

# **Notice from Guangzhou Municipal Housing and Urban-Rural Development Bureau Regarding the Government Purchase of Construction Supervision Services for Simple and Low-Risk Construction Projects Led by Private Investment (Trial)**

To all district housing and urban-rural development authorities, Administrative Approval Bureau of the Development District, Administrative Approval Bureau of Nansha District, Land Planning and Development Bureau of the Administrative Committee of the Guangzhou Aerotropolis Development District, and all enterprises concerned:

In order to optimize the business environment in Guangzhou, further reduce costs incurred by simple and low-risk construction projects led by private investment, and further stimulate market vitality, and based on the *Notice Regarding the Issuance of the (Trial) Implementation Opinions on Further Optimizing the Review and Approval Services & Quality and Safety Supervision Model for Simple and Low-Risk Construction Projects Led by Private Investment* (Sui Jian Gai [2020] No. 3) issued by the Office of the Leading Group for the Pilot Reform of Construction Project Review and Approval System in Guangzhou, the following matters regarding the (trial) plan for the government purchase of construction supervision services for simple and low-risk construction projects led by private investment in Guangzhou are notified as follows:

**1. Simple and low-risk construction projects led by private investment** (hereinafter referred to as “simple and low-risk projects”) are defined as projects that are wholly-owned or majority-owned by private enterprises, foreign-invested enterprises, or Hong Kong, Macau and Taiwan invested enterprises; projects with single building area less than 2,500 square meters, building height not exceeding 24 meters, and annual comprehensive energy consumption less than 1,000 tons of standard coal; newly built general warehouses or factories with single function and simple technical requirements; projects that do not produce, store or use flammable, explosive, toxic or hazardous or dangerous materials.

**2. External supervision is not compulsory for simple and low-risk projects.** The project developer may strengthen control over project quality by hiring professional engineers with a bachelor’s degree or above in architecture, engineering or construction management to carry out construction supervision duties. Where the project developer appoints an engineer to carry out construction supervision duties, the project developer must strictly fulfil the primary project management duties. Firstly, the project developer shall implement sound work mechanisms, establish professional teams, and clarify each staff member’s responsibilities and duties for all aspects of the project. Secondly, the project developer shall strictly implement the project leader “authorization and commitment documentation” system and ensure that project leaders remain accountable for construction quality throughout the entire life cycle of the finished project. Thirdly, statutory supervision duties shall be borne by the project developer.

**3. The Municipal Housing and Urban-Rural Development Bureau has designated 10 construction supervision companies whose services may be billed to the government.** Their information shall be fed into Guangzhou construction permit application system in a certain order. A project developer that needs to hire an external construction supervision company may select one such company in accordance with established rules when applying for construction permits through the application system. The 10 companies shall provide supervision services in sequence according to the configured order.

The implementation of this trial plan where the government bears the cost of construction supervision services provided by designated companies does not affect the statutory responsibilities of the project developer and construction supervision company with regards to construction quality and safety management. In accordance with prevailing requirements, both parties should still sign a contract for supervision services and effectively perform their project management duties.

**4. For simple and low-risk construction projects,** the agreement between the project developer and construction supervision company shall be based on the standard template contract provided by the government (matters not covered in the template may be supplemented in a separate contract). After the construction supervision company signs the agreement, the Municipal Housing and Urban-Rural Development Bureau shall scan and upload the document to the construction permit application system and link the contract to its parent project. In particular, the name of the project developer (name of the authorizing party), the name of the project, and other undetermined fields shall be left blank. The system will supplement such information after the approval of the construction permit. When applying for a construction permit, the project developer should first be familiar with the relevant instructions and the text of the contract for supervision services. After the project developer has agreed to the terms of the contract, the developer should then select a designated external construction supervision company. After the construction permit application is reviewed and approved, the project developer will receive a notification from the system or by text message. The project developer should download and print (in full color) a copy of the contract as directed by the system and affix the contract with their official seal. This printed contract should be provided to the construction supervision company during the first on-site inspection. This concludes the execution and delivery of the contract.

**5. During reviews by the district authority issuing the construction permit** for simple and low-risk construction projects where the project developer has engaged an external construction supervision company in accordance with the provisions of this Notice, such authorities shall guide and urge the signing of contracts for supervision services between the project developer and construction supervision company. All district authorities overseeing construction quality shall check if both parties have executed and delivered a contract for supervision services during the first on-site inspection.

## **6. Method of Payment**

6.1. After the first on-site project inspection, the construction supervision company may apply to get payment of 50% of the supervision fees. The construction

supervision company may apply to be paid the balance of the supervision fees after project completion acceptance.

6.2. When requesting payment, the construction supervision company shall first submit an application for payment to the project developer. The application shall state the current amount due. When payment is requested to be made for the first time, photocopies of the supervision contract and purchase of construction supervision services agreement should be submitted. When making the second request for payment, a copy of the project completion acceptance report should be submitted.

6.3. The project developer shall present comments or conclusions with a signature within 7 days of after receiving the payment application submitted by the construction supervision company and file the comments or conclusions with the district authority overseeing construction quality. A project developer that fails to present comments or conclusions with a signature within the stipulated time limit shall be deemed to have agreed to the application.

6.4. The district authority overseeing construction quality shall verify such applications within 5 working days. Upon such verification, the district authority should report its approval to the Municipal Housing and Urban-Rural Development Bureau, which shall then request that the Municipal Finance Bureau disburses payment in accordance with relevant procedures. The Municipal Housing and Urban-Rural Development Bureau shall be deemed to have fulfilled its payment obligations once such requests are forwarded to the Municipal Finance Bureau.

**7. The provisions of this Notice shall be implemented on a trial basis for 1 year**, effective from the date of issuance. These provisions may be revised during the trial period, or after the conclusion of the trial, as circumstances may require (in the event that there are no policy changes, the district housing and urban-rural development authorities shall apply for relevant budgetary allocations from the district finance authority from 2021 onwards).

The above are hereby notified.

Guangzhou Municipal Housing and Urban-Rural  
Development Bureau  
March 9, 2020