

立法會
Legislative Council

LC Paper No. CB(1)1808/04-05
(These minutes have been seen
by the Administration)

Ref : CB1/BC/1/04

Bills Committee on Construction Industry Council (No. 2) Bill

**Minutes of tenth meeting held on
Tuesday, 31 May 2005, at 2:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon KWONG Chi-kin (Chairman)
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon LEE Cheuk-yan
Hon CHAN Yuen-han, JP
Hon Howard YOUNG, SBS, JP
Hon LI Fung-ying, BBS, JP
Hon Alan LEONG Kah-kit, SC
Hon CHEUNG Hok-ming, SBS, JP
- Members absent** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, JP
Hon WONG Kwok-hing, MH
Hon Patrick LAU Sau-shing, SBS, JP
- Public officers attending** : Mr Clement CHEUNG
Deputy Secretary for the Environment, Transport and
Works (Works) 1
- Ms Agnes KWAN
Assistant Secretary for the Environment, Transport and
Works (Industry Review)
- Ms Frances HUI
Senior Government Counsel
Department of Justice

Ms Selina LAU
Government Counsel
Department of Justice

Clerk in attendance : Miss Odelia LEUNG
Chief Council Secretary (1)4

Staff in attendance : Miss Kitty CHENG
Assistant Legal Adviser 5

Ms Sarah YUEN
Senior Council Secretary (1)6

Action

I Confirmation of minutes

(LC Paper No. CB(1)1646/04-05 -- Minutes of meeting on
10 May 2005)

The minutes of the meeting held on 10 May 2005 were confirmed.

II Meeting with the Administration

(LC Paper No. CB(1)1638/04-05(01) -- List of follow-up actions
arising from discussion at the
meeting on 10 May 2005

LC Paper No. CB(1)1638/04-05(02) -- Administration's response to
the list of follow-up actions
arising from discussion at the
meeting on 10 May 2005

LC Paper No. CB(1)1456/04-05(03) -- Progress report on
implementation of
recommendations of the
Construction Industry Review
Committee

LC Paper No. CB(1)1456/04-05(04) -- Measures to monitor and
control payment of workers'
wages and multi-layer
subcontracting

LC Paper No. CB(1)1456/04-05(05) -- Letter dated 4 May 2005 from
the Administration providing
a consolidated list of
nominating organizations)

2. The Bills Committee deliberated (Index of proceedings attached at the

Appendix).

3. The Administration was requested to –
- (a) provide a paper to explain the contemplated meeting arrangements for the Construction Industry Council (CIC). As the Administration proposed to extend the same administrative arrangements currently implemented by the Construction Industry Training Authority (CITA) to CIC, the Administration was requested to provide the details of the administrative arrangements including the guidelines promulgated by CITA in this respect and the percentage of agenda items the discussion on which was open to the public in the past three years;
 - (b) provide a paper to set out the financial position of CITA. The paper should include the following information:
 - (i) a breakdown of the annual income of CITA over the past three years;
 - (ii) a breakdown of the expenditure of CITA over the past three years;
 - (iii) a breakdown of the projected annual income of CITA in the coming two to three years; and
 - (iv) a breakdown of the estimated annual expenditure of CITA in the coming two to three years; and
 - (c) a complete set of Committee Stage Amendments to facilitate clause-by-clause examination.

III Any other business

4. Members agreed to schedule the next two meetings of the Bills Committee as follows –

Eleventh meeting:

Date : 21 June 2005 (Tuesday)

Time : 2:30 pm - 4:30 pm

Twelfth meeting:

Date : 7 July 2005 (Thursday)

Time : 10:45 am - 12:45 pm

They also agreed to discuss the following at the eleventh meeting –

- (a) Meeting arrangement for CIC;
- (b) Finance for CITA and CIC; and
- (c) Clause-by-clause examination of the Bill.

5. The meeting ended at 3:45 pm.

Council Business Division 1
Legislative Council Secretariat
20 June 2005

**Proceedings of the tenth meeting of the
Bills Committee on Construction Industry Council (No. 2) Bill
on Tuesday, 31 May 2005, at 2:30 pm
in Conference Room A of the Legislative Council Building**

| Time marker | Speaker | Subject(s) | Action required |
|---|---|---|-----------------|
| 000000 – 000039 | Chairman | Confirmation of minutes of the meeting held on 10 May 2005 (LC Paper No. CB(1)1646/04-05) Opening remarks | |
| <u>Discussion on composition of Construction Industry Council</u> | | | |
| 000040 – 000555 | Chairman Administration | Briefing by the Administration on its letter dated 4 May 2005 providing a consolidated list of nominating organizations (LC Paper No. CB(1)1456/04-05(05)) | |
| 000556 – 001344 | Chairman Ms LI Fung-ying Administration | A member's query of the criteria for selecting nominating organizations for the category of "trade unions", namely that labour unions would need to be registered for a minimum period of four years and have a membership of not less than 100 construction workers (the membership size requirement) Administration's expression of the following points – (a) These criteria were proposed to strike a balance in selecting a manageable pool of representative nominating organizations for the category of "trade unions"; (b) The seven nominating organizations identified by applying these criteria covered as much as 95% of all construction workers represented by a total of 30 some registered trade unions. | |

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| | | <p>(c) If all trade unions with a registration history of four years or above were selected as nominating organizations regardless of their membership sizes, the number would be too unwieldy as to affect the operational efficiency.</p> <p>The member's emphasis on the need to ensure the list of nominating organizations could balance the interests of trade unions with divergent background</p> <p>Administration's explanation that in drawing up the list of nominating organizations, efforts were made to achieve balance of interests as well as consistency in the selection criteria for different categories</p> <p>Chairman's question on whether the number of Construction Industry Council (CIC) members from trade unions representing construction workers would be increased</p> <p>Administration's indication of its tentative thinking to increase the number of members representing construction workers on CIC by one or even more if practicable. The finalized changes together with other amendments relevant to the nominating and appointment mechanism would be presented to the BC at the clause-by-clause examination stage.</p> | <p>The Administration to take action under paragraph 3(c) of the minutes</p> |

| Time marker | Speaker | Subject(s) | Action required |
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| <u>Discussion on meeting arrangement of Construction Industry Council</u> | | | |
| 001345 – 002412 | Administration Ir Dr Raymond HO | <p>Briefing by the Administration on its initial thinking on the meeting arrangements of CIC (Item (1) of LC Paper No. CB(1)1638/04-05(02))</p> <p>Administration’s undertaking to provide a paper to explain the contemplated meeting arrangements for CIC, namely, that the same administrative arrangements currently implemented by the Construction Industry Training Authority (CITA) would be extended to CIC</p> <p>A member’s emphasis on the need for CIC to open up its Council meetings</p> <p>Administration’s explanation that the initial thinking was that all Council meetings of CIC would be opened up to enhance transparency of its operation, except for prescribed circumstances such as when sensitive information or personal data was involved</p> <p>The member’s view that the prescribed circumstances should be limited, and that CIC should not simply adopt CITA’s meeting arrangements because the two bodies served different purposes</p> <p>Administration’s undertaking to include in its paper details of CITA’s administrative arrangements for meetings including the guidelines it promulgated in this respect and the percentage of agenda items the discussion on which was open to the public in the past three years</p> | <p>The Administration to take action under paragraph 3(a) of the minutes</p> <p>The Administration to take action under paragraph 3(a) of the minutes</p> |
| <u>Discussion on finance for Construction Industry Training Authority and Construction Industry</u> | | | |

| Time marker | Speaker | Subject(s) | Action required |
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| <u>Council</u> | | | |
| 002413 –005617 | Chairman Miss CHAN Yuen-han Ms LI Fung-ying Administration | <p>Briefing by the Administration on its financial contribution to CITA in the past few years as well as the existing and projected financial position of CITA (Item (2) of LC Paper No. CB(1)1638/04-05(02))</p> <p>A member's query of the projected financial difficulties of CITA as well as the need for organizational changes to cope with the situation, including the introduction of a voluntary exit scheme, on grounds that many capital works projects were in the pipeline. She also expressed regrets that the voluntary exit scheme was mooted during scrutiny of the Bill</p> <p>Another member's request for further explanation of CITA's estimated operating deficit of \$38 million in 2005 and consecutive years thereafter, thus resulting in a potential depletion of its reserves</p> <p>Administration's expression of the following points –</p> <p>(a) It would take eighteen months to two years for the actual spendings in capital works projects to be initially reflected in the amount of construction levies collected because of the lead time required for implementation of such projects;</p> <p>(b) The impact of dwindling construction activities during the economic slowdown after 1997 would be gradually reflected in the amount of construction levies collected during these few years. If staff costs could not be reduced</p> | |

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| | | <p>to cope with the anticipated problem, CITA might face financial difficulties starting from 2005;</p> <p>(c) Notwithstanding the recent recovery of the property market, there might still be a need to rationalize the organizational structure of CITA given that two-thirds of its expenditure was made up by staffing costs; and</p> <p>(d) CITA has been seeking to ascertain the scale of financial deficits in the years ahead so as to provide a basis for deciding the timing, pace and manner of any necessary changes.</p> <p>The member's query of the high staff costs of CITA, and her request for details of the staffing and salary structure of CITA's senior management to ensure the establishment was appropriate. She considered such information necessary to enable the Bills Committee (BC) to ensure the financial sustainability of CITA after its amalgamation with CIC</p> <p>Administration's view that instead of deliberating on internal administrative issues of CITA such as staff salary structure, the BC might focus its attention on the overall financial projections.</p> <p>The member's expression of concern about how the BC could continue its scrutiny work pending resolution of the financial matters of CITA (Parts 3, 4 and 9 of the Bill)</p> | |
| 005618 –010912 | Chairman Mr LEE Cheuk-yan | A member's expression of the following views – | |

| Time marker | Speaker | Subject(s) | Action required |
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| | Miss CHAN Yuen-han Administration | <p>(a) Instead of assuming that CITA would need to introduce organizational changes, the Administration should size up its financial situation by making a scientific assessment of the number of capital works projects to be implemented and hence project different scenarios in terms of the amount of construction levies in the coming five years; and</p> <p>(b) Consideration might be given to deploying existing clerical staff of CITA to CIC so as to minimize the impact of the amalgamation on CITA's staff;</p> <p>Administration's expression of the following points –</p> <p>(a) While the financial projection for the worst possible scenario in which the value of construction operations remained at the lowest levels in 2005 onwards was already available, CITA had been striving to review the overall situation and explore the feasibility of improving its financial estimates in light of prevailing circumstances.</p> <p>(b) CIC would only be supported by a small secretariat comprising about five staff with a gross annual sum of remuneration amounting to around \$4 million. Such an establishment would be similar to the secretariat of the Real Estate Developers Association of Hong Kong who leveraged on the support offered by its member associations for carrying out</p> | |

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| | | <p>various major initiatives; and</p> <p>(c) Upon the completion of the amalgamation exercise between CIC and CITA, staff of the latter would probably be re-deployed to provide services common to both organizations or those taken over by the former.</p> <p>Members' query of the projected financial difficulties of CITA as well as the need for organizational changes to cope with the situation. The Chairman also highlighted claims that the management of CITA was deliberately turning away students to justify the contemplated organizational changes, and expressed concern about CITA's other costs which were high in terms of percentage</p> <p>Administration's emphasis on the need to address the projected financial deficits of CITA so as to ensure its financial sustainability before and after the proposed amalgamation exercise.</p> <p>Administration's undertaking to provide more details of the financial position of CITA</p> | <p>The Administration to take action under paragraph 3(b) of the minutes</p> |
| 010913 – 011658 | <p>Chairman Miss CHAN Yuen-han Ir Dr Raymond HO Ms LI Fung-ying Mr LEE Cheuk-yan Administration</p> | Meeting arrangements | |

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20 June 2005