

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

**Administration Responses to Follow-up Actions  
Arising from Discussions at the 9<sup>th</sup> Meeting held on 10 May 2005**

<b>Item</b>	<b>Follow-up Actions</b>	<b>Administration Responses</b>
(1)	To propose a mechanism for opening up future meetings of the Construction Industry Council (CIC).	After taking stock of practices adopted by different statutory bodies and consulting with the Provisional Construction Industry Co-ordination Board, we concluded that the same administrative arrangements as those implemented by the Construction Industry Training Authority (CITA) <sup>Note 1</sup> since 1997 should be extended to apply on the future meetings of CIC. These arrangements not only allow flexibility to cope with changing circumstances, but have also been generally accepted by the industry.
(2)	To provide information on the financial contribution made by the Government to CITA in the past few years as well as the existing and projected financial position of CITA.	<p>Since 2000/01, the Government has already contributed \$450 million in terms of levy imposed on capital works/public housing projects, constituting about 40% of the total sum collected by CITA during this period. Such a figure is conservative given that it does not cover construction projects carried out by the two railway corporations and the Airport Authority.</p> <p>For 2004, CITA has turned out an operating surplus of \$12.5 million, bringing up its accumulated reserves to \$230.5 million.</p>

Note 1 A set of detailed guidelines promulgated by CITA stipulates that all meetings held by the main board should be publicized and open to the public along specific procedures, except the deliberations on financial/staffing issues or decisions/recommendations relating to the assessment and collection of construction levies. Meanwhile, discussion papers and minutes of the open sessions are available for public consumption.

		<p>As there is some lead time for the impact of dwindling construction activities to kick in, CITA has budgeted for an operating deficit of \$38 million in 2005 and consecutive years thereafter, thus resulting in a potential depletion of the reserves.</p> <p>In order to tackle this problem, CITA is contemplating various measures including the introduction of a voluntary staff exit scheme and a review of course structures. We will also render active assistance to enhance the efficiency of levy collection and ensure that an early assessment could be made by CIC upon its formation on whether there is a justifiable case to adjust the current rate of levy.</p>
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