

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2160/04-05  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/1/04/2

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

**Minutes of twelfth meeting held on  
Thursday, 14 July 2005, at 4:30 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 Howard YOUNG, SBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Andrew CHENG Kar-foo  
Hon LI Fung-ying, BBS, JP  
Hon WONG Kwok-hing, MH  
Hon Alan LEONG Kah-kit, SC  
Hon Patrick LAU Sau-shing, SBS, JP
- Members absent** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon CHAN Yuen-han, JP  
Hon Abraham SHEK Lai-him, JP  
Hon CHEUNG Hok-ming, 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

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Action

**I Confirmation of minutes**  
(LC Paper No. CB(1)2025/04-05 -- Minutes of meeting on 21 June 2005)

The minutes of the meeting held on 21 June 2005 were confirmed.

**II Meeting with the Administration**  
(LC Paper No. CB(1)2024/04-05(01) -- List of follow-up actions arising from discussion at the meeting on 21 June 2005  
LC Paper No. CB(1)2024/04-05(02) -- Administration's response to the list of follow-up actions arising from discussion at the meeting on 21 June 2005  
LC Paper No. CB(1)2024/04-05(03) -- Letter dated 8 July 2005 from the Administration providing information on the financial position of the Construction Industry Training Authority)

2. Mr Patrick LAU Sau-shing declared interests as member of the Construction Industry Training Authority.

3. The Bills Committee deliberated (Index of proceedings attached at the **Appendix**).

4. The Administration was requested to provide –

- (a) a breakdown of the value of construction works by the public and private sectors from 2002 to 2004 and the estimated value from 2005 to 2010. The Administration was requested to specify the value of construction works undertaken by the Hong Kong Housing Authority during the relevant period;
- (b) a breakdown of the levy income from public and private construction works from 2002 to 2004 and the estimated value from 2005 to 2010;
- (c) the salary structure of Construction Industry Training Authority; and
- (d) a written reply to the letter from Hon CHEUNG Man-kwong dated 11 July 2005.

### **III Any other business**

5. Members noted that the thirteenth meeting of the Bills Committee had been scheduled for Wednesday, 20 July 2005, from 2:30 pm to 6:30 pm. They agreed to discuss the following at the meeting –

- (a) The way forward; and
- (b) Meeting arrangements for the Construction Industry Council.

*(Post-meeting note: With the concurrence of the Chairman, the ending time of the thirteenth meeting was revised to 4:30 pm.)*

6. The meeting ended at 6:30 pm.

**Proceedings of the twelfth meeting of the  
Bills Committee on Construction Industry Council (No. 2) Bill  
on Thursday, 14 July 2005, at 4:30 pm  
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 – 000039	Chairman	Opening remarks  Confirmation of minutes of the meeting held on 21 June 2005 (LC Paper No. CB(1)2025/04-05)	
Discussion on meeting arrangements for Construction Industry Council			
000040 – 000618	Chairman Ms Emily LAU Administration	Administration's report on the progress of its preparation of information on meeting arrangements for Construction Industry Council (CIC)  A member's call upon the Administration to respond early to some members' request to clearly provide in law that meetings of CIC be open to the public except under certain specified circumstances  Administration's undertaking to submit a proposal to the Bills Committee (BC) as early as practicable.	
Discussion on finance for Construction Industry Training Authority and Construction Industry Council			
000619 – 002125	Chairman Ms LI Fung-ying Administration	Reference to the letter from Hon CHEUNG Man-kwong referring to the BC concerns of the staff association of the Construction Industry Training Authority (CITA) about redundancy and reduction of classes (LC Paper No. CB(1)2038/04-05)  Briefing by the Administration on its	

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
		<p>letter dated 8 July 2005 providing information on the financial position of CITA (LC Paper No. CB(1)2024/04-05(03))</p> <p>Administration's expression of the following –</p> <ul style="list-style-type: none"><li>- CITA was contemplating various ways to cut costs as well as increase incomes;</li><li>- an early introduction of a voluntary exit scheme (the exit scheme) for its staff was advocated;</li><li>- options other than the exit scheme could also be explored, including offering fixed-term employment contracts to CITA staff with proper compensation as proposed by a member; and</li><li>- CITA's staff should be provided with development opportunities in keeping with the changing aspirations of the industry and the current education reform.</li></ul> <p>Administration's advice in response to the Chairman that detailed arrangements of any measures, if adopted, including whether the said compensation would be provided before or after signing of new employment contracts, would be worked out by CITA in due course</p> <p>The member's clarification that her proposal was that the Administration should make reference to the Sports Development Board when dealing with staff matters upon CITA's transition to CIC, namely, that there should be a guarantee of no layoff within a certain period of time</p>	

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002126 – 004522	Chairman Mr LEE Cheuk-yan Administration	<p>A member’s query of –</p> <ul style="list-style-type: none"> <li>- whether the annual value of public works could, as the Government promised, reach \$29 billion and if so, whether the figure had been incorporated in the different scenarios in projecting the financial position of CITA from 2005 to 2010 (Annex B to LC Paper No. CB(1)2024/04-05(03));</li> <li>- the rationale behind projecting that CITA would be downsized by 15% through non-renewal of contract for 30 employees and an exit scheme introduced for eligible staff (scenarios 2(A) and 2(B)), and by 30% through an exit scheme introduced for eligible staff (scenarios 3(A) and 3(B));</li> <li>- why with the Disney and West Rail projects under way, CITA’s levy income during the past few years was so small; and</li> <li>- whether CITA management had any targetted posts or ranks in the exit scheme.</li> </ul> <p>The member’s request for a breakdown of the value of construction works by the public and private sectors from 2002 to 2004 and the estimated value from 2005 to 2010, in particular the value of construction works undertaken by the Hong Kong Housing Authority during the relevant period</p> <p>Administration’s expression of the following points –</p>	<p>The Administration to take action under paragraph 4(a) of the minutes</p>

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
		<p>(a) The expenditures on public works projects and sum of levy collected under the Industry Training (Construction Industry) Ordinance (Cap. 317) were available for public consumption;</p> <p>(b) The value of construction works commenced per annum had decreased drastically ever since 2000. However, the effect would not show in the levy income until two to three years later;</p> <p>(c) The target of spending around \$29 billion annually on public works projects was a yearly average. While this year's expenditure might be at a lower level because of the near completion of some major works, the actual expenses had all along exceeded \$29 billion in the past five years. Meanwhile, efforts were being made to expedite scheduled works and commission new projects by the Administration;</p> <p>(d) Some of the scenarios were made with an assumption that the value of construction works commencing each year would rise to \$45 billion in light of the prevailing economic surge and an expanded scope of construction activities covering electrical and mechanical works;</p> <p>(e) Which scenario would actualize would hinge on CITA staff's response to the exit scheme. If it was unsatisfactory, other options would be explored;</p>	

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		<p>(f) Downsizing of CITA by 15% could be achieved partly by non-renewal of contract for certain fixed-term staff;</p> <p>(g) The scenario of downsizing of CITA by 30% was presented to show the effect of such an initiative on CITA's operating results. This did not mean the approach would be pursued; and</p> <p>(h) Apart from introducing an exit scheme so as to reduce the staff costs, CITA should also adjust its business planning in response to the changing needs of the construction industry. Pending this, the organizational structure required to fulfill its functions could not be ascertained.</p>	
004523 – 005809	Ms LI Fung-ying Administration	<p>A member's expression of the following views –</p> <p>(a) CITA management seemed to be deliberately reducing classes to justify downsizing. She considered this unfair and urged the Administration to monitor CITA more closely and intervene where necessary; and</p> <p>(b) The Administration should ensure CITA would not cut its junior staff only while those at the senior level could all remain without any pay cut, especially as staff cost of the latter was much higher than the former. Hence the need to provide the salary structure of CITA.</p> <p>Administration's expression of the following points –</p>	<p>The Administration to take action under paragraph 4(c) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
		<p>(a) The Administration had been offering much advice to CITA on endeavours to reduce its operational costs, whose envisaged impact was already reflected in the financial scenarios presented to the BC. However, since staff costs made up around 70% of CITA's recurrent expenditure, downsizing was inevitable and, should this still fail to balance CITA's books, CITA management should explore additional measures with its staff;</p> <p>(b) Since the establishment of CITA's junior staff was inevitably larger than the senior staff, the number of junior staff to be affected by downsizing would inevitably be greater;</p> <p>(c) Instead of targeting at a specific level of staff when pursuing downsizing, CITA should give careful thoughts to the organizational structure it required to enhance the quality of performance and the need to maintain a harmonious employment relationship;</p> <p>(d) The Administration had been keeping a close watch over CITA's student intake and was assured of a vigorous enrolment exercise during the summer holidays, particularly when the results of the Hong Kong Certificate of Education Examination (HKCEE) were available. Moreover, since the exit scheme was intended to be a voluntary measure, class reduction would serve little</p>	

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		<p>purpose in facilitating downsizing; and</p> <p>(e) The Administration would continue to provide active assistance to CITA through its representatives sitting on CITA board.</p>	
005810 – 011154	Chairman Ms Emily LAU Administration	<p>A member's expression of the following views –</p> <p>(a) The outstanding works projects of the two former municipal councils should be expedited to increase the value of public works;</p> <p>(b) It was undesirable that the Administration should have no idea which of the scenarios presented would materialize; and</p> <p>(c) There was a need to ascertain whether two-thirds of CITA's classes would be cut.</p> <p>Administration expression of the following points –</p> <p>(a) The scenarios presented were projections provided at members' request. Among the variables based on which different sets of figures were arrived at, response to the exit scheme was of utmost importance and hence would be ascertained as early as possible for reporting to the BC after its summer recess;</p> <p>(b) As understood from CITA, class reduction for 2005-06 was projected to be around 17% as compared with the actual number of trainees in current year and</p>	

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		<p>would be subject to enrolments received largely in July and August. For instance, the reduction of classes catered for Form 5 school leavers would not be firmed up before the results of HKCEE were available; and</p> <p>(c) A written reply to Hon CHEUNG Man-kwong's letter would be provided.</p> <p>Discussion on the need to invite CITA board to attend a meeting of the BC</p> <p>The Chairman's view that the most important thing was that the Administration had undertaken to ensure the exit scheme would be voluntary</p>	<p>Administration to take action under paragraph 4(d) of the minutes</p>
011155 –014701	<p>Chairman Mr WONG Kwok-hing Mr Patrick LAU Administration</p>	<p>A member's expression of the following views –</p> <p>(a) Staff cuts at CITA should be directed at its senior staff only;</p> <p>(b) CITA's management might be abusing their power at the expense of CITA staff and the development of the construction industry. Those involved should be held responsible;</p> <p>(c) The continued employment of CITA staff after enactment of the Bill should be guaranteed;</p> <p>(d) CITA should increase instead of reduce classes to help lower the unemployment rate;</p> <p>(e) It was questionable whether CITA's financial position really</p>	

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		<p>called for downsizing, especially as from 2002 to 2004, the accumulated reserves had risen by \$34.9 million notwithstanding a reduction of income accrued from construction levy and training/trade testing by 14% and 41% respectively. CITA management might have provided misleading information to the BC (Annex A to LC Paper No. CB(1)2024/04-05(03)); and</p> <p>(f) The projections of construction activities and hence levy income and training demand in the coming years should be more optimistic than those presented in the scenarios (Annex B to LC Paper No. CB(1)2024/04-05(03)).</p> <p>Administration’s expression of the following points –</p> <p>(a) The increase in the accumulated reserves of CITA had been achieved as a result of conscious efforts to cut down on operating costs by some 20% from 2002 to 2004;</p> <p>(b) CITA had to get prepared for a gradual deterioration of its financial position up to 2010 resulting from the delayed effect of dwindling construction activities ;</p> <p>(c) Nonetheless, there might be a case to project that in line with the general market situation, construction activities would adjust upwards in the next few years;</p>	

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		<p>(d) Efforts were being made to maximize CITA's student intake and hence income from training programmes;</p> <p>(e) Levy income and training need had been on the decrease because of the economic slowdown as well as the changing practices of the industry, such as the use of prefabricated building materials. Even with efforts to expedite public works projects, it was unlikely that CITA would have as many classes as it had offered in the peak years;</p> <p>(f) Since CITA's levy income came from the industry, the industry should have a say on CITA's operating expenditures including its staff costs and the employment terms;</p> <p>(g) A breakdown of the levy income from public and private construction works from 2002 to 2004 and the estimated value from 2005 to 2010 could be provided;</p> <p>(h) The Administration had already offered much assistance to facilitate effective exchanges between the management and staff sides of CITA, aiming to help dispel the misconception arising from inadequate communication; and</p> <p>(i) CITA's board members were nominated by prominent industry stakeholders and appointed by Government. Stability was considered of significant importance given the proposed</p>	<p>Administration to take action under paragraph 4(b) of the minutes</p>

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		<p>amalgamation between CITA and CIC.</p> <p>The member's view that the use of prefabricated building materials should be minimized to improve the unemployment rate. He also opined that this should not lead to reduction in levy because the latter was calculated on the basis of works value</p> <p>Another member's expression of the following views –</p> <p>(a) While there were some management problems in CITA, it might be a misunderstanding that there was abuse of power. Moreover, CITA management were already improving their performance; and</p> <p>(b) There was a certain extent of consensus in CITA on rationalizing staff costs to improve CITA's financial position, which according to the scenarios presented was not too bad if proper measures were taken to improve it.</p> <p>Administration's emphasis that many efforts had been put into preparing the figures presented in the scenarios to ensure they were reflective of the real situation, which was neither too optimistic nor pessimistic as explained in the earlier part of the meeting</p> <p>Discussion on whether CITA management should be invited to attend a meeting of the BC</p>	
014702 – 015151	Chairman Mr Patrick LAU Ms Emily LAU	The Chairman's indication of acceptance of the projections in the scenarios, and his view that the BC	

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	<p>Mr LEE Cheuk-yan Ms LI Fung-ying Mr WONG Kwok-hing Administration</p>	<p>should have confidence in proceeding with scrutiny of the Bill given that CITA's financial position was sound, and that the Administration had already promised that the exit scheme would be voluntary</p> <p>A member's call to expedite scrutiny of the Bill</p> <p>Another member's question on whether the contemplated downsizing should be implemented before or after CITA's transition to CIC</p> <p>Continued discussion on whether CITA management should be invited to attend a meeting of the BC</p> <p>Some members' view that scrutiny of the Bill should not complete pending consensus on the proposed course of action and satisfactory resolution of CITA's staff matters (clause 82)</p>	
015152 – 015319	Chairman	Meeting arrangements	