

Construction Industry Council (CIC)
1st Progress Report of Committee on Administration and Finance

Purpose

— This paper sets out the main points discussed at the 1st Meeting of the Committee on Administration and Finance held on 18 May 2007. The record of attendance is at Annex A.

Issues Discussed

A. Terms of Reference and Membership

— 2. Members agreed the terms of reference and composition for the Committee at Annex B. The Committee agreed that other persons could be co-opted to supplement members with relevant background knowledge and professional expertise, e.g. accounting, financial investment, legal, etc., but only on a need basis. The Committee could consider the nominations at a later stage as and when necessary. The Committee welcomed representatives of ETWB, namely Miss Janet Wong and Mr Jack Chan, to attend the meetings regularly.

3. Prior to the arrival of the Executive Director in late 2007, ETWB would provide interim secretariat support to the Committee. As requested by the Committee, a set of copies of relevant papers and correspondences of CIC should be passed on to the permanent CIC Secretariat in due course.

B. Priority Tasks

4. Members agreed to pursue the priority tasks as proposed.

(I) Disclosure of Interest and Undertaking of Confidentiality

5. The Committee recommended adoption of the disclosure system of former PCICB requiring members to register interests through written submissions to the Council when they were first appointed and disclose to the Council as soon as possible any significant connection or pecuniary interest in a matter under consideration. The Secretariat would keep a register of disclosures and make the information available for public inspection upon request.

6. Furthermore, the Committee also recommended that members should be required to make a written undertaking of confidentiality.

7. Details of the proposed requirements of disclosure of interest and undertaking of confidentiality together with the standard forms would be submitted for endorsement by Council.

(II) Financial, accounting and auditing procedures

8. The Committee agreed that the financial year of the Council would be from 1 January to 31 December, which was the same as CITA. The Committee noted that HK\$1 million had been transferred from CITA to the Council's bank account. Meanwhile, ETWB would perform simple bookkeeping functions before handing over to the permanent CIC Secretariat. The Committee agreed that the accrual accounting basis should be adopted by the Council and detailed accounting and auditing procedures would be formulated by the permanent CIC Secretariat. The Committee requested that a few quotations on provision of professional accounting and auditing services be obtained for consideration.

(III) Programme of Activities and Estimates

9. The Committee agreed that the programme of activities in the first financial year, and budget estimates where applicable, should be prepared for consideration by the Committee. The report would cover key areas including establishment of the Council and its Committees, recruitment of the Executive Director and setting up the permanent secretariat, interim accommodation for the Council and preparation for amalgamation of the Council and CITA.

(IV) Proposed Staffing Structure of CIC Secretariat

10. On the staffing structure of the permanent CIC Secretariat to be headed by the Executive Director/CIC (ED/CIC), the Committee recommended that it would comprise two sections to be set up under Director (Administration, Council Services and Levy) and Director (Trade Testing & Training). The first section would also take over the respective secretariat, personnel, levy and accounting and IT functions from CITA in addition to other responsibilities relating to administrative matters and council services etc. The second section would comprise the other serving staff of CITA at the senior management level.

11. Regarding the recruitment of ED/CIC, the Committee noted that Korn/Ferry, the executive search agency engaged by the Council in early April, had published advertisements in local newspapers to invite applications by 26 May 2007 and approached other potential candidates before compiling a preliminary list. Korn/Ferry would later meet with the Selection Committee, comprising Chairmen of CIC and its Committees and ETWB representatives to discuss the preliminary list and next steps to take. The Committee recommended that the names of the shortlisted candidates and their order of preference should not be disclosed to parties outside the Selection Committee to protect personal privacy.

12. To take forward the preparation work for the amalgamation with CITA, the Committee agreed that a meeting of the board-level Liaison Group (CIC-side only) should be convened after the next CIC meeting and that a convenor of the Liaison Group be appointed.

13. On the CITA Staff Association's request for a meeting with the Chairman and members of the Council, the Committee agreed that the Chairman/CIC and convenor of the Liaison Group should have direct dialogue with CITA staff. In this connection, a number of discussion sessions would be organized for them to meet CITA employees in three separate groups according to their respective functions and responsibilities. The Committee agreed that ED/CITA should be requested to organize the discussion sessions.

(V) Conditions of Service of New Staff of CIC Secretariat

14. The Committee recommended that newly recruited employees including ED/CIC and other supporting staff should be remunerated on a cash basis.

(VI) Accommodation arrangements for CIC

15. To provide temporary office accommodation for the ED/CIC, Director (Administration, Council Services and Levy) and other supporting staff for the initial period, the Committee recommended that minor fitting-out works be carried out at the existing CITA Town Centre in Sheung Wan for exclusive use of the CIC. Meanwhile, CITA would be requested to consider relocation of its town office and classroom premises to its Kowloon Bay Training Centre which was also conveniently located and easily accessible by trainees. Pending future decisions concerning the long-term office accommodation and provision of meeting facilities, CIC and its Committees would conduct its meetings in private conference facilities available for rent after setting up its permanent Secretariat.

(VII) Insurance Coverage for CIC

16. The Committee recommended that Combined Directors & Officers Liability and Professional Indemnity Insurance should be taken out for members of CIC and its Committees and employees of the Council before amalgamation with CITA on 1 January 2008. The Secretariat would seek quotations from a few service providers for consideration. The Secretariat would seek legal advice on liability to be incurred by the Council after taking over CITA and the corresponding insurance coverage required.

(VIII) Miscellaneous administrative matters

17. The Committee recommended that a legal advisor should be hired. The Secretariat would seek quotations from a few legal firms for consideration.

18. The Committee recommended that a web site be set up for CIC. The Committee recommended that a structure similar to former PCICB's website be adopted for the CIC's website in order to save time and cost and that EMSTF be commissioned for development of the web site at \$50,000 which was good value for money. The Committee agreed that the domain name "hkcic.org" should be reserved at annual subscription fee of HK\$150 and suggested the feasibility of transfer of the web site "cic.org" for use by the Council be further explored by the Secretariat.

19. The Committee recommended that a simple letterhead design bearing only the Chinese and English names of the Council be adopted for papers and envelopes. The Committee would give further consideration to the alternative designs.

20. The Committee agreed to accede to CPD/ICAC's request that copies of agenda and papers of CIC and its Committees be forwarded for their information except those containing confidential information.

21. The Committee would discuss further on the policy to be adopted by the Council in handling requests from industry bodies for affiliation and financial subsidy.

22. The Committee agreed that medium priority issues including financial planning after amalgamation with CITA and investment strategy for surplus funds would be considered at a later stage.

Further Actions

23. The following further actions were agreed –

- (i) the Secretariat would prepare for endorsement by the Council the proposed disclosure of interest system and undertaking of confidentiality, together with the standard forms for adoption by the Council. The Secretariat would keep a register of disclosure and make the information available for public inspection upon request;

- (ii) the Secretariat would seek quotations from accounting firms on provision of professional accounting and auditing services for consideration by the Committee;
- (iii) the Secretariat would prepare a draft framework of the programme of activities in the first financial year for endorsement by the Council;
- (iv) the Secretariat would keep in view the progress of work of Korn/Ferry and arrange a meeting with the Selection Committee ;
- (v) the Secretariat would arrange a meeting of the Liaison Group at board-level (CIC side) to be held after the next meeting of the Council on 11 June 2007;
- (vi) the Secretariat would liaise with CITA management on arrangements concerning the discussion sessions to be organized for Chairman/CIC and Convenor of the Liaison Group to meet CITA staff by groups;
- (vii) the Secretariat would liaise with CITA management on the proposed fitting-out works to be carried out at their Town Centre and the arrangements for relocation of the CITA office and classrooms from the Town Centre to its Kowloon Bay Training Centre;
- (viii) the Secretariat would seek quotations from service providers for taking out Combined Directors & Officers Liability and Professional Indemnity Insurance for members and employees of the Council and its Committees for the period prior to amalgamation with CITA;
- (ix) the Secretariat would seek quotations from legal firms for hiring of a legal advisor for the Council;
- (x) the Secretariat would reserve web site domain name “hkctic.org” and explore feasibility of the transfer of the

web site “cic.org” for use by the Council;

- (xi) the Committee would consider alternative designs of letterhead;
- (xii) the Secretariat would forward copies of the agenda and papers of the Council and its Committees to Corruption Prevention Department (CPD) of ICAC for their information except those papers containing confidential information;
- (xiii) the Committee would discuss further on the policy regarding affiliation and financial subsidy of the industry bodies.
- (xiv) the Secretariat would seek legal advice on the liability to be incurred after taking over CITA and the corresponding insurance coverage required;

Works Branch/ETWB
May 2007

Committee on Administration and Finance

**1st Meeting held on 18 May 2007 at 10:30 a.m.
in Conference Room 1124, Murray Building**

Record of Attendance

Present

Mr Keith Kerr	Chairman
Mr James Chiu	
Mr Billy Wong	
Mr C K Mak	Permanent Secretary for the Environment, Transport and Works (Works)

In Attendance

Secretariat

Miss Janet Wong	Deputy Secretary for the Environment, Transport and Works (Works) 1
Mr Jack Chan	Principal Assistant Secretary for the Environment, Transport and Works (Works) 1
Mr K H Tao	Chief Assistant Secretary for the Environment, Transport and Works (Works) 1
Ms Cindy Kwan	Assistant Secretary for the Environment, Transport and Works (Policy & Development)
Mr Eric Lau	Senior Executive Officer (Policy & Development), Environment, Transport and Works Bureau

Committee on Administration and Finance

Chairman - Mr Keith KERR

Members

- CIC Members
 - Mr James CHIU
 - Mr Billy WONG
 - Permanent Secretary for the Environment, Transport and Works (Works)

- Co-opted Members
 - Mr C K TSANG - The Hong Kong Federation of Electrical and Mechanical Contractors Ltd
 - Mr CHEUNG Tak Hing - Hong Kong Construction Site Workers General Union
 - Mr Thomas TSE - The Hong Kong Construction Association

- Government's Representatives
 - Miss Janet Wong - Environment, Transport and Works Bureau
 - Mr Jack Chan - Environment, Transport and Works Bureau

Terms of Reference

1. To advise CIC on staff matters, including recruitment, salary and other conditions of service.
2. To advise CIC on general administration matters, including accommodation and facilities.
3. To co-ordinate and prepare annual estimates of income and expenditure and programme of activities for approval of CIC.

4. To recommend appropriate investments of surplus funds.
5. To advise CIC on other financial matters.