

立法會
Legislative Council

LC Paper No. CB(1)388/01-02
(These minutes have been seen
by the Administration)

Ref: CB1/BC/2/01

**Bills Committee on
Kowloon-Canton Railway Corporation (Amendment) Bill 2001**

**Minutes of meeting held on
Thursday, 15 November 2001, at 4:30 pm
in Conference Room A of the Legislative Council Building**

Members present : Hon Miriam LAU Kin-yee, JP (Chairman)
Hon Cyd HO Sau-lan
Ir Dr Hon Raymond HO Chung-tai, JP
Hon Eric LI Ka-cheung, JP
Hon LAU Kong-wah
Hon Andrew CHENG Kar-foo
Hon LI Fung-ying, JP
Hon Audrey EU Yuet-mee, SC, JP

**Non-Bills Committee
member attending** : Hon James TO Kun-sun

Members absent : Hon LAU Chin-shek, JP
Hon Emily LAU Wai-hing, JP
Dr Hon TANG Siu-tong, JP
Hon Abraham SHEK Lai-him, JP

**Public officers
attending** : Transport Bureau

Mr Arthur HO
Deputy Secretary for Transport

Mr Roy TANG
Principal Assistant Secretary for Transport

Mr Clement CHAN
Assistant Secretary for Transport

Department of Justice

Mr Jonothan ABBOTT
Senior Assistant Law Draftsman

Ms Lonnie NG
Senior Government Counsel

Clerk in attendance : Mr Andy LAU
Chief Assistant Secretary (1)2

Staff in attendance : Miss Connie FUNG
Assistant Legal Adviser 3

Ms Alice AU
Senior Assistant Secretary (1)5

Action

I Election of Chairman

Miss Cyd HO, the member who had the highest precedence among members of the Bills Committee, presided over the election of Chairman. Ms Miriam LAU was nominated by Miss Cyd HO and the nomination was seconded by Mr LAU Kong-wah. Ms LAU accepted the nomination. There being no other nominations, Ms Miriam LAU was elected Chairman of the Bills Committee and took over the chair.

II Meeting with the Administration

(LC Paper No. CB(3)12/01-02

Ref: TBCR 3/1015/98 Pt. 3

LC Paper No. LS2/01-02

Appendix III to LC Paper No. CB(1)286/01-02

- The Bill;
- LegCo Brief;
- Legal Service Division Report; and
- Mark-up copy of the Bill)

2. The Committee deliberated (Index of proceedings attached at **Annex A**).

Admin. 3. The Committee requested the Administration to provide further information on the following to facilitate their consideration:

(a) Composition of the Board of the Kowloon-Canton Railway Corporation

(KCRC) with information on the functions and duties of the Chairman and individual members, and their respective honorarium/remuneration;

- (b) A list of Board members from 1991 to 2001 with information on their personal profile and tenure;
- (c) Criteria for appointment to the Board;
- (d) Committee structure of the Board and composition of individual committees;
- (e) Number of Board meetings held from 1999 to 2001;
- (f) An organization chart of KCRC;
- (g) The powers and responsibilities of the Board/the Chairman and the Executives set out in the internal governance documents including the line of business reporting, and the changes proposed to those powers and responsibilities to tie in with the introduction of the new governance structure;
- (h) Whether the existing governance structure has led to situations whereby the interest of the Corporation had overridden that of the controlling shareholder, i.e. the Government;
- (i) KCRC's handling of the Hung Hom "Millennium Towers" property development proposal and whether this is, in the Administration's view, a reflection of the observation that "it is difficult to achieve optimal results by concentrating these two sets of daunting responsibilities on one single KCRC officer" as quoted in paragraph 8 of the LegCo Brief; and
- (j) Board members to appear before the Bills Committee or to set out their views in writing to the Bills Committee on the proposed changes to the corporate governance structure.

4. The Committee agreed to hold the next meeting on Friday, 23 November 2001, at 8:30 am to continue discussion with the Administration.

III Any other business

5. There being no other business, the meeting ended at 6:20 pm.

Legislative Council Secretariat
21 November 2001

**Proceedings of the meeting of the
Bills Committee on
Kowloon-Canton Railway Corporation (Amendment) Bill 2001
on Thursday, 15 November 2001, at 4:30 pm
in Conference Room A of the Legislative Council Building**

Time	Speaker	Subject(s)	Action required
<i>Agenda Item I - Election of Chairman</i>			
000000 - 000115	Miss Cyd HO	- Election of Chairman	
<i>Agenda Item II - Meeting with the Administration</i>			
000116 - 000242	Chairman	- Welcoming remarks	
000243 - 000451	Administration	- Introduction on the objectives of the Bill	
000452 - 000853	Mr Andrew CHENG	- Role and policies of the Administration in ensuring the accountability of the Kowloon-Canton Railway Corporation (KCRC) in its operation and business	
000854 - 001107	Administration	- ditto -	
001108 - 001226	Mr Andrew CHENG	- KCRC's plan to award the West Rail (WR) sites for property development by way of a single tender - Transport Bureau's stance as the Administration's representative on KCRC's Board	
001227 - 001308	Administration	- ditto -	
001309 - 001350	Mr Andrew CHENG	- ditto -	
001351 - 001406	Administration	- ditto -	
001407 - 001448	Miss LI Fung-ying	- Express provision on the respective functions of the Chairman and the Chief Executive Officer (CEO) in the Bill to ensure proper accountability	
001449 - 001559	Administration	- ditto -	
001600 - 001612	Chairman	- ditto -	
001613 - 001719	Administration	- ditto -	

Time	Speaker	Subject(s)	Action required
001720 - 002004	Miss Cyd HO	<ul style="list-style-type: none"> - Timing of the Bill - Benefits and changes to be brought about by the proposed separation in strengthening corporate governance - Rationale for appointing a part-time Chairman for the purpose of strengthening the independence of the Board - Role and participation of the Administration's representatives on the Board 	
002005 - 002441	Administration	- ditto -	
002442 - 002656	Miss Cyd HO	- Remuneration of the Chairman and CEO	
002657 - 002935	Administration	- ditto -	
002936 - 003047	Miss Cyd HO	- ditto -	
003048 - 003459	Mr LAU Kong-wah	<ul style="list-style-type: none"> - Rationale for appointing a part-time Chairman for the purpose of supervising a full-time CEO - Powers to appoint and dismiss CEO 	
003500 - 003840	Administration	- ditto -	
003841 - 003849	Mr LAU Kong-wah	- Division of responsibilities between the Chairman and CEO	
003850 - 004021	Administration	- ditto -	
004022 - 004101	Chairman	- Mechanism for removal of CEO	
004102 - 004133	Administration	- ditto -	
004134 - 004459	Ms Audrey EU	<ul style="list-style-type: none"> - Justification of the proposed separation vis-à-vis the Board's operation, in particular the difference among the Chairman, CEO and other Board members in terms of their appointment, honorarium/remuneration and responsibilities - Relationship between the Chief Executive of the Hong Kong Special Administrative Region and the Board in determining the appointment and remuneration of CEO 	
004500 - 004843	Administration	- ditto -	

Time	Speaker	Subject(s)	Action required
004844 - 005018	Ms Audrey EU	- Criteria for appointment to the Board - Request for information on the composition of the KCRC Board	The Administration to provide information
005019 - 005112	Administration	- ditto -	
005113 - 005701	Mr Eric LI	- Declaration of interest as a Director of the Kowloon Motor Bus Company (1933) Limited - Relationship between the Administration and the Chairman, in particular the degree of support to be rendered to the Chairman	
005702 - 005753	Miss Cyd HO	- Request for information on Board members from 1991 to 2001	The Administration to provide information
005754 - 005850	Administration	- ditto -	
005851 - 010007	Mr LAU Kong-wah	- Request for information on the number of Board meetings held from 1999 to 2001 and the respective involvement of the Chairman acting in the capacity of Chairman and the Chairman acting in the capacity of chief executive of KCRC in these meetings - Request for an organization chart of KCRC	The Administration to provide information
010008 - 010022	Administration	- ditto -	
010023 - 010242	Mr Eric LI	- Need for the Administration to provide professional support to the Chairmen of its wholly-owned corporations for the purpose of ensuring good corporate governance - The Administration's strategy for ensuring the compatibility of its interest with that of KCRC	The Administration to consider
010243 - 010800	Administration	- ditto -	
010801 - 010916	Mr Eric LI	- Need for ensuring independence of the Chairman	

Time	Speaker	Subject(s)	Action required
010917 - 011021	Mr James TO	- Timing of the Bill - Envisaged problems with maintaining the status quo	
011022 - 011152	Administration	- ditto -	
011153 - 011236	Mr James TO	- ditto -	
011237 - 011425	Administration	- ditto -	
011426 - 011847	Mr James TO	- Specific ways in which the independence of the Board can be strengthened by the proposed separation - Views of Board members on the proposed changes to the corporate governance structure	The Administration to relay the request to Board members
011848 - 012007	Administration	- ditto -	
012008 - 012211	Chairman	- Request for information on the committee structure of the Board and composition of individual committees - Request for information on the powers and responsibilities of the Board/the Chairman and the Executives in the internal governance documents including the line of business reporting	The Administration to provide information
012212 - 012343	Administration	- ditto -	
012344 - 012909	Mr Andrew CHENG	- Timing of the Bill - Envisaged problems with maintaining the status quo	
012910 - 013049	Administration	- ditto	
013050 - 013147	Mr Andrew CHENG	- Request for information on KCRC's handling of the Hung Hom "Millennium Towers" property development proposal, and the Administration's view as to whether this incident is a reflection of the observation that "it is difficult to achieve optimal results by concentrating these two sets of daunting responsibilities on one single KCRC officer"	The Administration to provide information
013148 - 013204	Administration	- ditto	
013205 - 013243	Chairman	- ditto	

Time	Speaker	Subject(s)	Action required
013244 - 013355	Mr Andrew CHENG	- ditto	
013356 - 013813	Mr Eric LI	- Proposed changes to tie in with the introduction of the new governance structure to better balance the interests of the Corporation and the controlling shareholder, i.e. the Government	The Administration to provide information
013814 - 014110	Mr James TO	- Future working relationship between the Chairman and CEO given the Administration's public statement on retaining the incumbent Chairman/Chief Executive as CEO	
014111 - 014351	Administration	- ditto -	
014352 - 014527	Chairman	- Arrangement to appoint CEO	
014528 - 014628	Mr James TO	- Future working relationship between the Chairman and CEO given the Administration's public statement on retaining the incumbent Chairman/Chief Executive as CEO	
014629 - 014716	Administration	- ditto -	
014717 - 014748	Mr James TO	- ditto -	
014749 - 014754	Chairman	- ditto -	
014755 - 014955	Mr Eric LI	- ditto -	
014956 - 015300	Chairman	- Date of next meeting	

Note: The audio records of the above proceedings are kept at the LegCo Library.

Legislative Council Secretariat
21 November 2001