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Legislative Council

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Date : 22 June 2018

From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 27 June 2018

**Debate and voting arrangements for
two proposed resolutions under
the Construction Industry Council Ordinance or
the Pneumoconiosis and Mesothelioma (Compensation) Ordinance**

Further to LC Paper No. CB(3) 718/17-18 issued on 19 June 2018, Members are invited to note that as the following two proposed resolutions both seek to raise the levy thresholds under the relevant Ordinances and were scrutinized by the same subcommittee, the President has decided that at the above meeting, **a joint debate** be held on the proposed resolutions, and then they be **voted upon one by one**:

- (a) the proposed resolution under the Construction Industry Council Ordinance (Cap. 587) by the Secretary for Development (“SDEV”); and
- (b) the proposed resolution under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) by the Secretary for Labour and Welfare (“SLW”).

2. To assist Members in considering the above two proposed resolutions, I set out the relevant proceedings under which the President will:

- (a) first call upon SDEV to speak (**Appendix 1**) and move his proposed resolution, and then propose the question on the proposed resolution;
- (b) call upon SLW to speak (**Appendix 2**), but he may not move his proposed resolution at this stage;

- (c) invite the chairman of the subcommittee formed to scrutinize the two proposed resolutions to speak;
- (d) invite other Members to speak;
- (e) call upon SLW to speak again;
- (f) call upon SDEV to reply and order that the debate will come to a close;
- (g) put to vote the question on SDEV's proposed resolution; and
- (h) irrespective of whether SDEV's proposed resolution is passed, invite SLW to move his proposed resolution and forthwith propose and put to vote the question on the proposed resolution.

3. Members are also invited to note that each Member may only speak once in the above joint debate and the speaking time limit for each Member is 15 minutes. The public officers will not be subject to any speaking time limit.

(Dora WAI)
for Clerk to the Legislative Council

Encl.

**Speech by the Secretary for Development for
Moving the Resolution under Section 70 of the
Construction Industry Council Ordinance (Cap. 587)
at the LegCo Meeting on 27 June 2018**

(Draft, please check against delivery.)

President,

I move that the motion under my name, as printed on the Agenda, be passed.

2. The purpose of the proposed resolution is to raise the levy threshold stipulated in Part 1 of Schedule 5 to the Construction Industry Council Ordinance (Cap. 587) (“CICO”) from \$1 million to \$3 million.

3. The Construction Industry Council (“CIC”) was established under CICO in February 2007. Under CICO, for construction operations with total value exceeding the levy threshold at \$1 million, contractors are required to pay a levy at 0.5% of the value of construction operations to the CIC to support its functions, which includes advising the Government on construction-related matters and providing training to construction workers. To alleviate the financial burden on small and medium contractors, small-scale construction operations with total value not exceeding the levy threshold at \$1 million are not liable to the levy. The prevailing levy threshold at \$1 million, which was adopted when CIC amalgamated with the then Construction Industry Training Authority in January 2008, has remained unchanged since stipulated in 1985.

4. To relieve the financial burden on small and medium contractors, the CIC completed a review on the levy threshold. Taking into account inflation over the past three decades, the CIC recommended the Government to increase the levy threshold to \$3 million. According to the CIC's assessment, after raising the levy threshold, around one-fourth of the construction operations currently paying the levy will be exempted. The CIC would hence forgo around \$8 million annually, equivalent to about 1% of its annual levy income. Given its healthy financial position, the CIC should be able to absorb the impact of the reduction in levy income through cost-effective use of resources. The CIC has reached consensus with industry stakeholders on the proposed amendment.

5. Apart from CICO, under the Construction Workers Registration Ordinance (Cap. 583) ("CWRO") and the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) ("PMCO"), contractors are also required to pay levies to the CIC and Pneumoconiosis Compensation Fund respectively for construction operations with total value exceeding \$1 million. To avoid confusion to contractors and facilitate administration, the same amendment should be made to the three ordinances with a view to aligning the levy threshold.

6. Thus, the Secretary for Labour and Welfare and I have respectively moved motions to raise the levy thresholds under PMCO and CICO. The Legislative Council ("LegCo") formed a Subcommittee on Subsidiary Legislation to scrutinise the two proposed resolutions. The Subcommittee has completed the scrutiny after holding one meeting and has not proposed any change to the two proposed resolutions. I would like to thank the Chairman of the Subcommittee the Hon HO Kai-ming and other members for their support.

7. Following the passage of the resolutions amending the levy thresholds under CICO and PMCO by LegCo, we will table the amendment notice to revise the levy threshold under CWRO for negative vetting. The effective dates of the new levy thresholds under the three ordinances will be the same.

8. I hope that Members will support and pass this motion. Thank you, President.

DRAFT

Speech by the Secretary for Labour and Welfare
concerning the Resolution under Section 36
of the Pneumoconiosis and Mesothelioma (Compensation) Ordinance
at the Legislative Council sitting on 27 June 2018

(This is a draft; please check against actual delivery.)

President,

The purpose of the resolution under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (PMCO) is to raise the levy threshold under the Ordinance from \$1 million to \$3 million. This resolution has been printed on the Agenda.

2. The Pneumoconiosis Compensation Fund (the Fund) is set up under PMCO to provide payment of compensation to persons and their family members in respect of incapacity or death resulting from pneumoconiosis and/or mesothelioma. The Fund is administered by the Pneumoconiosis Compensation Fund Board (PCFB). Apart from compensation work, PCFB also conducts and finances educational, publicity, research and rehabilitation programmes in relation to pneumoconiosis and mesothelioma.

3. To finance the functions of PCFB, PMCO provides for the imposition of a levy in respect of construction operations carried

out in Hong Kong as well as quarry products extracted or produced. The current levy rate is set at 0.15% of the value of construction operations and the value of quarry products. Construction operations with total value not exceeding \$1 million are exempt from the payment of levy (i.e. the levy threshold), as set out in Part 1 of Schedule 5 to PMCO. The levy threshold has remained unchanged since June 1985.

4. Taking into account the accumulative inflation over the past three decades or so, the Construction Industry Council (CIC) completed a review on the levy thresholds under the Construction Industry Council Ordinance and the Construction Workers Registration Ordinance. As the same levy threshold also applies to PMCO, CIC recommended the levy thresholds under the three Ordinances be increased from \$1 million to \$3 million after having reached consensus among stakeholders of the construction industry.

5. PCFB has assessed that it would forgo around \$3.5 million annually of its levy income after the amendment. This would be equivalent to 1% of its average annual levy income. Given the healthy financial position of the Fund, the proposed amendment of levy threshold would not affect the financial viability of PCFB in discharging its statutory functions.

6. Having considered the recommendation of CIC and the financial position of PCFB, we propose to raise the levy threshold under PMCO from \$1 million to \$3 million. PCFB agreed to the proposal while members of the Labour Advisory Board had no

objection. The Legislative Council Panel on Development discussed the proposal on 27 March 2018, and Members of the Panel on Manpower and other Legislative Council Members were also invited to join the discussion. The meeting raised no objection to the proposal.

7. The proposed resolution has been scrutinised by the Subcommittee under the House Committee at its meeting held on 6 June 2018. I would like to take this opportunity to thank Hon HO Kai-ming, Chairman of the Subcommittee, and other Subcommittee Members sincerely for their work. No amendments have been made to the proposed resolution. We have heard the valuable views of Members of the Subcommittee concerning the compensation and support to pneumoconiosis and/or mesothelioma patients provided under PMCO and will proactively follow up and examine these suggestions in collaboration with PCFB.

8. I will move that the resolution be passed in the latter part of this meeting. I hope that Members will support and pass this resolution to raise the levy threshold specified in PMCO from \$1 million to \$3 million.

9. Thank you, President.

- End -