

**Bills Committee on Construction Workers Registration  
(Amendment) Bill 2014**

**Administration's response to  
follow-up actions arising from the meeting on 20 October 2014**

This paper sets out the Administration's response to issues raised by Members at the Bills Committee meeting on 20 October 2014 regarding the use of levies and registration fees collected under the Construction Workers Registration Ordinance (Cap 583)(CWRO).

**Use of levies and registration fees under CWRO**

2. The CWRO was enacted in July 2004. The Construction Workers Registration Authority (CWRA) was then set up in September 2004 to administer the CWRO and it started the registration of construction workers in December 2005. The current registration fee under CWRO was set at \$100 for 3 years (or \$50 for workers possessing qualifications under other relevant ordinances) since the commencement of workers registration in 2005 and the fee has been maintained at the same level since then. In setting the registration fee, CWRA had taken into account (i) the levy collected under CWRO; (ii) the burden of construction workers in paying the registration/renewal fees; and (iii) views of the industry stakeholders.

3. In 2012, we put forward and the Legislative Council (LegCo) passed the Construction Industry Legislation (Miscellaneous Amendments) Ordinance 2012, which amalgamated the CWRA and the Construction Industry Council (CIC) with a view to setting up a single statutory body for the construction industry to take up training of construction personnel, workers registration and other self-regulatory regimes. As stated in the LegCo Brief<sup>1</sup> for the Construction Industry Legislation (Miscellaneous Amendments) Bill 2012, the proposed organizational streamlining can improve the operational efficiency of CIC and the construction workers registration system in the following aspects –

- (a) single statutory body for the construction industry
- (b) consistent policy and priority setting for the industry
- (c) enhancement of administrative and operational efficiency

<sup>1</sup> The LegCo Brief ref. DEVB(CR)W1-10/31 refers.

- (d) elimination of ambiguity in demarcation of responsibilities
- (e) more effective deployment of resources and sharing of information (i.e. according to Annex B of the LegCo brief, resources and information of the two statutory bodies can be more effectively deployed/shared after they are brought under one management structure)

The amalgamation took effect on 1 January 2013<sup>2</sup>. Under the Construction Industry Council Ordinance (Cap 587) (CICO), CIC is to submit report of activities, statement of accounts and auditor's report to the Secretary for Development annually, who will table these documents to LegCo.

#### Financial situation of workers registration

4. The financial situation of CWRA between financial years 2005/06 and end 2012 (i.e. before amalgamation) and that of CIC in respect of workers registration in 2013 (i.e. following amalgamation) is set out at **Annex A**. Throughout the period, the registration fees have all along been insufficient to cover the expenditures for workers registration. Hence, there is no question of diverting registration fees collected to cover expenses other than registration. The shortfalls are met by levies collected and other incomes. Even taking these into account, there have been deficits for the registration accounts for the years 2005/06 to 2007/08. It is also worthy to note that levies collected fluctuate with the construction output of the year. According to CIC, it is forecast that the shortfall cannot be fully met by the levies collected and other income under CWRO over the coming few years.

#### Reduction in forecast income from workers registration

5. Under the Construction Workers Registration (Amendment) Bill 2014 (the Bill) (under scrutiny), validity period of workers registration will be extended from 3 years to 5 years. Hence, it is anticipated that future incomes from registration will be reduced by a substantive portion.

---

<sup>2</sup> Upon amalgamation, the CWRA was dissolved and a new Construction Workers Registration Board was formed under the CIC to perform the registration function under CWRO.

## Increase in forecast expenditure for workers registration

6. Since 2013, CIC has put in place a number of measures to enhance its workers registration services, such as providing an additional office with registration service at a convenient location at Nam Cheong MTR station, upgrading its computer system for registration to streamline and expedite the registration process<sup>3</sup> and enhance the functions of the registration card<sup>4</sup> to facilitate construction workers. Such measures are well received by construction workers and industry stakeholders (including labour unions).

7. Apart from the above enhancements to the registration services already implemented, it is anticipated by CIC that additional expenses in relation to the implementation of the remaining phase of Prohibition (i.e. designated workers for designated trades) would be incurred in the following aspects –

- (a) further promotional and publicity activities to raise awareness among construction workers on the new registration requirements;
- (b) senior workers registration arrangement (including verifying workers' experience, conducting assessments and processing applications); and
- (c) inspections and enforcement.

8. From the above analysis, registration fees collected under CWRO have not been used for purposes other than registration over the past years. This is also unlikely in the years to come. Nonetheless, the view of some Members that the registration fees so collected should be used for the workers registration services only is noted and has been conveyed to CIC for reference.

9. The functions of CIC, including, among others, to establish and administer registration schemes and other functions under CWRO,

---

<sup>3</sup> Upon the commission of the new computer system, the time for issuing a registration card will be reduced from 7-day following application of registration to within the same day of application.

<sup>4</sup> For instance, the registration card can store the qualifications obtained under other relevant ordinances to reduce the number of cards a worker needs to carry while at work.

provision of training courses to construction personnel, are set out under sections 5 and 6 of the CICO, while levies are collected by CIC under section 21 of CICO and section 27 of CWRO respectively. To make it beyond doubt, we consider it necessary and appropriate to introduce the relevant provisions (i.e. new section 28A under CWRO and the consequential amendment to section 21 of CICO) under the Bill to make it clear that CIC can make use of levies collected under the CWRO at its discretion in allocating funds to its activities.

### **Information requested by Members regarding CIC**

10. In respect of the relevant information regarding CIC as stated in paper CB(1)160/14-15(01), we would like to respond to the specific questions as follows –

- (a) The registration fees are collected by the Registrar when workers submit applications for registration under CWRO. The registration fees collected will become part of CIC's income for use in its activities pursuant to section 21 of CICO.
- (b) When determining the level of registration fees, CIC will take into account (i) the levy collected under CWRO; (ii) the burden of construction workers in paying the registration/renewal fees; and (iii) views of the industry stakeholders.
- (c) CIC advised that they are not facing practical constraints in the use of the income (including levy and registration fees) collected under CWRO, while noting that registration fees so collected have all along and continue to be deployed for registration purposes.
- (d) The major source of CIC's income is the levies collected under the CICO and CWRO, accounting to about 85% of its total income in 2013 as shown in the Financial Statements in the CIC's Annual Report for 2013 tabled at the LegCo sitting held on 2 July 2014 (Other Paper No. 115). As confirmed by CIC, there will be no change to the sources of income after the enactment of the Bill.
- (e) According to Financial Statements in CIC's Annual Report for 2013, the total expenditure of CIC in year 2013 is about \$549 million, with breakdowns as follows –

	<b>Expenditure item</b>	<b>Cost (million)</b>
1.	Staff costs	\$264
2.	Training expenses	\$133
3.	General and administrative expenses	\$65
4.	Advertising and publicity expenses	\$26
5.	Other expenditure	\$61
	<b>Total</b>	<b>\$549<sup>5</sup></b>

- (f) The Construction Workers Registration Board (CWRB) and Construction Industry Training Board (CITB) are established under CIC to closely monitor its activities in relation to workers registration as well as training and trade testing respectively and to approve the budgets for these activities. Both boards, as well as CIC, comprise members from labour unions and trade associations. CIC will oversee and endorse the activities and budgets of both CWRB and CITB to ensure effective use of its incomes generated from registration fees.

**Development Bureau  
October 2014**

---

<sup>5</sup> There is no separate account for the workers registration services in the Financial Statements of the CIC's Annual Report. The relevant figures and particulars are set out at Annex A.

**Financial Situation of CWRA and CIC in respect of workers registration**

**Annex A**

	CWRA								CIC (in respect of workers registration)
	2005/06 HK\$'000	2006/07 HK\$'000	2007/08 HK\$'000	2008/09 HK\$'000	2009/10 HK\$'000	2010/11 HK\$'000	2011/12 HK\$'000	4/2012 to 31/12/12 HK\$'000	2013 HK\$'000
Registration fee income	30	2,474	5,250	7,175	7,754	7,952	8,366	6,617	9,451
Expenditure for workers registration	9,172	19,352	24,505	24,283	27,385	27,243	27,532	30,247	32,984
<b>Balance</b>	(9,142)	(16,878)	(19,255)	(17,108)	(19,631)	(19,291)	(19,166)	(23,630)	(23,533)
Levy income	1,147	5,880	11,858	15,306	17,693	21,538	28,642	27,971	45,700
Other income*	976	2,266	3,499	3,018	2,618	2,402	1,772	945	877
<b>Sub-total of levy and other income</b>	2,123	8,146	15,357	18,324	20,311	23,940	30,414	28,916	46,577
<b>Grand total</b>	<b>(7,019)</b>	<b>(8,732)</b>	<b>(3,898)</b>	<b>1,216</b>	<b>680</b>	<b>4,649</b>	<b>11,248</b>	<b>5,286</b>	<b>23,044</b>

\* Including the start-up grants from the Government and bank interest, etc.