputes.</p> <p>Replace “or” at the end of the second sub-bullet point of the third main bullet point in sub-clause (24) with a comma. Add “or” to the end of the third sub-bullet point of the third main bullet point in sub-clause (24). Add the following as a new fourth sub-bullet point of the third main bullet point in sub-clause (24): “— pay its Subcontractor or supplier in accordance with the subcontract in a timely manner,”</p> <p><u>Rationale</u></p>	N.A.
					DEVB TCW No. 6/2021

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
			<p>Service stated in the Scope,</p> <ul style="list-style-type: none"> <li>resources not used to Provide the Service (after allowing for reasonable availability and utilisation) or not taken away from the Sites when the <i>Service Manager</i> requested and</li> <li>preparation for and conduct of an adjudication, a mediation or proceedings of the <i>tribunal</i> between the Parties.”</li> </ul>	<p>To define Disallowed Cost which was incurred due to the <i>Contractor</i> not paying its Subcontractor or supplier in a timely manner.</p>	
				<p>Add the following as a new main fourth bullet point after the third main bullet point under sub-clause (24):</p> <p>“• was incurred due to a Subcontractor suspending or reducing the rate of progress of its work pursuant to clause 37 of the Security of Payment Provisions for Relevant Subcontracts as incorporated in the Relevant Subcontract,”.</p> <p><u>Rationale</u> To define Disallowed Cost which was incurred due to a Subcontractor suspending or reducing the rate of progress of its work pursuant to clause 37 of the Security of Payment Provisions for Relevant Subcontracts.</p>	DEVB TCW No. 6/2021
				<p>Replace “Service Areas” by “Sites” in the sixth main bullet point in sub-clause (24)</p> <p><u>Rationale</u> To modify to suit NEC TSC contracts in Hong Kong.</p>	N.A.
				<p>Add “, a mediation” after “preparation for and conduct of an adjudication” in the seventh main bullet point in sub-clause (24).</p> <p><u>Rationale</u> To modify the definition of Disallowed Cost to suit the use of mediation or arbitration as options for settlement of disputes.</p>	N.A.
11.2	A	Replace	<p>the whole sub-clause (25) by the following new sub-clause (25):</p> <p>“The Price for Service Provided to Date is the total of:</p> <ul style="list-style-type: none"> <li>the Price for each lump sum item which the <i>Contractor</i> has completed including those items under each Task Order;</li> <li>for any item which is not a lump sum item, the amount calculated by multiplying the quantity which the <i>Contractor</i> has completed including those items under each Task Order with (i) if the item is stated in the Price List, the Contract Rate; or (ii) if the item is not stated in the Price List, the rate as assessed in accordance with the provisions of the contract; and</li> <li>notwithstanding the aforesaid, if any item is completed under a Task Order to which the provisions of Clause [A11] of the <i>additional conditions of contract</i> are applicable, such item shall be excluded from the first and second bullet points above. Instead, the <i>standard base value</i> should be added to the Price for Service Provided to Date upon Task Completion of such Task Order.”</li> </ul> <p>Completed work is work without notified Defects the correction of which will delay the work of the <i>Contractor</i>, the <i>Client</i> or Others.</p>	<p>To modify the definition of the Price for Service Provided to Date to suit NEC TSC contracts in Hong Kong. The Project Offices should update the clause no. in square bracket. Also, the Project Offices may delete the third bullet point if the <i>standard base value</i> provision is not adopted.</p>	N.A.
11.2	C	Replace	<p>“before” by “up to one week after” in sub-clause (26).</p>	<p>To improve cashflow.</p>	N.A.

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
11.2	A	Delete	the whole sub-clause (27).	“People Rates” are used with the cost component of people under Short Schedule of Components Item 11. To avoid erratic pricing for rate only items in Contract Data Part two, and reduce practical difficulty in assessing tenders, the use of People Rates under SSCC 11 under NEC4 TSC is not recommended. As a reference, standard NEC3 TSC rate only items (e.g. “% for people overheads” under NEC3 TSC SSCC41) are not adopted as per the PN. Accordingly, item 11 of the Short Schedule of Components should be deleted.	N.A.
11.2	A, C	Replace	the whole sub-clause (28) by the following new sub-clause (28):  “The Prices are:  • for lump sum items on the Price List, their Contract Rates;  • for other items on the Price List, their Contract Rates multiplied by the quantities shown in the Task Orders;  • for items not stated in the Price List, their lump sum price or rates as assessed in accordance with the provisions of the contract; and  notwithstanding the aforesaid, if any item is completed under a Task Order to which the provisions of Clause [A11] of the <i>additional conditions of contract</i> are applicable, such item shall be excluded from the first to third bullet points above. Instead, the <i>standard base value</i> should be added to the Prices upon Task Completion of such Task Order.”	To modify the definition of the Price to suit NEC TSC contracts in Hong Kong. The Project Offices should update the clause no. in square bracket. Also, the Project Offices may delete the fourth bullet point if the <i>standard base value provision</i> is not adopted.	N.A.
11.2	A, C	Add	a new sub-clause (30) as follows:  “The Contract Rate means the corresponding rate stated in the Schedule Rate column of the Price List adjusted by the relevant <i>contract percentage</i> (entered by the <i>Contractor</i> and corrected for any tender errors in the Schedule of Percentages at the Contract Data Part two for the relevant section or part of the concerned section of the <i>service</i> ) rounded off to the nearest cent.”	To add the definition of the Contract Rate to suit NEC TSC contracts in Hong Kong.	N.A.
11.2	A, C	Add	a new sub-clause (31) as follows:  “The Site means such area designated in a Task Order for the carrying out of the Task covering the lands and other places, including the sea under, over, on, in or through which the <i>service</i> is to be provided and any other lands or places to which the <i>Contractor</i> is allowed access and limited occupation by the <i>Client</i> for the purpose of Providing the Service together with such other places as may be subsequently agreed in writing by the <i>Service Manager</i> as forming part of the Site. Any Affected Property is to be located within the Site.”	To add the definition of the Site to suit NEC TSC contracts in Hong Kong.	N.A.
11.2	A [interim measure until further notice]	Add	a new sub-clause (32) as follows:  “Imported Items are Plant and Materials imported from any place outside Hong Kong.”	To enable special payment for Imported Items. This amendment should be made in conjunction with clause 50.2A, 50.2B and 50.3.	SDEV’s memos ref. DEVB(W) 510/33/02 dated 28.7.2022 and 22.11.2023
12.5	A, C	Add	a new clause 12.5 as follows:  “The right is reserved by the <i>Client</i> , at the discretion of the <i>Client</i> , to have any part of the <i>service</i> to be provided by means of a contract with Others or by the use of the <i>Client</i> ’s work force and resources.”	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
14.1	A, C	Add	“, nor do the <i>Service Manager</i> ’s assessments, certificates or other acts or omissions” at the end of the clause.	To widen the scope of activities of the <i>Service Manager</i> that are expressed not to change the <i>Contractor</i> ’s responsibility for the <i>service</i> in order to retain the <i>Contractor</i> ’s liability despite the administrators’ acts.	GCC 2(4), GCC 7(5), etc.

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
16.1	A, C (Optional) if the Contractor's Cost Savings Designs are allowed	Add	a new sub-clause 16.1A after sub-clause 16.1 as follows:  "If the Contractor's proposal contains or amounts to a Cost Savings Design as defined in clause [F3] of the <i>additional condition of contract</i> , this clause 16 [*and clause 63.12] does not apply to such proposal and the Contractor complies with the relevant requirements set out in the <i>additional conditions of contract</i> including but not limited to clause [F4] of the <i>additional conditions of contract</i> .  [*insert clause 63.12 for Option A]	To clearly delink the Cost Savings Design as set out under ACC F3 and F4 from the Contractor's proposals under this clause 16.	N.A.
16.3	A, C	Replace	"Service Areas" by "Sites" in sub-clause 16.3.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
18	A, C	Delete	the whole clause 18.	To avoid conflicts with other probity clauses, such as <i>additional conditions of contract</i> Clauses D14, D15 etc.	N.A.
19.1	A, C	Replace	"the <i>Service Manager</i> instructs the Contractor to submit a quotation for the Task." by "the <i>Service Manger</i> may consult the Contractor about the contents of a Task Order and instruct the Contractor to submit a quotation for the Task."	To add flexibility to allow Service Manager to consult the Contractor before issuing Task Order	N.A.
19.1	A, C	Replace	"a detailed description of the work in the Task," by "a detailed description of the work in the Task and the location of the Site for the carrying out of the Task," in the first bullet point in the first paragraph.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
19.1	A, C	Replace	the last paragraph of the clause as follows:  "The delay damages in a Task Order, if any, are at the rates calculated in accordance with Contract Data Part one."	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
19.6	A, C	Replace	"are covered by rates in the Price List, the items are priced using those rates." by "are covered by Contract Rates, the items are priced using those Contract Rates."	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
19.8	A, C	Delete	"When a Task Order is issued  • the Task price list is inserted in the Price List and  • the work involved is added to the Scope." from the first paragraph of the clause.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
19.9	A, C [Optional] The Project Office shall seek approval from a public officer of D2 rank or above for use of this amendment and document the justifications.	Add	A new clause 19.9 as follows:  " (1) The Contractor may request an advance payment from the Client for a Task Order if  (i) the Task Order is issued on or after the date of the Articles of Agreement for the contract up to and including the date being 12 months from the date of the abovementioned Articles of Agreement; and  (ii) the total of the Prices for the Task is not less than HK\$300,000 and the Task Completion Date is not less than 6 months as stated in the Task Order at the time of its issuance (" <b>Original Task Order</b> ").  (2) The total accumulated advance payment to be paid to the Contractor under the contract shall not exceed HK\$10,000,000 (" <b>Overall Cap</b> "). The advance payment shall be equal to five percent (5%) of the total of the Prices for the Task as stated in the Original Task Order unless the remaining balance of the Overall Cap is less than the amount calculated as aforesaid. In such case, the advance payment for that Task Order shall be equal to the remaining balance of the Overall Cap.  (3) The Contractor submits to the Service Manager a statement requesting payment of the advance payment (" <b>Advance Payment Statement</b> ") within 14 calendar days from the issuing date of the Original Task Order, failing which the Contractor is no longer entitled to any advance payment for that Task Order.  (4) If the Service Manager is satisfied that sub-clauses [19.9(1) to (3)] have been complied with, the Service Manager certifies payment within one week of the date of receipt of the Advance Payment Statement.	Interim relief measure to assist the construction industry in the midst of economic downturn by introducing "advance payment" mechanism in term contracts with adopted selective tendering.	DEVB memos ref. DEVB(W) 510/33/02 dated 5 June 2020 and 10 March 2022.

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
			<p>(5) The <i>Client</i> pays the advance payment to the <i>Contractor</i> within three weeks from the date the <i>Service Manager</i> certifies the Advance Payment Statement for payment. If a certified payment is late, or if a payment is late because the <i>Service Manager</i> does not certify payment which the <i>Service Manager</i> should certify, no compensation event arises and no interest is payable on such late payment.</p> <p>(6) The Advance Payment Statement shall be submitted together with a declaration signed by the <i>Contractor</i> in a form prescribed and accepted by the <i>Client</i> to confirm compliance with the provisions on ethical commitment and confidentiality in Clauses [A3 and D15] of the <i>additional conditions of contract</i>. If the <i>Contractor</i> fails to submit the duly signed declaration with the Advance Payment Statement, the <i>Client</i> shall be entitled to withhold payment until such declaration is submitted and the <i>Contractor</i> shall not be entitled to interest in that period.</p> <p>(7) Subject to sub-clauses 19.9(8) and 19.9(9) below, the advance payment paid under each Task Order shall be deducted by the <i>Client</i> from payments certified as due to the <i>Contractor</i> for that Task Order. The deduction shall be made from payments with a certification date falling on or after:-</p> <ul style="list-style-type: none"> <li>(a) the expiry of the period of six months from the issuing date of the Original Task Order, if the Task Completion Date stated in the Original Task Order is not less than nine months; or</li> <li>(b) the expiry of the period of [four/five] months from the issuing date of the Original Task Order, if the Task Completion Date stated in the Original Task Order is less than nine months as stated therein at the time of its issuance.</li> </ul> <p>The amount to be deducted from each payment shall be determined by the <i>Service Manager</i>.</p> <p>(8) The <i>Contractor</i> shall repay the advance payment or such part thereof which has not been repaid to the <i>Client</i> immediately if the Task Order is changed by the <i>Service Manager</i> in accordance with Clause 14.3 to the effect that the total of the Prices for the part of the Task under the Task Order which is estimated by the <i>Service Manager</i> to be outstanding as at the date of the change is less than the amount of advance payment already paid for that Task Order.</p> <p>(9) If at any time the <i>Service Manager</i> is of the opinion that the repayment mechanism stated in 19.9(7) above will not be sufficient to recover the entire amount of the advance payment, or upon the advance payment or such part thereof becoming due under 19.9(8) above, the <i>Client</i> is entitled to set off the entire amount of the advance payment or any part thereof against monies due to the <i>Contractor</i> under that Task Order or any other Task Order under the contract or any other contract between the <i>Client</i> and the <i>Contractor</i>."</p>		
19A	A, C	Add	<p>a new clause 19A with a marginal note "Prevention" after clause 19.9 as follows:</p> <p>"19A.1 If an event occurs which</p> <ul style="list-style-type: none"> <li>• stops the <i>Contractor</i> completing the whole or any part of the <i>service</i> or</li> <li>• stops the <i>Contractor</i> completing a Task by the Task Completion Date,</li> </ul> <p>and which</p> <ul style="list-style-type: none"> <li>• neither Party could prevent,</li> <li>• an experienced contractor would have judged at the Contract Date or, as the case may be, at the date of issue of the Task Order to have such a small chance of occurring that it would have been unreasonable to have allowed for it,</li> </ul> <p>the <i>Service Manager</i> gives an instruction to the <i>Contractor</i> stating how the event is to be dealt with.</p>	To align with the proposed new clause 60.1(23) related to compensation events due to prevention event.	N.A.

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
22.3	A, C	Add	a new clause 22.3 as follows:  "If any <i>key person</i> is not identified in the Contract Data, the <i>Contractor</i> submits the name, relevant qualifications and experience of each <i>key person</i> to the <i>Service Manager</i> for acceptance within [two weeks] of the Contract Date."	The Project Offices should list out the <i>key persons</i> in the Contract Data Part two for the <i>Contractor</i> to input where appropriate. The Project Offices should update the time in square bracket to suit their projects.	SDEV's memo ref. DEVB(W) 510/17/01 dated 16.7.2010
23.1	A, C	Add	"the Sites together with" before "the Affected Property" at the last sentence of the clause.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
24.1	C	Add	a new paragraph after the end of clause 24.1 as follows: "The <i>Contractor</i> complies with the requirements on subcontracting as detailed in clause [C9, C9A and C11] of the <i>additional conditions of contract</i> ."	To refer to the <i>additional conditions of contract</i> clauses on tendering requirements on subcontracting. The Project Offices should update the clause no. in square bracket. Clause C9A is applicable only if post-tender interview is adopted.	N.A.
24.2	C	Replace	The whole clause 24.2 by the following new clause 24.2: "The <i>Contractor</i> submits the name of each proposed Subcontractor with the relevant information on the proposed subcontract to the <i>Service Manager</i> for acceptance. A reason for not accepting the Subcontractor is that <ul style="list-style-type: none"> <li>• its appointment will not allow the <i>Contractor</i> to Provide the Service,</li> <li>• the proposed prices or rates for the subcontract submitted by the proposed Subcontractor are not competitive or at open market prices or rates, or its proposed terms for the subcontract contain activities or items which are substantially over or under-priced, or erratically priced, or</li> <li>• its appointment/selection does not comply with any provision relating to sub-contracting in the contract.</li> </ul> The <i>Contractor</i> does not appoint a proposed Subcontractor until the <i>Service Manager</i> has accepted it."	To take into account ICAC's concern on the potential erratic pricing issue in subcontracts.	N.A.
24.3	A, C	Delete	the first bullet point.	To delete the standard exemption (i.e. an NEC contract is proposed) for obtaining the <i>Service Manager</i> 's acceptance on the proposed conditions of subcontracts, which is to avoid the inclusion of subcontract terms that may be contrary to the contract terms between the <i>Client</i> and the <i>Contractor</i> .  To supplement potential reasons of withholding an acceptance to the <i>Contractor</i> 's proposed conditions of subcontracts.	N.A.
		Replace	"or" at the end of the third bullet point with a comma.		
		Replace	the full-stop at the end of the fourth bullet point with a comma		
		Add	two bullet points to the end of clause 24.3 as follows:  "• they do not require a Subcontractor to comply with the relevant subcontracting requirements set out in the contract or  • they do not require a Subcontractor to be registered under the Registered Specialist Trade Contractors Scheme."		
25.4	A, C	Add	"and the <i>additional conditions of contract</i> " to the end of the clause before the full-stop.	To suit the Government practice with certain health and safety requirements covered in the <i>additional conditions of contract</i> .	N.A.
26.1	A, C	Replace	the whole clause 26.1 by the following new clause 26.1:  "The <i>Contractor</i> shall not assign the contract or any interest in the contract without the written consent of the <i>Client</i> and any assignment shall be in a form accepted by the <i>Client</i> "	Reference made to GCC Clause 3.	N.A.
27, 27.1 and 27.2	A, C	Delete	the whole clauses 27, 27.1 and 27.2	This new NEC4 clause on Disclosure is not applicable to Hong Kong. Relevant provisions are set out in clause A3, A4 and A5 of the <i>additional conditions of contract</i> .	N.A.
30.1	A, C	Replace	the whole clause by the following new clause:  "The <i>Contractor</i> does not start work until the <i>starting date</i> and Provides the Service until the issuance of the final certificate."	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
31.2	A, C	Replace	"and" at the end of the sixth main bullet point with a comma.	To impose specific <i>Contractor</i> 's plan requirements. The Project Offices may amend the list of items after the seventh main bullet point to suit their	N.A.
		Replace	the full stop at the end of the seventh main bullet point with "and".		N.A.

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		Add	the following main bullet points after the seventh main bullet point: “•comments and/or requirements, if any, provided by the <i>Service Manager</i> on the most recent plan.”	projects.	
		Replace	the full stop in the last sentence with “, if any.”		
33.1	A, C	Replace	the whole clause 33.1 by the following new clause 33.1:  “The <i>Contractor</i> should submit Task Order programme for a Task Order if the Scope states so. The Task Order programme should be submitted to the <i>Service Manager</i> for acceptance within the period stated in the Scope, or by the time limit stated in the Contract Data Part one if the Scope is silent on the period of submission.”	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
33.2	A, C	Replace	the first sentence of the clause by the following:  “The Task Order programme complies with the content requirements stipulated in the Scope. If the Scope is silent on the content requirements, the Task Order programme shows the following:	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
		Replace	“and” at the end of the sixth main bullet point with a comma.	To impose specific Task Order programme requirements. The Project Offices may amend the list of items after the seventh main bullet point to suit their projects.	N.A.
		Replace	the full stop at the end of the seventh main bullet point with “and”.		
		Add	the following main bullet points after the seventh main bullet point: “• comments and/or requirements, if any, provided by the <i>Service Manager</i> in the most recent Task Order programme.”		
Replace	the full stop in the last sentence with “, if any.				
33.3	A, C	Replace	“one week” by “two weeks” in the first sentence of the clause.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
42A	A, C	Add	a new clause 42A.1 with a marginal note "Searching for Defects" after clause 42.1 as follows:  “Until the issuance of the final certificate, the <i>Service Manager</i> may instruct the <i>Contractor</i> to search for a Defect. The <i>Service Manager</i> gives its reason for the search with its instruction. Searching may include  • uncovering, dismantling, re-covering and re-erecting work,  • providing facilities, materials and samples for tests and inspections to be done by the <i>Service Manager</i> and  • doing tests and inspections which the Scope does not require.”	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
43.1	A, C	Replace	the whole clause by the following new clause:  “Until the issuance of the final certificate, the <i>Service Manager</i> and the <i>Contractor</i> notifies the other as soon as they become aware of a Defect.”	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
45	A, C	Add	new clauses 45.1 to 45.3 with a marginal note "Final certificate" after clause 44.2 as follows:	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
45.1	A, C	Add	“The <i>Service Manager</i> issues a final certificate upon the later of  • the expiry of the <i>service period</i> or  • the expiry of the Maintenance Periods in respect of all Task Orders or  • the last notified Defect which the <i>Contractor</i> has corrected in accordance with clause 43.3 or, as the case may be, which has been accepted by the <i>Service Manager</i> not to be corrected with an instruction given to change the Scope and the Prices in accordance with clauses 44.1 and 44.2.”		

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
45.2	A, C	Add	<p>“No certificate, other than the final certificate, shall be deemed to constitute acceptance of any work or other matter in respect of which it is issued or shall be taken as an admission of the due performance of the contract or any part thereof.</p> <p>Provided that the final certificate shall not be deemed to constitute acceptance of any work or other matter in respect of which it is issued which has not been carried out in accordance with the contract and which the <i>Service Manager</i> could not with reasonable diligence have discovered before the issue of the final certificate.”</p>		
45.3	A, C	Add	<p>“The issue of any certificate including the final certificate shall not be taken as relieving either the <i>Contractor</i> or the <i>Client</i> from any liability the one towards the other arising out of or in any way connected with the performance of their respective obligations under the contract.</p> <p>Provided that the <i>Client</i> shall not be liable to the <i>Contractor</i> for any matter or thing arising out of or in connection with the contract or the provision of the service unless the <i>Contractor</i> shall have a compensation event in relation thereto in accordance with the time limits specified in Clause 61.”</p>		
50.2	A, C	Replace	<p>the first sentence of the clause by the following:</p> <p>“The <i>Contractor</i> submits an application for payment in the form of a payment claim compliant with SOP Clause 5 to the <i>Service Manager</i> by not later than [14 days] before each assessment date setting out the amount the <i>Contractor</i> considers is due at the assessment date.”</p>	<p>To specify the requirement that the <i>Contractor</i>'s application for payment should be in the form of a payment claim stipulated under the security of payment provisions.</p> <p>To specify the requirement of submitting the application for payment by not later than [14 days] before each assessment date to facilitate smooth operation. The Project Offices may determine the number of days in square bracket to suit their needs.</p>	<p>DEVB TCW No. 6/2021</p> <p>N.A.</p>
		Replace	<p>the full stop in the second sentence with “, if specified.”</p>	<p>To add flexibility for contracts intending not to specify the payment application format in the Scope.</p>	
50.2A	A	Add	<p>a new clause 50.2A after clause 50.2 as follows:</p> <p>“The <i>Contractor</i> may in an application for payment referred to in clause 50.2, apply for payment of Plant and Materials which</p> <ul style="list-style-type: none"> <li>• are not individually itemised in the Price List,</li> <li>• have not been included in any completed work, and</li> <li>• are not prematurely delivered to and not improperly stored on the Site</li> </ul> <p>(“<b>Relevant Plant and Materials</b>”).</p> <p>The <i>Contractor</i> shall clearly identify in the application for payment the amount claimed and the item in the Price List to which the Relevant Plant and Materials will be included (“<b>Relevant Item</b>”), and submit to the <i>Service Manager</i> all relevant supporting documents.</p> <p>If on the assessment date to which the application for payment relate, the <i>Service Manager</i> is satisfied that the Relevant Plant and Materials</p> <ul style="list-style-type: none"> <li>• are not individually itemised in the Price List,</li> <li>• have not been included in any completed work, and</li> <li>• are not prematurely delivered to and not improperly stored on the Site,</li> </ul> <p>the <i>Service Manager</i> may assess the amount due to the <i>Contractor</i> for such Relevant Plant and Materials by reference to rates and lump sums of the Relevant Item (“<b>Advance Payment for Plant and Materials</b>”).”</p>	<p>To enable payment for materials on site. This amendment should be made in conjunction with clause 50.3.</p>	<p>GCC Cl. 79(1)(c)</p>
50.2B	A	Add	<p>a new clause 50.2B after clause 50.2A as follows:</p> <p>“The <i>Contractor</i> may in an application for payment referred to in clause 50.2 apply for payment of an Imported Item which is</p> <ul style="list-style-type: none"> <li>• purchased or imported into Hong Kong ahead of time due to supply shortages or logistics disruptions;</li> <li>• properly and securely stored at a premises in Hong Kong (“Premises”) but is not yet due to be delivered by the <i>Contractor</i> to the Site; and</li> <li>• clearly demarcated from any other materials at the Premises.</li> </ul> <p>(“<b>Relevant Imported Item</b>”).”</p>	<p>To enable special payment for Imported Items. This amendment should be made in conjunction with clause 11.2, 50.2A and 50.3.</p>	<p>SDEV's memos ref. DEVB(W) 510/33/02 dated 28.7.2022 and 22.11.2023</p>



NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
			<p>The <i>Contractor</i> shall clearly identify in the application for payment of the Relevant Imported Item the amount claimed and the item in the Price List to which the Relevant Imported Item relate (“Related Item”) and submit to the <i>Service Manager</i> all relevant supporting documents, including but not limited to evidence of purchase or importation of the Relevant Imported Item, evidence of supply shortage or logistic disruptions, the original date agreed by the <i>Service Manager</i> for delivery of the Relevant Imported Item to the Site (if applicable), the address of the Premises, and photographs showing the condition of the Relevant Imported Item and the manner in which it is stored.</p> <p>If on the assessment date to which the application for payment relate, the <i>Service Manager</i> is satisfied that the Relevant Imported Item is</p> <ul style="list-style-type: none"> <li>• purchased or imported into Hong Kong ahead of time due to supply shortages or logistics disruptions;</li> <li>• properly and securely stored at the Premises but is not yet due to be delivered by the <i>Contractor</i> to the Site; and</li> <li>• clearly demarcated from any other materials at the Premises,</li> </ul> <p>the <i>Service Manager</i> shall assess the amount due to the <i>Contractor</i> for such Relevant Imported Item by reference to the rates and lump sums of the Related Item. (“<b>Special Payment</b>”).”</p>		
50.3	A	Replace	the whole clause 50.3 by the following new clause 50.3:	To specify the requirement of submitting the application for payment by not later than [14 days] before each assessment date to facilitate smooth operation. The Project Offices may determine the number of days in square bracket to suit their needs.	N.A.
			<p>“If the <i>Contractor</i> submits an application for payment by not later than [14 days] before the assessment date, the amount due at the assessment date is the amount calculated in the manner below based on the <i>Service Manager</i>’s assessment for each of the following items:</p> <ul style="list-style-type: none"> <li>• the Price for Service Provided to Date,</li> <li>• plus Advance Payment for Plant and Materials,</li> <li>• plus Special Payment,</li> <li>• plus other amounts to be paid to the <i>Contractor</i>,</li> <li>• in respect of any item included in the assessment of the Price for Service Provided to Date, less Advance Payment for Plant and Materials and Special Payment already made in respect of that item, if any,</li> <li>• less amounts to be paid by or retained from or deducted from the <i>Contractor</i>.</li> </ul> <p>The actual amount due shall be certified by the <i>Service Manager</i> and paid in accordance with clause 51.”</p>	Add “or deducted from” before “the <i>Contractor</i> .” in the last bullet point.	N.A.
				<p>Add the 2<sup>nd</sup>, 3<sup>rd</sup> and 5<sup>th</sup> bullet points as appropriate if Advance Payment for Plant and Materials and / or Special Payment is executed in accordance with 50.2A and 50.2B respectively.</p> <p><u>Rationale</u> To enable payment for materials on site and / or special payment for Imported Items. This amendment should be made in conjunction with clause 11.2, 50.2A and 50.2B as appropriate.</p>	GCC Cl. 79(1)(c)
50.3	C	Add	“by not later than [14 days]” after “an application for payment” in the first sentence.	To specify the requirement of submitting the application for payment by not later than [14 days] before each assessment date to facilitate smooth operation. The Project Offices may determine the number of days in square bracket to suit their needs.	N.A.
		Replace	“the <i>Contractor</i> .” by “or deducted from the <i>Contractor</i> ,” in the third bullet point.	To cater for payment deduction, if any, before arriving at the amount due, and avoid overpayment by specifying the <i>Service Manager</i> ’s right to deduct the <i>Contractor</i> ’s pain share assessed during the contract period. This should be read in conjunction with clauses 53.1 to 53.4.	
		Add	<p>a fourth bullet point as follows:</p> <p>“• less the <i>Service Manager</i>’s interim assessment of the <i>Contractor</i>’s share deduction as at the <i>share assessment date</i>.”</p>		
50.4	A, C	Add	“by not later than [14 days]” after “an application for payment” in the first sentence.	To specify the requirement of submitting the application for payment by not later than [14 days] before each assessment date to facilitate smooth operation. The Project Offices may determine the number of days in square bracket to suit their needs.	N.A.
51.1	A, C	Replace	the first sentence of the clause by the following:	To allow sufficient time for vetting payment applications.	N.A.
			<p>“If the <i>Contractor</i> submitted an application for payment in the form of a payment claim compliant with SOP Clause 5 by not later than [14 days] before the assessment date, the <i>Service Manager</i> certifies a payment in the</p>	To differentiate the two scenarios with and without the <i>Contractor</i> ’s application for payment in the form of a payment claim compliant with the	

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
			form of a payment response compliant with SOP Clause 6(2) within two weeks of each assessment date. Otherwise, the <i>Service Manager</i> certifies a payment within two weeks of each assessment date.”	security of payment provisions. Only when the <i>Contractor</i> submitted an application for payment in the form of a payment claim compliant with the security of payment provisions by not later than [14 days] before the assessment date, will the <i>Service Manager</i> be required to certify a payment in the form of a payment response compliant with the security of payment provisions.  To specify the requirement that the <i>Service Manager</i> 's certificate should be in the form of a payment response stipulated under the security of payment provisions.	
51.2	A, C	Replace	the first word “Each” by “Subject to the <i>Client</i> 's rights of set-off in law or equity, each” in the clause.	To reserve the <i>Client</i> 's rights of set-off in law or equity when certifying payments.	N.A.
51.3	A, C	Delete	the first and second bullet point.	To omit the <i>Client</i> 's liability to pay interest if the <i>Service Manager</i> corrects in a later certificate due to compensation events or other reasons.	GCC 79
51.4	A, C	Replace	the whole clause 51.4 by the following new clause 51.4:  “Interest is calculated on a simple interest basis at the <i>interest rate</i> .”.	To follow GCC 79 that the interest to be paid by the <i>Client</i> on any late payment should be on simple interest basis. Also, the High Court Ordinance (Cap. 4) Section 49 stipulates that judgment debts shall carry simple interest.	GCC 79
53.1	A, C	Replace	the whole clause 53.1 by the following:  “The <i>Contractor</i> submits an application for final payment in the form of a payment claim compliant with SOP Clause 5 to the <i>Service Manager</i> no later than  • thirteen weeks after the issuance of the final certificate or, if a different period is stated in the Contract Data, within the period stated, or a longer period to which the <i>Service Manager</i> has agreed; or  • thirteen weeks after the <i>Service Manager</i> issues a termination certificate or such longer period as may reasonably be necessary as determined by the <i>Service Manager</i> .  The <i>Service Manager</i> makes an assessment of the final amount due and certifies a final payment in the form of a payment response compliant with SOP Clause 6(2) within the period set out in SOP Clause 7.  The <i>Service Manager</i> gives the <i>Contractor</i> details of how the amount due has been assessed. The Party to which payment is due submits an invoice to the other Party for the amount to be paid within one week of the <i>Service Manager</i> 's certificate. The final payment is made by the later of  • one week after the paying Party receives an invoice from the other Party and  • three weeks after the assessment date, or, if a different period is stated in the Contract Data, within the period stated.”	To retain the <i>Contractor</i> 's obligation to submit payment applications similar to GCC 78 and to effect the right of the Government to terminate for convenience under ETWB TC(W) No. 23/2004.  To specify the requirements that the <i>Contractor</i> 's application for final payment should be in the form of a payment claim and that the <i>Service Manager</i> 's certificate of final payment should be in the form of a payment response and within the timescale as stipulated under the security of payment provisions.	GCC 78 ETWB TC(W) No. 23/2004 SCC 59  DEVB TCW No. 6/2021
53.2	A, C	Replace	“If the <i>Client</i> agrees with this assessment, .....within the period stated.” by “If the <i>Client</i> agrees with this assessment, a final payment is made no later than thirteen weeks of the <i>Contractor</i> 's application for final payment.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
53.3	A, C	Delete	The whole clause 53.3.	This new NEC4 TSC clause is not applicable to Hong Kong.	N.A.
53.4	A, C	Delete	The last paragraph.	To prevent the Government from being debarred from initiating legal action after assessment of the final amount due.	N.A.
54.2A	C	Add	a new clause 54.2A after clause 54.2 as follows:  “The <i>Service Manager</i> makes interim assessments of the <i>Contractor</i> 's share on each <i>share assessment date</i> using its forecast of the final Price for Service Provided to Date and its forecast of the final total of the Prices. The <i>Service Manager</i> informs the <i>Contractor</i> of its interim assessment of the <i>Contractor</i> 's share deduction.”	To specify the <i>Service Manager</i> 's right to make interim assessment of the <i>Contractor</i> 's share and the <i>Service Manager</i> 's obligation to inform the <i>Contractor</i> of its assessment. This clause should be read in conjunction with clause 50.2.  Also to standardise the calculation on payment deduction.	N.A.

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
60.1	A,C	Add	one main bullet point to the end of clause 60.1(1) as follows:  “• a change to a Task or any part thereof which is within part of the <i>service</i> .”	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
60.1	A, C	Replace	sub-clause (18) as follows:  “A Change in Law as defined in clause [A1] of the <i>additional conditions of contract</i> .”	To adopt an approach of introducing Change in Law as a compensation event under Clause 60 rather than adopting Option X2.	ETWBTCW No. 23/2004
60.1	A, C	Add	Sub-clause (19) after sub-clause (18) as follows:  “A shortage of labour which would have been unreasonable for an experienced contractor to have allowed for at the tender closing date.”	To address the mandatory policy of entitling the <i>Contractor</i> to claim extension of time due to shortage of labour.	DEVB TCW No. 5/2013
60.1	A, C	Add	Sub-clause (20) after sub-clause (19) as follows:  “The <i>Service Manager</i> instructs the <i>Contractor</i> to search for a Defect and no Defect is found unless the search is needed only because a required test or inspection could not be conducted due to the <i>Contractor</i> 's fault including but not limited to the failure of the <i>Contractor</i> to give sufficient notice of doing work obstructing a required test or inspection.”	To add a new compensation event related to searching for a Defect.	N.A.
60.1	A, C	Add	Sub-clause (21) after sub-clause (20) as follows:  “One or more of the following weather conditions affecting the progress of the Task: (i) the hoisting of tropical cyclone warning signal No. 8 or above and/or its consequences adversely affecting the progress of the Task, or (ii) Black Rainstorm Warning and/or its consequences adversely affecting the progress of the Task, or (iii) Red Rainstorm Warning and/or its consequences adversely affecting the progress of the Task, or (iv) Amber Rainstorm Warning and/or its consequences adversely affecting the progress of the Task, or (v) inclement weather and/or its consequences adversely affecting the progress of the Task.”	To add weather-related compensation events similar to those being adopted under GCC.	GCC clause 52
60.1	A, C [Optional] only applicable to public works contracts with works within the Railway Protection Area.	Add	Sub-clause (22) after sub-clause (21) as follows:  “Subject to any default by the <i>Contractor</i> under sub-clause (4)(e) of Clause D26 of <i>additional conditions of contract</i> , cancellation or alteration by MTRCL at short notice of the date or timing of any Restriction, Possession or Isolation set out in the contract or previously agreed to by MTRCL.”	To address the compensation event in relation to cancellation or alternation of Restrictions, Possession or Isolations at short notice by MTRCL as originally set out in the contract or previously agreed to by MTRCL.	DEVB TCW No.1/2019
60.1	A, C	Add	Sub-clause (23) after sub-clause (22) as follows:  An event which <ul style="list-style-type: none"> <li>● stops the <i>Contractor</i> completing a Task, or</li> <li>● stops the <i>Contractor</i> completing a Task by the Task Completion Date,</li> </ul> and which <ul style="list-style-type: none"> <li>● neither Party could prevent,</li> <li>● an experienced contractor would have judged at the date of issue of the Task Order to have such a small chance of occurring that it would have been unreasonable to have allowed for it, and</li> <li>● is not one of the other compensation events stated in the contract.</li> </ul>	To add a new compensation event known as “prevention clause”.	N/A
60.1	A, C	Add	Sub-clause (24) after sub-clause (23) as follows:  “A suspension or reduction in the rate of progress of the carrying out of construction work or the supply of related goods and services under the contract by the <i>Contractor</i> pursuant to SOP Clause 37.”	To address the entitlement of the <i>Contractor</i> to claim extension of time under specific situations in relation to security of payment matters.	DEVB TCW No. 6/2021

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
61.4	A, C	Replace	“one week after the <i>Contractor</i> 's notification” with “[six weeks for events requiring to obtain confirmation of no objection from the <i>Client</i> in accordance with clause [B1] of the <i>additional conditions of contract</i> , or three weeks for other events] after the <i>Contractor</i> 's notification” at the first bullet point of the first paragraph in the clause.	To impose specific time limit for the <i>Service Manager</i> to notify his decision on compensation events to the <i>Contractor</i> . Approval should be sought from the relevant authorities in accordance with the Stores and Procurement Regulations (SPR) 520 and Appendix V(B) and the consultancy agreement terms where appropriate. The Project Offices should update the time in square bracket to suit their projects and clause no. of the <i>additional conditions of contracts</i> on the <i>Service Manager</i> 's powers.	N.A.
61.4	A, B, C and D	Replace	<p>the 2<sup>nd</sup> and 3<sup>rd</sup> sentences by the following:</p> <p>“If the event</p> <ul style="list-style-type: none"> <li>• arises from a fault of the <i>Contractor</i>,</li> <li>• has not happened and is not expected to happen,</li> <li>• has not been notified within the timescales set out in these <i>conditions of contract</i>,</li> <li>• has no effect upon Defined Cost or a Task Completion,</li> <li>• is an instruction given by the <i>Service Manager</i> which has effect upon Defined Cost or a Task Completion or an instruction given by the <i>Service Manager</i> to stop or not start any work, provided that these instructions are necessary for the safety and health of any person or the safety of any property on or adjacent to the Working Areas and such necessity does not arise from: <ul style="list-style-type: none"> <li>- a fault of the <i>Client</i> or any person employed by or contracted to it, except the <i>Contractor</i>,</li> <li>- a fault in the design contained in the Scope provided by the <i>Client</i>,</li> <li>- a fault in the design contained in an instruction from the <i>Service Manager</i> changing the Scope,</li> <li>- war, civil war, rebellion, revolution, insurrection, military or usurped power,</li> <li>- strikes, riots and civil commotion not confined to the <i>Contractor</i>'s employees,</li> <li>- radioactive contamination, or</li> </ul> </li> <li>• is not one of the compensation events stated in the contract,</li> </ul> <p>the <i>Service Manager</i> notifies the <i>Contractor</i> that the Prices and Task Completion Date are not to be changed and states the reasons in the notification. Otherwise, the <i>Service Manager</i> notifies the <i>Contractor</i> that the event is a compensation event and includes in the notification an instruction to the <i>Contractor</i> to submit quotations.”</p>	To avoid any ambiguities in interpretation of the contract provisions in respect of the safety and health of any person or the safety of any property on or adjacent to the Working Areas.	SDEV's memo ref. DEVB(W) 546/83/01 dated 9.5.2024
61.7	A, C	Replace	“the end of the Service Period ” with “the issuance of the final certificate” in the clause.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
62.2	A, C unless comments or endorsement has been sought for the deviation from this standard amendment from the Inter-departmental Working Group and/or the Steering Committee	Replace	<p>the first sentence by the following:</p> <p>“Quotations for compensation events comprise, where applicable, proposed changes to the Prices, and/or any delay to the Task Completion Date(s) assessed by the <i>Contractor</i>. For the avoidance of doubt, quotations for compensation events under clauses 60.1(6), 60.1(19), 60.1(21), [60.1(22)]# only comprise proposed changes to the Task Completion Date(s) assessed by the <i>Contractor</i>, but not changes to the Prices.”</p> <p># Replace 60.1(22) by 60.1(23) for contracts with works within the Railway Protection Area</p>	To impose specific conditions where the <i>Contractor</i> is only entitled for extension of time due to certain compensation events. This amendment should be made in conjunction with clause 62.2 and 63.7.	N.A.
62.3	A, C	Replace	“The <i>Service Manager</i> replies within two weeks of the submission.” by “The <i>Service Manager</i> replies within six weeks for events requiring to obtain confirmation of no objection from the <i>Client</i> in accordance with clause [B1] of the <i>additional conditions of contract</i> , or three weeks for other events after receiving the submission.” in the second sentence of the clause.	To impose specific time limit for the <i>Service Manager</i> to reply to the <i>Contractor</i> for his quotation for compensation events. Approval should be sought from the relevant authorities in accordance with the Stores and Procurement Regulations (SPR) 520 and Appendix V(B) and the consultancy agreement terms where appropriate. The Project Offices should update clause no. of the <i>additional conditions of contracts</i> on the <i>Service</i>	N.A.

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
				<i>Manager's</i> powers in square bracket.	
62.6	A, C	Replace	“a further two weeks” by “a further two weeks or a longer period to which the <i>Contractor</i> has agreed” in the last sentence of the clause.	To impose specific time limit for the <i>Service Manager</i> to reply to the <i>Contractor</i> for his quotation for compensation events.	N.A.
63.1	A, C	Replace	“the quantities of work shown in the Price List” by “the quantities of work shown in the Task Order” and “the appropriate rates in the Price List” by “the appropriate Contract Rates” in the clause.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
63.2	A [optional] The Project Office shall seek approval from a public officer of D2 rank or above for use of this amendment and document the justifications	Replace	“For other compensation events, the” by “For other compensation events, subject to the provisions of clause 63.3, the”.	To follow the generic NEC principle in assessing compensation events based on Defined Cost plus the resulting Fee basis, this amendment should be avoided as far as practicable. Only if the specific contract requires, this amendment is made in conjunction with clause 63.2 and 63.3 to impose specific conditions that compensation events are primarily based on Contract Rates.	N.A.
63.3	A [optional] The Project Office shall seek approval from a public officer of D2 rank or above for use of this amendment and document the justifications	Replace	the whole clause by the following: -  “Where the effect of a compensation event is changes to the Prices, the assessment of the compensation event will be based on Contract Rates, instead of the Defined Cost and the resulting Fee, under the scenarios specified in sub-clauses (i) to (iii) below:  (i) Any item of work omitted is assessed at the Contract Rate except that in the absence of such a rate or lump sum in the Price List, the assessment of the item of work omitted is at a rate or lump sum based on Defined Cost and the resulting Fee.  (ii) Any work carried out which is the same as or similar in character to and executed under the same or similar conditions and circumstances to any item of work in the Price List is assessed at the Contract Rate for such item of work.  (iii) Any work carried out which is not the same as or similar in character to or is not executed under the same or similar conditions or circumstances to any item of work in the Price List is assessed at a rate or lump sum based on the Contract Rate so far as may be reasonable, failing which, at a rate or lump sum based on Defined Cost and the resulting Fee.  For the avoidance of doubt, any assessment based on Contract Rates shall not be subject to adjustment of the <i>fee percentage</i> .”	To follow the generic NEC principle in assessing compensation events based on Defined Cost plus the resulting Fee basis, this amendment should be avoided as far as practicable. Only if the specific contract requires, this amendment is made in conjunction with clause 63.2 and 63.3 to impose specific conditions that compensation events are primarily based on Contract Rates.	N.A.
63.7	A, C unless comments or endorsement has been sought for the deviation from this standard amendment from the Inter-departmental Working Group and/or the Steering Committee	Replace	the whole clause 63.7 by the following new clause 63.7:  “The rights of the <i>Client</i> and the <i>Contractor</i> to changes to, where applicable, the Prices and/or the Task Completion Date(s) are their only rights in respect of a compensation event. For compensation events under clauses 60.1(6), 60.1(19), 60.1(21), [60.1(22)]#, the <i>Contractor</i> is only entitled to changes to the Task Completion Date(s) but not changes to the Prices. For other compensation events, the assessment of changes to the Prices, if any, is not affected by any concurrent compensation event under clauses 60.1(6), 60.1(19), 60.1(21), [60.1(22)]#.”  # Replace 60.1(22) by 60.1(23) for contracts with works within the Railway Protection Area	To impose specific conditions where the <i>Contractor</i> is only entitled for extension of time due to certain compensation events. This amendment should be made in conjunction with clause 62.2 and 63.7.	N.A.

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
63.14	A, C	Replace	“changes to the Price List” by “changes to the Prices for the relevant Task Order(s)” in the clause.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
63.15	A	Delete	the whole clause 63.15	“People Rates” are used with the cost component of people under Shor Schedule of Components Item 11. To avoid erratic pricing for rate only items in Contract Data Part two, and reduce practical difficulty in assessing tenders, the use of People Rates under SSCC 11 under NEC4 TSC is not recommended. As a reference, standard NEC3 TSC rate only items (e.g. “% for people overheads” under NEC3 TSC SSCC41) are not adopted as per the PN.	N.A.
70.1	A, C	Replace	“the Service Areas” by “the Sites” in the first and second sentences.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
70.2	A, C	Add	a new clause 70.2 after clause 70.1 as follows:  “Whatever title the <i>Contractor</i> has to Plant and Materials which are outside the Sites passes to the <i>Client</i> if the <i>Service Manager</i> has marked them as for the contract.”	To promote clarity in respect of the <i>Client</i> ’s title to Plant and Materials being full unencumbered.	N.A.
70.3	A, C	Add	a new clause 70.3 after clause 70.2 as follows:  “The <i>Contractor</i> procures that the title passed to the <i>Client</i> pursuant to this clause 70 is full unencumbered title.”		
72	A, C	Add	new clause 72.1 with a marginal note "Marking Equipment, Plant and Materials outside the Sites " after clause 71.2 as follows:	To modify to suit NEC TSC contracts in Hong Kong.	NEC4 ECC Clause 71
72.1	A, C	Add	“The <i>Service Manager</i> marks Equipment, Plant and Materials which are outside the Sites if  • the contract identifies them for payment and  • the <i>Contractor</i> has prepared them for marking as the Scope requires.”		
73	A, C	Add	new clause 73.1 with a marginal note "Removing Equipment" after clause 72.1 as follows:	To modify to suit NEC TSC contracts in Hong Kong.	NEC4 ECC Clause 72
73.1	A, C	Add	“The <i>Contractor</i> removes Equipment from the Sites when it is no longer needed unless the <i>Service Manager</i> allows it to be left in the Sites.”		
74	A, C	Add	new clauses 74.1 and 74.2 with a marginal note "Objects and materials within the Sites" after clause 73.1 as follows:	To modify to suit NEC TSC contracts in Hong Kong.	NEC4 ECC Clause 73
74.1	A, C	Add	“The <i>Contractor</i> has no title to an object of value or of historical or other interest within the Sites. The <i>Contractor</i> notifies the <i>Service Manager</i> when such an object is found and the <i>Service Manager</i> instructs the <i>Contractor</i> how to deal with it. The <i>Contractor</i> does not move the object without instructions.”		
74.2	A, C	Add	“The <i>Contractor</i> has title to materials from excavation and demolition unless the Scope states otherwise.”		
80.1	A, C	Delete	“strikes,” in the second sub-bullet point of the fourth main bullet point.	To omit “strikes” from the <i>Client</i> ’s risks so as to follow the scope of excepted risks under GCC 21(4).	N.A.
		Replace	“activities of the <i>Contractor</i> in the Affected Property after termination” by “breach of the contract or other default of the <i>Contractor</i> ” in the fifth bullet point.	To ensure that the <i>Client</i> ’s risks do not cover loss or damage to the <i>services</i> due to breach of contract/default of the <i>Contractor</i> .	N.A.
		Delete	The last bullet.	Remove the default allowance on additional input of <i>Client</i> ’s liability in the Contract Data.	N.A.
81.1	A, C	Delete	“unless they are stated as being <i>Client</i> ’s liabilities” in the first sentence of the clause.	To clearly demarcate <i>Contractor</i> ’s liabilities from <i>Client</i> ’s.	N.A.
		Add	a new fifth bullet to the end of the clause as follows:	To hold the <i>Contractor</i> liable, after the issuance of the Defect Certificate, for the risks resulting from his breach of the contract or other default.	

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
			“Events resulting from the <i>Contractor’s</i> breach of the contract or other default.”		
		Add	a new sixth bullet to the end of the clause a follows:  “Any other liabilities not stated as being <i>Client’s</i> liabilities.”	To clearly demarcate <i>Contractor’s</i> liabilities from <i>Client’s</i> .	
82.2	A, C	Delete	the whole clause 82.2	To promote clarity in liabilities from the <i>Contractor</i> to the <i>Client</i> under Clause 82.	N.A.
82.3	A, C	Replace	the whole clause 82.3 by the following new clause 82.3:  “The right of the <i>Client</i> to recover these costs is reduced if an event for which the <i>Client</i> was liable contributed to the costs. The reduction is in proportion to the extent that event for which that the <i>Client</i> is liable contributed, taking into account each Party’s responsibilities under the contract.”	To tally with the amendments made to clause 82.2.	N.A.
83.1	A, C	Delete	the whole clause 83.1.	To promote clarity in insurance provision.	N.A.
83.2	A, C	Add	a new sentence after the first sentence as follows:  “The <i>Contractor</i> provides such insurance(s) for at least the amount(s), with deductibles (if any) specified in the Contract Data, and in the form(s) (if applicable) specified in the Scope.”	To impose specific requirements for procurement of construction related insurance according to ETWB TCW No. 7/2005. The Project Offices should include the relevant form in the Scope.	ETWB TCW No. 7/2005
83.3	A, C	Replace	“the Parties except the third insurance stated” by “the <i>Client</i> , the <i>Contractor</i> together with its subcontractors of all tiers” in the first line of the clause.	To impose specific requirements for procurement of construction related insurance according to ETWB TCW No. 7/2005.	ETWB TCW No. 7/2005
		Replace	“the end of the Service Period ” with “the issuance of the final certificate” in the clause.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
		Delete	the [first and second] and third row (or insurance) in the Insurance Table.	To impose specific requirements for procurement of construction related insurance according to ETWB TCW No. 7/2005. The Project Offices should conduct assessment in accordance with the systematic risk management (SRM) process promulgated in ETWB TCW No. 6/2005 and other relevant guidelines to determine the types and coverage of the insurances required for the contract and then update the information in square bracket accordingly. The Project Offices to specify deletion of the row of insurance in the insurance table in square bracket.	ETWB TCW No. 7/2005
83.4	A, C	Add	a new clause 83.4 after clause 83.3 as follows:  “The <i>Contractor</i> provides the insurance against liability for death of or bodily injury to employees of the <i>Contractor</i> , and its subcontractors of all tiers if applicable, arising out of and in the course of their employment in connection with the contract to comply with the applicable law.”	Under section 40(1B) of the Employees' Compensation Ordinance, Cap. 282, the main contractor is permitted but not obliged to take out EC insurance to cover EC claims by employees of its subcontractors.	N.A.
85.2	A, C	Add	the following new clause 85.2 after clause 85.1:  “If through no fault of the <i>Contractor</i> or for reasons not attributable to the <i>Contractor</i> or its past records it becomes impracticable for the <i>Contractor</i> to provide the insurance(s) in form(s) specified in the Scope, the <i>Contractor</i> proposes to the <i>Service Manager</i> for acceptance any necessary change to the Scope for providing insurance(s) as close as practically possible to the form(s) specified. The <i>Contractor</i> submits with the proposed change a quotation for a reduction to the Prices as a result of the proposed change. If the <i>Service Manager</i> accepts the proposed change, it gives an instruction to change the Scope accordingly and the Prices are reduced as quoted.”	To impose specific requirements for procurement of construction related insurance according to ETWB TCW No. 7/2005. The Project Offices should include the relevant form in the Scope.	ETWB TCW No. 7/2005
86	A, C	Delete	the whole clause 86.	To promote clarity in insurance provision.	N.A.
86.1		Delete	the whole clause 86.1.		
86.2		Delete	the whole clause 86.2.		
86.3		Delete	the whole clause 86.3.		
90.2	A, C	Replace	“R1-R15, R18 or R21” by “R1-R15, R18, R21 or R22” in the first line of the table.	To align with Stores and Procurement Regulations (SPR) requirements on safeguarding national security interests. This amendment should be made in conjunction with clause 90.3 and clause 91.8.	SDEV’s memo ref. DEVB(W) 510/30/01 dated 31.8.2022
90.3	A, C	Replace	“R1 to R15, R18 or R21” by “R1 to R15, R18, R21 or R22” in the first line of second paragraph in this clause.	To align with Stores and Procurement Regulations (SPR) requirements on safeguarding national security interests. This amendment should be made in conjunction with clause 90.2 and clause 91.8.	SDEV’s memo ref. DEVB(W) 510/30/01 dated 31.8.2022

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
90.5	A, C	Add	a new clause 90.5 as follows:  “Termination is without prejudice to any other rights and remedies of the Parties.”	To reserve the rights of the Parties.	ETWB TC(W) No. 23/2004
91.7	A, C	Replace	the whole clause 91.7 by the following new clause 91.7:  “The <i>Client</i> may terminate if any of the <i>Contractor's</i> directors, employees, agents, Subcontractors or suppliers is convicted of an offence against any provision of the Prevention of Bribery Ordinance, Cap. 201 when conducting business in connection with the contract, unless the <i>Contractor</i> has taken all necessary measures (including by way of contractual provisions and/or providing training workshops where appropriate) to ensure that its directors, employees, agents, Subcontractors and suppliers are aware of the prohibition on offering, soliciting or accepting any advantage as defined in the Prevention of Bribery Ordinance when conducting business in connection with the contract (R21).”	To align with relevant provisions of such in Hong Kong, e.g. Prevention of Bribery Ordinance (POBO), rather than the Corrupt Act.	N.A.
91.8	A, C	Add	a new clause 91.8 after clause 91.7 as follows:  “The <i>Client</i> may terminate if the <i>Contractor</i> has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security, or the continued engagement of the <i>Contractor</i> or the continued performance of the contract is contrary to the interest of national security (R22).”	To align with Stores and Procurement Regulations (SPR) requirements on safeguarding national security interests. This amendment should be made in conjunction with clause 90.2 and clause 90.3.	SDEV’s memo ref. DEVB(W) 510/30/01 dated 31.8.2022
92.2	A, C	Replace	“Service Areas” by “Sites” in Item P4 of sub-clause 92.2.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
93.1	A, C	Replace	“and” at the end of the third main bullet point with a comma.	To align with the amendment in clause 19.9.	N.A.
		Replace	the full stop at the end of the fourth main bullet point with “and”.		
		Add	a new fifth bullet point as follows:  “a deduction of any un-repaid balance of an advance payment.”		



## Secondary Options (Updated as at 29.4.2022)

Remarks : Standard Amendments to be applied to the stated main Option(s), unless otherwise specified below or vetted by LAD(W) and commented/endorsed by the Inter-departmental Working Group and/or the Steering Committee.

NEC4 TSC Clause No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC/SCC/TC/Memo
X1	A, C if contract price fluctuation is applicable.	Replace	the word "index" by " <i>index figure</i> " wherever it appears in all sub-clauses of this Option.	To match with the price fluctuation mechanism promulgated through DEVB TC(W) No. 4/2021 and associated guidelines. " <i>index figure</i> " should be well defined in the Contract Data Part two.	DEVB TC(W) No. 4/2021
X1.1		Replace	the whole sub-clause X1.1(a) by the following new sub-clause X1.1(a): "The Base Date Index (B) is the latest available <i>index figure</i> applicable to the <i>base date</i> ."		
X1.1		Replace	the whole sub-clause X1.1(b) by the following new sub-clause X1.1(b): "The Latest Index (L) is the latest available <i>index figure</i> applicable to the date 42 days before the date of assessment of an amount due."		
X1.1		Replace	the whole sub-clause X1.1(c) by the following new sub-clause X1.1(c): "The Price Adjustment Factor (PAF) is the total of the products of each of the calculated proportions stated in the Schedule of Proportions in the Contract Data multiplied by (L – B)/B for the <i>index figure</i> linked to it. Differences between the actual proportions of the <i>service</i> and the calculated proportions stated in the Schedule of Proportions in the Contract Data shall not constitute a compensation event."		
X1.2	A, C if contract price fluctuation is applicable.	Replace	the whole clause X1.2 by the following new clause X1.2: "If an <i>index figure</i> is changed after it has been used in calculating a PAF, the calculation is repeated and a correction included in the next assessment of the amount due."	To match with the price fluctuation mechanism promulgated through DEVB TC(W) No. 4/2021 and associated guidelines, and tally with the amended clauses X1.3 & X1.4. The calculation of PAF should be changed if an index is changed after it has been used in calculating PAF.	DEVB TC(W) No. 4/2021
X1.3	A if contract price fluctuation is applicable.	Replace	the whole clause X1.3 by the following new clause X1.3: "Each amount due includes an amount for price adjustment which is the sum of <ul style="list-style-type: none"> <li>the change in the Price for Service Provided to Date since the last assessment of the amount due multiplied by the PAF for the date of the current assessment;</li> <li>the amount for price adjustment included in the previous amount due; and</li> <li>correcting amounts, not included elsewhere, which arise from changes to <i>index figures</i> used for assessing previous amounts for price adjustment."</li> </ul> For the purpose of this sub-clause only, the reference to "Price for Service Provided to Date" shall exclude any items not subject to price adjustment for inflation.	To match with the price fluctuation mechanism promulgated through DEVB TC(W) No. 4/2021 and associated guidelines. " <i>index figure</i> " should be well defined in the Contract Data Part two. The Project Office should review and update/delete the information in square bracket if appropriate.	DEVB TC(W) No. 4/2021
X1.4	C if contract price fluctuation is applicable.	Replace	the whole clause X1.4 by the following new clause X1.4: "Each time the amount due is assessed, an amount for price adjustment is added to the total of the Prices which is the sum of <ul style="list-style-type: none"> <li>the change in the Price for Service Provided to Date since the last assessment of the amount due multiplied by (PAF/(1+PAF)) where PAF is the Price Adjustment Factor for the date of the current assessment and</li> <li>correcting amounts, not included elsewhere, which arise from changes to <i>index figures</i> used for assessing previous amounts for price adjustment.</li> </ul>	To match with the price fluctuation mechanism promulgated through DEVB TC(W) No. 4/2021 and associated guidelines. "index figure" should be well defined in the Contract Data Part two.	DEVB TC(W) No. 4/2021
X1.5	A, C	Replace	the whole clause X1.5 by the following new clause X1.5: "The Defined Cost for compensation events is assessed using the <ul style="list-style-type: none"> <li>Defined Cost current at the dividing date used in assessing the compensation event adjusted to <i>base date</i> by dividing by one plus the PAF for the last assessment of the amount due and</li> <li>Defined Cost at <i>base date</i> levels for amounts calculated from Contract Rates."</li> </ul>	To match with the price fluctuation mechanism promulgated through DEVB TC(W) No. 4/2021.	DEVB TC(W) No. 4/2021
X11	A, C	Replace	"A1, A2 and A4" by "A1 and A2" in the clause.	To effect the right of the Government to terminate for convenience under ETWB TC(W) No. 23/2004.	ETWB TC(W) No. 23/2004 SCC 59

**Schedule of Cost Components (Updated as at 8.9.2022)**

Remarks : Standard Amendments to be applied to the stated main Option C, unless otherwise specified below or vetted by LAD(W) and commented/endorsed by the Inter-departmental Working Group and/or the Steering Committee.

Item No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC / SCC / TC / Memo
	C	Replace	all “Service Areas” by “Sites” in the Schedule of Cost Components.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
1.	C [Optional] The Project Office shall seek approval from a public officer of D2 rank or above for use of this amendment and document the justifications	Replace	the entire first bullet point by the following: “• people who are directly employed by the <i>Contractor</i> and do not discharge the duties of the <i>Contractor</i> ’s management and supervisory staff and whose normal place of working is within the Sites and”	To facilitate the processing of payment applications.	N.A.
		Replace	the entire second bullet point by the following: “• people who are directly employed by the <i>Contractor</i> and do not discharge the duties of the <i>Contractor</i> ’s management and supervisory staff and whose normal place of working is not within the Sites but who are working in the Sites.”		
		Add	the following paragraph at the end of item 1: “For the purpose of this clause, the <i>Contractor</i> ’s management and supervisory staff shall mean the <i>Contractor</i> ’s staff who are responsible for management, administration, planning, coordination or supervision of the Sites, the <i>services</i> and the contract, preparation of technical, financial and contractual submissions and operation of the <i>Contractor</i> ’s site accommodation. They shall include, but not limited to, the following <i>Contractor</i> ’s staff and their assistants: <ul style="list-style-type: none"> <li>• Construction Manager,</li> <li>• Site Agent,</li> <li>• Site Engineer,</li> <li>• Site Superintendent,</li> <li>• Site Supervisor,</li> <li>• Surveyor,</li> <li>• Quantity Surveyor,</li> <li>• Foreman,</li> <li>• Safety Officer and Safety Supervisor,</li> <li>• Environmental Officer and Environmental Supervisor,</li> <li>• Geotechnical Engineer and Geotechnical Supervisor,</li> <li>• Technical Manager,</li> <li>• Coordinator for dealing with Excavation Permit Management System and application for Excavation Permit,</li> <li>• Liaison Officer,</li> <li>• Site Clerk, and</li> </ul> any other staff responsible for management, administration, planning, coordination or supervision of the Sites, the <i>services</i> and the contract, preparation of technical, financial and contractual submissions and operation of the <i>Contractor</i> ’s site accommodation. For clarity, the cost of the <i>Contractor</i> ’s management and supervisory staff are treated as included in the Fee in accordance with the core clause 52.1.”	The Project Offices should seek approval from a public officer of D2 rank or above for use of this amendment. In case of adoption, amend the list to suit their projects.  <u>Not adopting this amendment (normal cases)</u> With a view to improve the cashflow, the <i>fee percentage</i> should <u>normally not</u> absorb the <i>Contractor</i> ’s management and supervisory staff as appropriate, i.e. this amendment is not adopted. The duration and period requiring different management and supervisory staff of the <i>Contractor</i> should be clearly specified in the Scope.  <u>Adopting this amendment with prior approval from a public officer of D2 rank or above</u> In case it is considered that no cashflow problem is anticipated if the concerned cost is treated as included in the Fee in accordance with the core clause 52.1, this amendment may be adopted.	
13	C	Add	“but excluding the <i>Contractor</i> ’s mandatory contribution under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) and contribution under the Occupational Retirement Schemes Ordinance (Cap. 426)” at the end of Item 13(i)	To clearly express <i>Contractor</i> ’s contribution to different retirements schemes for its employees as Fee.	N.A.
13	C	Replace	“pensions and life assurance” by “life assurance” in item 13(j).	Pensions is considered more appropriate to be covered in the Fee rather than in the Defined Cost.	N.A.

Item No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC / SCC / TC / Memo
24	C unless comments/ endorsement has been sought for the use of this item from DEVB who may consult the Inter-departmental Working Group and/or the Steering Committee.	Delete	the whole item 24.	To delete this cost component since no special Equipment is listed in the Contract Data normally.	N.A.
41	C	Replace	the whole item 41 by the following:  “Payments to Subcontractors accepted by the <i>Service Manager</i> for work which is subcontracted without taking into account any amounts <ul style="list-style-type: none"> <li>paid to or retained from the Subcontractor by the <i>Contractor</i> or</li> <li>deducted by the <i>Contractor</i> for any direct payment for settlement of an Adjudicated Amount under Relevant Subcontract pursuant to clause 43(4)(e) of the Security of Payment Provisions for Relevant Subcontracts as incorporated in the Relevant Subcontract, which would result in the <i>Client</i> paying, retaining or deducting the amount twice.”.</li> </ul>	To promote clarity on the cost component item where the Subcontractor being paid must have been accepted by the <i>Service Manager</i> .  To avoid double deduction from the <i>Contractor</i> 's account. In the situation where the <i>Contractor</i> makes direct payment to a lower-tier subcontractor (as a claimant) for an unpaid adjudicated amount and then deducts such sum from any payment owed to its Subcontractor (first tier) under a Relevant Subcontract, such deduction in payment made to its Subcontractor (first tier) under that Relevant Subcontract should not be taken into account in the “Payments to Subcontractors for work which is subcontracted”.	N.A.  DEVB TCW No. 6/2021
52	C	Delete	the full-stop at the end of item 52.	To overcome the issue of duplicate of payment on levies and align with different forms of NEC contracts.	N.A.
		Add	“, but excluding the <i>Contractor</i> 's payment of levies to the Pneumoconiosis Compensation Fund Board under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360), and that to the Construction Industry Council under the Construction Workers Registration Ordinance (Cap. 583) and Construction Industry Council Ordinance (Cap. 587).” at the end of item 52.		
53	C if accommodation for the <i>Service Manager</i> 's offices and contract transport for the <i>Service Manager</i> are required.	Delete	the full-stop at the end of item 53(h).	To match with the approach to reimburse the <i>Contractor</i> for the payments for accommodation for the <i>Service Manager</i> 's offices and contract transport for the <i>Service Manager</i> .	N.A.
		Add	new items 53(i) and (j) after item 53(h) as follows:  “(i) Accommodation for the <i>Service Manager</i> 's offices  (j) Contract transport for the <i>Service Manager</i> .”		
6 and 61	C unless comments/ endorsement has been sought for the use of this item from DEVB who may consult the Inter-departmental Working Group and/or the Steering Committee.	Delete	the whole items 6 and 61.	To delete this cost component since manufacture and fabrication of Plant and Materials which are wholly or partly designed specifically for the <i>service</i> and manufactured or fabricated outside the Site is normally not required. Also, the work is always delivered through subcontracting.	N.A.

Item No.	Applicable main Option(s)	Action	Details	Rationale	Related GCC / SCC / TC / Memo
7 and 71	C unless comments/ endorsement has been sought for the use of this item from DEVB who may consult the Inter-departmental Working Group and/or the Steering Committee.	Delete	the whole items 7 and 71.	To delete this cost component since <i>shared service</i> outside the Site is normally not required.	N.A.
8A	C	Add	<p>a new item 8A entitled "Insurance premium" as follows:</p> <p>"The cost of premiums for the following insurances:</p> <ul style="list-style-type: none"> <li>[• insurances against loss of or damage to the <i>service</i>, Plant and Materials] [Optional item]</li> <li>[• insurances against loss of or damage to Equipment] [Optional item]</li> <li>[• insurances against liability for loss of or damage to property (except the <i>service</i>, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the <i>Contractor</i> or its subcontractor) arising from or in connection with the <i>Contractor</i> Providing the Service] [Optional item]</li> <li>[• professional indemnity insurances for (<i>Please insert the appropriate description of the parts of the service requiring PII.</i>)] [Optional item]</li> <li>• insurances against liability for death of or bodily injury to employees of the <i>Contractor</i> and its subcontractors arising out of and in the course of their employment in connection with the contract."</li> </ul>	<p>Premiums for insurances are generally covered under the Fee except for the listed insurances which are reimbursed via Defined Cost. The purpose of this amendment is to assist cashflow of the <i>Contractor</i> in procuring the required insurances subject to their substantiations and supporting documents. The Project Offices should conduct assessment in accordance with the systematic risk management (SRM) process promulgated in ETWB TCW No. 6/2005 and other relevant guidelines to determine the types and coverage of the insurances required for the contract and then add new items or delete item(s) from the list accordingly.</p> <p>For example, for the contract requiring third party insurance only, the other three items in square brackets may not be required.</p>	N.A.

**Short Schedule of Cost Components (Updated as at 16.2.2023)**

Remarks : Standard Amendments to be applied to the stated main Option A, unless otherwise specified below or vetted by LAD(W) and commented/endorsed by the Inter-departmental Working Group and/or the Steering Committee.

Item No.	Applicable to main Option(s)	Action	Details	Rationale	Related GCC / SCC / TC / Memo
	A	Replace	all "Service Areas" by "Sites" in the Short Schedule of Cost Components.	To modify to suit NEC TSC contracts in Hong Kong.	N.A.
1	A [Optional] The Project Office shall seek approval from a public officer of D2 rank or above for use of this amendment and document the justifications	Replace	the entire first bullet point by the following: "• people who are directly employed by the <i>Contractor</i> and do not discharge the duties of the <i>Contractor's</i> management and supervisory staff and whose normal place of working is within the Sites,"	To facilitate the processing of payment applications.	N.A.
		Replace	the entire second bullet point by the following: "• people who are directly employed by the <i>Contractor</i> and do not discharge the duties of the <i>Contractor's</i> management and supervisory staff and whose normal place of working is not within the Sites but who are working in the Sites and"		
		Replace	the entire third bullet point by the following: "• people who are not directly employed by the <i>Contractor</i> and do not discharge the duties of the <i>Contractor's</i> management and supervisory staff but are paid for it according to the time worked while they are within the Sites."	The Project Offices should seek approval from a public officer of D2 rank or above for use of this amendment. In case of adoption, amend the list to suit their projects.	
		Add	the following paragraph at the end of item 1: "For the purpose of this clause, the <i>Contractor's</i> management and supervisory staff shall mean the <i>Contractor's</i> staff who are responsible for management, administration, planning, coordination or supervision of the Sites, the <i>services</i> and the contract, preparation of technical, financial and contractual submissions and operation of the <i>Contractor's</i> site accommodation. They shall include, but not limited to, the following <i>Contractor's</i> staff and their assistants:  <ul style="list-style-type: none"> <li>• Construction Manager,</li> <li>• Site Agent,</li> <li>• Site Engineer,</li> <li>• Site Superintendent,</li> <li>• Site Supervisor,</li> <li>• Surveyor,</li> <li>• Quantity Surveyor,</li> <li>• Foreman,</li> <li>• Safety Officer and Safety Supervisor,</li> <li>• Environmental Officer and Environmental Supervisor,</li> <li>• Geotechnical Engineer and Geotechnical Supervisor,</li> <li>• Technical Manager,</li> <li>• Coordinator for dealing with Excavation Permit Management System and application for Excavation Permit,</li> <li>• Liaison Officer,</li> <li>• Site Clerk, and</li> </ul> any other staff responsible for management, administration, planning, coordination or supervision of the Sites, the <i>services</i> and the contract, preparation of technical, financial and contractual submissions and operation of the <i>Contractor's</i> site accommodation. For clarity, the cost of the <i>Contractor's</i> management and supervisory staff are treated as included in the Fee in accordance with the core clause 52.1."	<p><u>Not adopting this amendment (normal cases)</u> With a view to improve the cashflow, the <i>fee percentage</i> should <u>normally not</u> absorb the <i>Contractor's</i> management and supervisory staff as appropriate, i.e. this amendment is not adopted. The duration and period requiring different management and supervisory staff of the <i>Contractor</i> should be clearly specified in the Scope.</p> <p><u>Adopting this amendment with prior approval from a public officer of D2 rank or above</u> In case it is considered that no cashflow problem is anticipated if the concerned cost is treated as included in the Fee in accordance with the core clause 52.1, this amendment may be adopted.</p>	
11	A	Replace	the whole item 11 by the following:  "Amounts paid by the <i>Contractor</i> including those for meeting the requirements of the law but excluding the <i>Contractor's</i> mandatory contribution under Mandatory Provident Fund Schemes Ordinance (Cap. 485) and contribution under the Occupational Retirement Schemes Ordinance (Cap. 426)."	"People Rates" are used with the cost component of people under Short Schedule of Components Item 11. To avoid erratic pricing for rate only items in Contract Data Part two, and reduce practical difficulty in assessing tenders, the use of People Rates under SSCC 11 under NEC4 TSC is not recommended. As a reference, standard NEC3 ECC rate only items (e.g. "% for people overheads" under NEC3 ECC SSCC41) are not adopted as per the PN.	N.A.

Item No.	Applicable to main Option(s)	Action	Details	Rationale	Related GCC / SCC / TC / Memo
21	A unless comments/endorsement has been sought for the use of this item from DEVB who may consult the Inter-departmental Working Group and/or the Steering Committee.	Delete	the whole item 21.	To delete this cost component since no published list of Equipment is stated in the Contract Data for compensation events normally.	N.A.
22	A unless comments/endorsement has been sought for the use of this item from DEVB who may consult the Inter-departmental Working Group and/or the Steering Committee.	Delete	the whole item 22.	To delete this cost component since no list of Equipment is provided in the Contract Data for compensation events normally.	N.A.
23	A unless comments/endorsement has been sought for the use of this item from DEVB who may consult the Inter-departmental Working Group and/or the Steering Committee.	Delete	the whole item 23.	To delete this item if both items 21 and 22 are deleted.	N.A.
24 and 25	A	Replace	“Unless the item is in the published list and the rate includes the cost component” by “If not included in the competitively tendered or open market rates under item 27”	To take into account ICAC's comments on some pilot projects and items 21 and 22 normally deleted.	N.A.
26	A	Replace	“Unless included in the rate in the published list” by “If not included in the competitively tendered or open market rates under item 27”	To take into account ICAC's comments on some pilot projects and items 21 and 22 normally deleted.	N.A.
27	A	Delete	“which is neither in the published list stated in the Contract Data nor listed in the Contract Data,” after “Amounts for Equipment.	To delete the text if items 21 & 22 are deleted.	NA.
41	A	Replace	the whole item 41 by the following:  “Payments to Subcontractors for work which is subcontracted without taking into account any amounts deducted by the <i>Contractor</i> for any direct payment for settlement of an Adjudicated Amount under Relevant Subcontract pursuant to clause 43(4)(e) of the Security of Payment Provisions for Relevant Subcontracts as incorporated in the Relevant Subcontract.”	To avoid double deduction from the <i>Contractor's</i> account. In the situation where the <i>Contractor</i> makes direct payment to a lower-tier subcontractor (as a claimant) for an unpaid adjudicated amount and then deducts such sum from any payment owed to its Subcontractor (first tier) under a Relevant Subcontract, such deduction in payment made to its Subcontractor (first tier) under that Relevant Subcontract should not be taken into account in the “Payments to Subcontractors for work which is subcontracted”.	DEVB TCW No. 6/2021

Item No.	Applicable to main Option(s)	Action	Details	Rationale	Related GCC / SCC / TC / Memo
6 and 61	A unless comments/endorsement has been sought for the use of these items from DEVB who may consult the Inter-departmental Working Group and/or the Steering Committee.	Delete	the whole items 6 and 61.	To delete these items since manufacture and fabrication of Plant and Materials which are wholly or partly designed specifically for the <i>service</i> and manufactured or fabricated outside the Sites is normally not anticipated for compensation events.  Also, “rates for people in the Contract Data” are used under SSCC Item 61. To avoid erratic pricing for rate only items in Contract Data Part two, and reduce practical difficulty in assessing tenders, the use of SSCC 61 is not recommended.	N.A.
7 and 71	A unless comments/endorsement has been sought for the use of these items from DEVB who may consult the Inter-departmental Working Group and/or the Steering Committee.	Delete	the whole items 7 and 71.	To delete these items since <i>shared services</i> outside the Sites is normally not anticipated for compensation events.  Also, “rates for people in the Contract Data” are used under SSCC Item 71. To avoid erratic pricing for rate only items in Contract Data Part two, and reduce practical difficulty in assessing tenders, the use of SSCC 71 is not recommended.	N.A.
8A	A	Add	a new item 8A entitled “Insurance premium” as follows: “The cost of premiums for the following insurances: [• insurances against loss of or damage to the <i>service</i> , Plant and Materials] [Optional item] [• insurances against loss of or damage to Equipment] [Optional item] [• insurances against liability for loss of or damage to property (except the <i>service</i> , Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the <i>Contractor</i> or its subcontractor) arising from or in connection with the <i>Contractor</i> Providing the Service] [Optional item] [• professional indemnity insurances for ( <i>Please insert the appropriate description of the parts of the service requiring PII.</i> )] [Optional item] • insurances against liability for death of or bodily injury to employees of the <i>Contractor</i> and its subcontractors arising out of and in the course of their employment in connection with the contract.”	Premiums for insurances are generally covered under the Fee except for the listed insurances which are reimbursed via Defined Cost. The purpose of this amendment is to assist cashflow of the Contractor in procuring the required insurances subject to their substantiations and supporting documents. The Project Offices should conduct assessment in accordance with the systematic risk management (SRM) process promulgated in ETWB TCW No. 6/2005 and other relevant guidelines to determine the types of the insurances suitable for the potential compensation events and then add new items or delete item(s) from the list accordingly.  For example, for the contract requiring third party insurance only, the other three items in square brackets may not be required.	N.A.