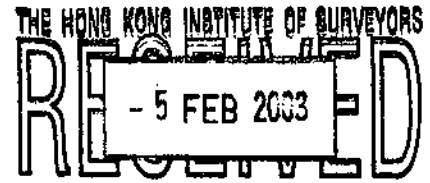




THE HONG KONG INSTITUTE OF SURVEYORS

30th January 2003

Mr Keith Kerr
Chairman
Provisional Construction Industry Co-ordination Board
21/F Murray Building
Garden Road
Central
Hong Kong



By Fax (2845 5362) & Post

Dear Mr Kerr

**Consultation Documents on
Legal Framework of the Construction Industry Council and
Operational Framework of the
Voluntary Subcontractor Registration Scheme**

Thank you for your letter dated 31 Dec 2003 and the enclosed draft papers.

We set out our comments as follows:

Legal Framework of the Construction Industry Council

We welcome 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.

As the CIC will be responsible for the review, advice and implementation of a wide spectrum of issues requiring active participation from all sectors of the industry, we agree that it should be given statutory authority and widely represented.

However, it is not clear from the proposed legal framework how, and to what extent, its authorities and duties are related to the matters identified in the Hon. Tang's CIRC Report. By way of example, if, after more detailed reviews and deliberations, the CIC comes up with certain recommendations which deviate from the original recommendations of the CIRC Report, how will these recommendations be taken forward?

How is the CIC supposed to interact with the Environment, Transport and Works Bureau, which at present is the ultimate authority for many policy and procedural issues governing the procurement and construction of public works projects?

In Section 4, the proposed composition of CIC is shown. To ensure full and proper representation from client, professional and contractors/ sub-contractors organizations, members should be nominated by the respective organizations.

In section 11 it is proposed to integrate CITA as a subsidiary body under the CIC. Whilst we agree to a more co-ordinated approach in educational and training issues, the relevant goals and objectives should first be enshrined in CIC's legal framework.

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It is not clear from the paper whether the assets and liabilities of the CITA, after the transfer proposed in para. 11.3, will be appropriated for purposes other than education and training. If that is the intention, the existing legislation governing the CITA levy needs to be revisited, and in this respect, further consultation with the industry may be required.

Voluntary Sub-contractor Registration System

We agree that the registration system should be self-sustaining, as proposed in para. 4.7.

To ensure success of the system, it is important that

- (a) all information submitted by the applicants (sub-contractors) is accurate; and
- (b) swift regulatory action is taken against those sub-contractors for the submission of any inaccurate / false information and violation of the registration rules.

Against this background, and given that fees will be charged for the registration system, it is essential to set up a full-time secretariat for the proper administration of the system as soon as possible. The interim arrangements proposed in section 9 should only be regarded as the last resort.

Should you require further information, please contact our Mr Gordon Ng at 2526 3679.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kenneth Chan', written in a cursive, flowing style.

Kenneth Chan
President