

Slashing infrastructure investment risk, global Coalition transform construction cost system

- New International Construction Measurement Standards (ICMS) launching today will revolutionise global industry by improving cost prediction in infrastructure projects
- Arup, Arcadis, Gardiner and Theobold, Faithful+Gould, Turner & Townsend and Gleeds are among leading organisations registering as ICMS “Partners” committing to its future use.

Hong Kong – 24 July 2017 – **RICS (Royal Institution of Chartered Surveyors) and HKIS (The Hong Kong Institute of Surveyors)** jointly announced a New International Construction Measurement Standards (ICMS) - A universal system that enables global comparison of construction project costs launches today.

Financing desperately-needed buildings and infrastructure including energy systems, railways, bridges, schools and hospitals can often be risky because infrastructure projects across the globe categorise and forecast the construction costs differently.

Until now, it has been almost impossible for governments and investors to compare construction costs like with like. It is hard for them to know if public infrastructure projects are good value and this can waste taxpayer money.

Tackling these problems head on, a group of influential sector players got together and formed the International Construction Measurement Standards (ICMS) Coalition during a meeting at the International Monetary Fund in June 2015.

Construction is a large contributor to national economies and to keep cities functioning, governments worldwide need to spend vast sums of public money on essential infrastructure. Inconsistent information causes poor cost prediction which impedes investment and can cause 9 out of 10 mega projects to run over budget.* Overall, close to \$78 trillion needs to be spent globally between 2014 and 2025** on infrastructure and the ICMS Coalition saw the need to de-risk these projects for public and private sector investors. The World Economic Forum has also called for professional collaboration to standardize cost definitions and classification.***

The new ICMS standard enables, for the first time, better comparison in order to improve investor confidence and attract more private sector funding. Arup, Arcadis, Gardiner and Theobold, Faithful+Gould, Turner & Townsend and Gleeds are among leading organisations who publically announce their support for ICMS by registering as ICMS “Partners” committing to its future use.

Download the new International Construction Measurement Standards:

www.icms-coalition.org

See Lian Ong, Chair of the ICMS Standards Setting Committee and Chair of Commission 10 (Construction Economics and Management) the International Federation of Surveyors, explains: “We are delighted to launch this new standard. With increasing levels of public private, cross-border financing and construction investment funds, it is vital to make sure costs can be assessed in a transparent way. The ICMS framework will improve ways of working and this collaborative project is an example of the global construction profession uniting to improve ways of working for the public interest. “

The new standard harmonises cost, classification and benchmarking definitions to enhance comparability and consistency of capital projects. A report by McKinsey Global Institute, [‘Reinventing Construction: A route to higher productivity’ \(Feb 2017\), finds](#) that the International Construction Measurement Standard ‘will help clarify the costs of projects.’

Different approaches to presenting construction costs can lead to inconsistent methodology which causes significant variations and spurious cost comparisons. In some countries, there are no standards at all creating barriers to FDI. The ICMS Coalition believes that financially constrained governments should be able to better understand information to make the right construction investment decisions and attract more private funding to help improve return on investment.

TT Cheung, Hong Kong, Chairman of the International Cost Engineering Council, : “ICMS will give us a platform that provides clarity and does away with uncertainty. Whether you are a user or service provider, this project is important.”

* Bent Flyvbjerg, is a Danish economic geographer. He is Professor of Major Programme Management at Oxford University’s Saïd Business School. He has estimated that 9 out of 10 mega projects (infrastructure developments over US\$ 1 billion) go over budget. <http://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/megaprojects-the-good-the-bad-and-the-better>. ‘Reference-class forecasting’ is cited as a solution for this issue. An alternative name for this is construction cost prediction and cost benchmarking which is central to the benefits of the new International Construction Measurement Standards which will help provide the right data in the right standardised form.

** Oxford Economics and PwC, research: <http://press.pwc.com/News-releases/infrastructure-spending-to-more-than-double-to-9-trillion-annually-by-2025/s/e4ea4334-fdfc-4504-9273-c2e545faeb8e>

*** ‘Shaping the Future of Construction’ report, World Economic Forum and Boston Consulting Group, page 40, February 2016: http://www3.weforum.org/docs/WEF_Shaping_the_Future_of_Construction_full_report_.pdf

Read what leading professionals from around the world have to say about ICMS.

- Simon Longstaffe, Regional Director, Faithful+Gould, UK, said: “The lack of a uniform approach can lead to confusion and the inability to compare schemes and assets within schemes on a like-for-like basis. ICMS achieves uniformity by standardising the high level presentation of costs on projects by providing global consistency in classifying, defining, analysing and presenting construction costs at a project, regional, state, national or international level.”
- Antonio Paparella, Construction Unit, European Commission: “ICMS will contribute towards governments having a common approach for investment for transnational projects.”
- Varughese Mathew, Global President of the Indian Institute of Quantity Surveyors: “The world has become a global village and professionals travel from one country to another. Companies also move from one country to another to take different jobs so it’s important for people involved in construction projects to have standards they are familiar with. In this respect, ICMS will be an excellent tool.”
- TT Cheung, Hong Kong, Chairman of the International Cost Engineering Council, : “ICMS will give us a platform that provides clarity and does away with uncertainty. Whether you are a user or service provider, this project is important.”
- Julie De La Cruz FRICS, Director, Arcadis, Chair and founder of the Philippines Institute of Certified Quantity Surveyors, Chair and founder of Philippine Institute of Built Environment (PIBE): “Arcadis operates in over 40 countries and we have projects in over 70 countries. In the Middle East alone we operate in five countries so you can imagine that we convert costs between different standards. ICMS as a universal standard approach will solve problems of inconsistency. It will help us deliver better value for money, consistency of approach and providing meaningful benchmark information.”
- Ken Creighton, UK, Chair of the ICMS Coalition and Director of Professional Standards at RICS: “It is the duty of professional bodies and associations to lead advances in standards which improve our ability to manage risk. As a new international standard ICMS provides an enabling framework which promises to inspire our profession and add direct value to the public.”

Notes to editors about the ICMS Coalition

- The ICMS Coalition is growing partnership of leading organisations from around the world, committed to producing and supporting consistent shared standards for construction costs.
- Starting with meetings at the International Monetary Fund in June 2015, the Coalition created an independent standards setting committee of 27 experts all committed to the vision of one set of international standards.
- See www.icms-coalition.org for more information

About RICS

Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to the markets we serve.

We accredit 125,000 professionals and any individual or firm registered with RICS is subject to our quality assurance. Their expertise covers property, asset valuation, real estate management; the development of infrastructure; and the management of natural resources, such as mining, farms and woodland. From environmental assessments and building controls to negotiating land rights in an emerging economy; if our members are involved the same professional standards and ethics apply.

We believe that standards underpin effective markets. With up to seventy per cent of the world's wealth bound up in land and real estate, our sector is vital to economic development, helping to support stable, sustainable investment and growth around the globe.

With offices covering the major political and financial centres of the world, our market presence means we are ideally placed to influence policy and embed professional standards. We work at a cross-governmental level, delivering international standards that will support a safe and vibrant marketplace in land, real estate, construction and infrastructure, for the benefit of all.

We are proud of our reputation and work hard to protect it, so clients who work with an RICS professional can have confidence in the quality and ethics of the services they receive.

About the Hong Kong Institute of Surveyors

Established in 1984, The Hong Kong Institute of Surveyors (HKIS) is the only surveying professional body incorporated by ordinance in Hong Kong. As of 29 May 2017, the number of members reached 9,552, of which 6,364 were corporate members, 78 were associate members and 3,110 were probationers and students. HKIS work includes setting standards for professional services and performance, establishing codes of ethics, determining requirements for admission as professional surveyors, and encouraging members to upgrade skills through continuing professional development.

HKIS has an important consultative role in government policy making and on issues affecting the profession. We have advised the government on issues such as unauthorised building works, building safety campaign, problems of property management, town planning and development strategies, construction quality and housing problems.

For more details, please refer to HKIS website: <http://www.hkis.org.hk>.

Facebook: <https://www.facebook.com/hkisofficial>

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