

23 December 2004

Clerk to Bills Committee
Legislative Council Secretariat
3/F Citibank Tower
3 Garden Road
Hong Kong

Attn: Ms Sarah Yuen

Dear Ms Yuen,

Re: Construction Industry Council (No. 2) Bill

Thank you for inviting our Institute to present our views on the above Bill on 9 December 2004.

We are pleased to summarize our views in writing for consideration by the Bills Committee.

1. General

1.1 We support the setting up of the **Construction Industry Council (“CIC”)** to move forward the various recommendations of the Hon. Henry Tang in the Report of the Construction Industry Review Committee (“CIRC”) and to take charge of the long term strategic issues of the construction industry.

2. Function of the CIC (Clause 5 of the Bill)

2.1 At present, policy and implementation issues affecting the construction industry are co-ordinated by the Environment, Transport and Works Bureau (“ETWB”). To ensure effective operation of the CIC and achievement of its objectives, it is important for the strategic framework governing the relationship between CIC and ETWB to be spelt out in the Bill. In particular, how and to what extent will CIC’s duties / objectives interact with the matters / targets identified in the Hon Tang’s CIRC Report?

2.2 In Section 29 of the Bill, it is stipulated that CIC shall submit annual reports to the Secretary for ETWB and the Legislative Council. However the scope of report appears to be limited. Instead of being confined to “activities of CIC during that year in respect of matters falling within the scope of CIC’s function” we would propose that it should be expanded to cover more long term aspects such as CIC’s strategic plans

and target achievements. The ETWB should assume a monitoring role to ensure the target and objectives as identified be met.

3. Composition of Council (Clause 9)

- 3.1 To ensure effective functioning, CIC must be accepted by the industry and general public as an organization properly reflecting interests of all stakeholders. It is essential that its members command a firm and wide base of representation. We opine that there is room for increasing the number of Councillors in CIC to allow wider representation from the industry to achieve the aims of self-regulation of the market.
- 3.2 We **do not support** the proposal in Section 9(3) of the Bill for members representing contractors, professionals or consultants to be “**appointed by the Secretary for ETWB on individual basis**”. We consider it far more effective for the membership in this regard to be “nominated by the respective associations and professional institutions and appointed by the Secretary for ETWB”. Professional institutions have a long history of establishment in Hong Kong and they have a steady and very substantial number of membership. They are widely represented in various government consultation bodies. Members drawn from these institutions are better placed to contribute to the CIC than members who are appointed in their personal capacity. They enjoy the benefit of established channels of communication / consultation with their fellow members. They also have the privilege of accessing some useful information under discussion by other consultation bodies via their councils. Such information, properly co-ordinated, will assist the nominated members to better reflect the views and demands of their fellow members with the support of their respective councils. More importantly, because of their representation base, the professional institutions can monitor their performance and as a result they will be able to help promote and gain acceptance of CIC’s policy and services.
- 3.3 Nomination through professional institutions will ensure members so nominated to report back to their respective councils to enjoy the benefit as state above. On the contrary, institutions will have difficulties in obligating individual members to communicate and report back to their councils. Given the associations’ willingness to contribute to a better practice of the construction industry, such nomination should not be seen as a threat to the functioning of the Council. Quite to the contrary, only through proper representation will the Council be able to ensure transparency, which is of overriding importance in Hong Kong today.

4. Construction Industry Training Board (Clause 31)

- 4.1 We have no particular comments on the proposed re-constitution of CITA into CITB. We support a more co-ordinated approach in educational and training issues. However we would like to see more elaborated goals and

objectives being declared and enshrined in CIC's legal framework. HKIS has created a technical grade membership in 2004. We would like to work closer with the new CITB for training of appropriate technicians who eventually could become qualified professionals some days and governed by the professional code of conduct of our institute.

- 4.2 It is not clear from the wording of the Bill how, and to what extent, the assets and liabilities of the CITA, after the re-constitution, will remain to be used to fund education and training. Alternatively, how much of CITA's funding will be directed to other objectives and new initiatives of CIC? It is also not clear if CITA could receive fees from other organization such as the Construction Workers Registration Authority.

5. Levy (Clauses 34, 35 and 54)

- 5.1 The minimum amount attracting levy (\$1.0M as defined in Schedule 4) seems to be on the low side. In addition, for projects where no AP is appointed (see for example Section 68) a lay employer may not have the knowledge and expertise to file the necessary returns. A plan should be in place for properly informing and educating the public before the Bill is enacted.
- 5.2 The only source of funds to support the operation of CIC is from levy. Given the current state of the construction industry, a careful estimate of the likely levies to be received is important to ensure that there are sufficient resources to support the proper functioning of the Council. It is noted that levy is also the primary source of fund for the newly set up Construction Workers Registration Authority.

We trust that our views will be taken into account when the Bills Committee meets again in the future. We would be happy to offer further views should the Committee find appropriate.

Yours sincerely,

T.T. Cheung
President (2004-05)

c.c. Hon. Patrick S S Lau, Legco Member (ASP)