

Issues in Connection with the Establishment of the Construction Industry Council

- (a) Office Accommodation for CIC
- (b) Funding Arrangements for Establishing CIC
- (c) Amalgamation of CIC and the Construction Industry Training Authority

(a) Office Accommodation for the Construction Industry Council

Chapter 1 – Previous Discussions by
PCICB

Chapter 2 – Way Forward

Chapter 1 - Previous Discussions

- In regard to the office accommodation of CIC, PCICB had looked into the alternatives of using the town centre of CITA in Sheung Wan, other training centres of CITA, commercial offices available in the market, and premises of other industry bodies.
- Both on financial and PR grounds, PCICB saw the merits of utilizing CITA's own properties rather than using commercial premises or premises of other industry bodies.

Previous Discussions (cont'd)

- PCICB had then assessed the pros and cons of using CITA's Town Centre in Sheung Wan, Aberdeen Training Centre and Kowloon Bay Training Centre.
- Since most of the key staff of CITA (including its Executive Director) are currently working in the Aberdeen Centre, it can be the “home base” for the operational wing of CIC, i.e. the team led by the future Director (Trade Testing, Training and Levy). This will minimize the disruption to serving staff of CITA.

Previous Discussions (cont'd)

- The Kowloon Bay Training Centre (KBTC) appeared to be a good choice as the meeting venue of CIC and the office of other staff including the new ED.
- A site visit to CITA's KBTC was conducted on 21 Dec 2006 to enable PCICB members to have a better understanding of this alternative before arriving at any recommendation to CIC.

Previous Discussions (cont'd)

- After the site visit to the KBTC, PCICB had the following observations:
 - The KBTC is an old building for conducting construction-related training and the existing facilities are not suitable for conference or office use. Extensive fitting-out will be required to convert it as office accommodation.
 - The cost of fitting-out would range from \$500 to \$1,000 per sq. ft., totaling about \$8 million on average for the recommended space of about 10,000 sq. ft.

Previous Discussions (cont'd)

- In the light of the significant cost involved, PCICB was concerned about the “permanency” of the facilities, since significant changes in future would render the fitting-out cost not well spent.
- As advised by some PCICB members, the rental in non-prime areas is around \$20 per sq. ft. per month. The rental cost for an office of the same size will be about \$2.4 million per year. In other words, from another angle, the fitting-out cost of \$8 million will be recovered in around 3.5 years.

Previous Discussions (cont'd)

- After consideration, it has been agreed that it will be more prudent to have more detailed and focused discussion by CIC after its formation.
- Before new office accommodation is available
 - CIC is welcome to use the conference facilities in ETWB on a temporary basis
 - Staff to be transferred from CITA can continue to be housed in their existing offices

Previous Discussions (cont'd)

- The only minor problem is accommodation for the new ED, who may arrive in autumn 2007, and a few supporting staff.
- CITA will be able to find suitable accommodation in the Town Centre in Sheung Wan as temporary accommodation. The implications on the service to public will however need to be assessed.

Chapter 2 –Way Forward

- We recommend the issue to be considered by the Committee on Administration and Finance upon its setting up.

ADVICE PLEASE

(b) Funding Arrangements for Establishing the Construction Industry Council

Chapter 1 – Background

Chapter 2 – Advice Sought

Chapter 3 – Way Forward

Chapter 1 - Background

- According to S.20 of CIC Ordinance, “... *the Secretary (SETW) may... request the CITA to provide such funds as are necessary to meet expenses reasonably incurred by the Council (CIC).*”
- Liaison has been established with CITA regarding the transfer of funds from CITA to CIC.

Chapter 2 - Advice Sought

- CIC's endorsement is sought on the following:
 - 1) The first sum of funds required by CIC*

*Estimated First Sum of Funds Required (for the first phase)

	Item	Amount
1	Hiring Search Agency for recruiting Executive Director for CIC (including advertisement cost, etc.)	\$600,000
2	Misc Expenses (e.g. stationery, furniture, etc.)	\$200,000
3	Contingency	\$100,000
	Total	\$900,000

Notes:

- *It is assumed that the minor renovation cost for the temporary office for ED, new Director & secretaries will be absorbed by CITA.*
- *PCICB recommended at its last meeting on 23 Jan 07 that a first sum of \$900,000* be transferred from CITA to CIC.*

Advice Sought (cont'd)

2) Open bank account(s) (recommended to be HSBC)

3) Persons authorized to sign cheques for CIC

- Chairman, CIC and Chairmen of Committees are authorized to sign cheques for CIC
- Two signatures are required each time

Chapter 3 - Way Forward

- Seek SETW's approval on transfer of the required funds from CITA to CIC.
- Open the bank accounts.
- Request CITA to make the transfer.

ADVICE PLEASE

(c) Amalgamation of CIC and the Construction Industry Training Authority

Chapter 1 – Proposed liaison mechanism

Chapter 2 – Briefing for employees of
CITA

Chapter 1 – Proposed Liaison Mechanism

- As agreed by PCICB at its 31st meeting, the Secretariat wrote to CITA Board Chairman on 1 December 2006 setting out the framework of the proposed 2-tier liaison mechanism –
 - Joint Committee/Liaison Group at Board Level
 - Liaison Groups at Working Level

- **Liaison Groups at Working Level –**

Setting up liaison groups comprising staff of the CIC Secretariat and CITA to map out the transitional arrangements in a number of major areas –

- (a) Levy, training and trade testing;
- (b) Finance, administration and staffing; and
- (c) Accommodation and facilities.

- **Joint Committee/Liaison Group at Board Level -**

Setting up a joint committee/liaison group comprising CIC and CITA Board Chairmen and the Chairmen of their respective Committees to consider the arrangements to be recommended by the proposed working level liaison groups.

- The Secretariat conducted a presentation on the amalgamation at the CITA Board meeting held on 12 December 2006.
- PCICB subsequently agreed at its 32nd meeting that the liaison groups should be established after the formation of CIC.

Advice sought

- Subject to CIC's endorsement of the proposed 2- tier liaison mechanism, the Secretariat will issue a circular letter to invite members to join the liaison groups.

Chapter 2 – Proposed briefings for employees of CITA

- While CITA Board had no objection to the way forward, some Members expressed concerns regarding staff anxiety over the upcoming amalgamation and suggested that CIC should consider holding briefing sessions for CITA's employees asap.
- In early January 2007, the Secretariat and CITA started informal discussion at the working level and agreed to arrange two briefing sessions in mid February 2007 tentatively.

- It was subsequently suggested by a PCICB Member that CIC Members, rather than the Secretariat, should conduct the briefings for CITA's employees in March 2007 after CIC had discussed this important matter at its first meetings.
- The PCICB agreed at its 32nd meeting that detailed arrangements of the briefing sessions would be decided by CIC.
- The CITA management would provide full support to CIC in conducting the briefings.

- Tentative arrangements for the briefing sessions are proposed below for members' consideration:

Items for discussion	Tentative Arrangements
<ul style="list-style-type: none"> ● Number of briefing sessions to be conducted 	<ul style="list-style-type: none"> ● At least 2 sessions to cater for different work schedules of staff and different CITA's venues.
<ul style="list-style-type: none"> ● CIC member(s) to conduct the briefing 	<ul style="list-style-type: none"> ● Chairman and/or member(s) of the relevant CIC Committee, e.g. Committee on Manpower Training and Development. Alternatively, the Secretariat can conduct the briefing on behalf of CIC or accompany CIC members in undertaking the tasks.

Items for discussion	Tentative Arrangements
<ul style="list-style-type: none">● Date and time of the briefing sessions	<ul style="list-style-type: none">● Say in late March or before Easter● Subject to diaries of CIC members concerned

Advice sought

- Members are invited to advise and decide on the way forward
- Subject to Members' views concerning the proposed briefing sessions, the Secretariat will proceed to liaise with CITA on detailed arrangements and preparatory work.

ADVICE PLEASE