

立法會
Legislative Council

LC Paper No. CB(1)2166/07-08
(These minutes have been seen
by the Administration)

Ref : CB1/BC/5/07/2

Bills Committee on West Kowloon Cultural District Authority Bill

**Minutes of eighth meeting held on
Thursday, 15 May 2008, at 4:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP (Chairman)
Hon CHEUNG Hok-ming, SBS, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Margaret NG
Hon James TO Kun-sun
Hon CHAN Yuen-han, SBS, JP
Hon Bernard CHAN, GBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Prof Hon Patrick LAU Sau-shing, SBS, JP

Members absent : Hon SIN Chung-kai, SBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Daniel LAM Wai-keung, SBS, JP
Hon LEUNG Kwok-hung

Public officers attending : Agenda item II

Ms Esther LEUNG, JP
Deputy Secretary for Home Affairs
(West Kowloon Cultural District)

Mr Danny LAU
Principal Assistant Secretary for Home Affairs
(West Kowloon Cultural District)

Mr Frederick YU
Assistant Secretary for Home Affairs
(West Kowloon Cultural District) 4

Mr Louis KAU
Senior Town Planner
(West Kowloon Cultural District)

Ms NG Wah-chi, Lonnie
Senior Government Counsel
Department of Justice

Clerk in attendance : Ms Anita SIT
Chief Council Secretary (1)4

Staff in attendance : Mr Arthur CHEUNG
Senior Assistant Legal Adviser 2

Mr WONG Siu-yee
Senior Council Secretary (1)7

I Confirmation of minutes
(LC Paper No. CB(1)1530/07-08 -- Minutes of meeting on
21 April 2008)

The minutes of the meeting held on 21 April 2008 were confirmed.

II Meeting with the Administration

Matters arising from the meeting on 29 April 2008

(LC Paper No. CB(1)1514/07-08(01) -- Issues raised by individual members on which the Administration was requested to provide written response (as at 14 May 2008)

LC Paper No. CB(1)1514/07-08(02) -- Administration's response to points raised by individual members at the meeting on 29 April 2008)

Clause-by-clause examination of the Bill

(LC Paper No. CB(3)361/07-08 -- The Bill
Paper No. WKCD-528 -- Administration's response to questions raised and information requested by members at the meeting of the Subcommittee on West Kowloon Cultural District Development on 14 February 2008

LC Paper No. CB(1)1119/07-08(01) -- Administration's response to points raised by individual members at the meeting on 29 February 2008

LC Paper No. CB(1)1345/07-08(01) -- Administration's response to points raised by individual members at the meeting on 27 March 2008

LC Paper No. CB(1)1465/07-08(02) -- Administration's response to points raised by individual members at the meeting on 24 April 2008)

2. The Bills Committee deliberated (index of proceedings attached at **Annex**).

3. The Administration was requested to provide written response on the following points raised by individual members of the Bills Committee --

- (a) whether the terms of appointment and remuneration package of the Chief Executive Officer (CEO) would be submitted to the Chief Executive and whether extended integrity check on the candidate would be performed before the appointment;
- (b) the Administration should consider specifying in the Bill the criteria the Chief Executive shall consider in deciding whether the appointment of the CEO should be approved;

- (c) how secretariat support would be provided to the Audit Committee;
- (d) regarding the membership composition of the Audit Committee, the Administration should (i) specify the ratio between Board members and non-Board members; and (ii) draw reference from the Listing Rules and incorporate the relevant requirements into the Bill as appropriate;
- (e) the Administration should consider providing for the establishment of a "Financial Management Committee" and an "Investment Committee" in the Bill;
- (f) the wording "in the manner as the Board considers fit" should be deleted from clauses 8(7) and 9(7);
- (g) the Bill should specify that the report of the WKCDA submitted under clause 31(1)(a) would include information on the work and activities of all committees;
- (h) the Bill should specify the term of office of members of committees;
- (i) the Administration should consider specifying in the Bill the division of responsibility between the chairman of the WKCDA Board and the CEO and their respective functions;
- (j) the Administration should elaborate on the need for clause 13 and provide examples of possible scenarios under which the Chief Executive in Council would give directions to WKCDA, and to specify in the Bill that such directions shall be made public;
- (k) the Administration should confirm that the amount to be paid by the Government to WKCDA under clause 13(5) would not be subject to further funding approval by the Finance Committee of the Legislative Council (LegCo);
- (l) the Bill should provide for the circumstances under which clauses 14 and 15 might be invoked, and the scope of the information to be furnished by WKCDA; and
- (m) the Bill should provide that LegCo shall have the power to obtain information from WKCDA.

III Any other business

4. There being no other business, the meeting ended at 6:40 pm.

Council Business Division 1
Legislative Council Secretariat
15 July 2008

**Proceedings of the eighth meeting of the
Bills Committee on West Kowloon Cultural District Authority Bill
on Thursday, 15 May 2008, at 4:30 pm
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 - 000010	Chairman	Confirmation of minutes of the meeting held on 21 April 2008 (LC Paper No. CB(1)1530/07-08)	
000011 - 000018	Chairman	Opening remarks	
000019 - 000656	Administration Ms Margaret NG Ms Emily LAU	Continuation of the clause-by-clause examination of the Bill Clause 7 Ms NG's enquiry on whether comparable public statutory bodies required the Chief Executive's approval for appointment of their CEOs Administration's response in the affirmative Ms LAU's view that the chairman of the WKCDA Board should be able to decide the appointment and removal of employees of WKCDA Administration's response that a safeguard was needed in striking a balance between public interest and independence of the WKCDA Board	
000657 - 001149	Mr James TO Administration	Mr TO's concerns on whether -- (a) the terms of appointment and remuneration package of the CEO would be submitted to the Chief Executive; and (b) extended integrity check on the candidate would be performed before the appointment Mr TO's suggestion for the	Administration to provide written response Administration to

Time marker	Speaker	Subject(s)	Action required
		<p>Administration to consider specifying in the Bill the criteria the Chief Executive shall consider in deciding whether the appointment of the CEO should be approved</p> <p>Administration's response that --</p> <p>(a) the terms and remuneration would be decided by the WKCDA Board and the Chief Executive would not interfere with the appointment process; and</p> <p>(b) extended integrity check would be performed</p>	provide written response
001150 - 001333	Ms Margaret NG Chairman	Ms NG's view that there should be transparency and fair competition in the appointment of the CEO	
001334 - 001846	Administration Chairman Ms Emily LAU	<p>Clause 8</p> <p>Ms LAU's view that the Audit Committee should have the power to carry out its work on its own initiative</p> <p>Administration's response that clause 8(2) had made provisions in this regard</p>	
001847 - 002051	Mr Howard YOUNG Administration	<p>Mr YOUNG's enquiries on –</p> <p>(a) whether the work of the Audit Committee under clause 8(2)(b) would include value-for-money audit; and</p> <p>(b) the relationship between the work of the Audit Committee in this regard and that of the Director of Audit</p> <p>Administration's response in the affirmative and advice that the Director of Audit would offer another higher level of monitoring</p>	
002052 - 002329	Mr Abraham SHEK	Mr SHEK's views that –	

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		<p>(a) clause 7 was appropriate because it would offer a safeguard in case of irregularity in the work of WKCDA;</p> <p>(b) there would be no interference by the Chief Executive because the recruitment process was to be conducted by WKCDA; and</p> <p>(c) it was important for the Audit Committee to have a comprehensive scope of work</p>	
002330 - 004523	<p>Miss CHAN Yuen-han Administration Chairman Mr Andrew LEUNG Ms Emily LAU</p>	<p>Regarding the membership composition of the Audit Committee, Miss CHAN's suggestion for the Administration to specify the ratio between WKCDA Board members and non-WKCDA Board members, and her view that the number of the latter should exceed than that of the former</p> <p>Administration's response that –</p> <p>(a) there was no specific ratio between the two types of members under the Bill;</p> <p>(b) all WKCDA Board members other than the CEO would be non-executive members without remuneration; and</p> <p>(c) the Administration intended to move Committee Stage amendments to require that Audit Committee members would not sit on other committees</p> <p>Chairman's views that --</p> <p>(a) ensuring the availability of sufficient members with the right calibre to sit on various committees should be a consideration in deciding whether members of the Audit Committee could sit on other committees; and</p>	Administration to provide written response

Time marker	Speaker	Subject(s)	Action required
		<p>(b) there was no need to be too restrictive with regard to overlapping membership, and it was a fact that non-executive directors in listed companies usually served on two to three committees</p> <p>Mr LEUNG's elaboration on the practices of listed companies with regard to the memberships of their boards and audit committees, and his view that the provisions in the Bill in this regard were more stringent than those governing the audit committees of listed companies</p> <p>Mr LEUNG's view that as non-executive WKCD Board members did not have any private interest, there should be no conflict if there was overlapping membership</p> <p>Ms LAU's enquiry on the division of labour among the non-executive WKCD Board members</p> <p>Ms LAU's suggestion that the wording "in the manner as the Board considers fit" should be deleted from clause 8(7); and her enquiry on how secretariat support would be provided to the Audit Committee</p> <p>Administration's response that –</p> <p>(a) the division of labour would be decided by the WKCD Board; and</p> <p>(b) there was no need to prescribe in the Bill the provision of secretariat support to the Audit Committee because the WKCD Board would make such arrangements</p>	<p>Administration to provide written response</p>
004524 - 005335	Miss CHAN Yuen-han Mr Jeffrey LAM Chairman Ms Emily LAU	Miss CHAN's view that there should be no overlapping in membership for the Audit Committee and she believed that there should be a sufficient number of	

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	Miss CHOY So-yuk	<p>persons with the right calibre to serve on various committees</p> <p>Mr LAM's view that multiple membership was acceptable, and his advice that the chairmen of audit committees of listed companies usually would not serve as chairmen of other committees</p> <p>Ms LAU's view that the Administration should draw reference from the requirements of listed companies as appropriate</p> <p>Chairman's advice that regarding the membership composition of the Audit Committee, the Administration should draw reference from the Listing Rules and incorporate the relevant requirements into the Bill as appropriate</p> <p>Miss CHOY's view that stringency in this regard would be preferable, and her query on whether there was indeed a lack of audit professionals</p> <p>Chairman's elaboration on her view and advice that apart from audit professionals, WKCDA needed many other types of professionals</p>	Administration to provide written response
005336 - 005514	Senior Assistant Legal Adviser 2 (SALA2) Administration	<p>SALA2's enquiry on whether it was necessary to specify that the Audit Committee had a responsibility to report to the WKCDA Board on its work</p> <p>Administration's response that as the Audit Committee was under the WKCDA Board, it would be held responsible to the WKCDA Board, and there were no specific provisions to this effect in the legislation of comparable public statutory bodies</p>	
005515 - 005605	Administration	Clause 9	
005606 - 010134	Mr Jeffrey LAM	Mr LAM's suggestion that the	Administration to

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	Administration Chairman Mr Andrew LEUNG	Administration should consider providing for the establishment of a "Financial Management Committee" in the Bill Administration's response that it would consider the suggestion Mr LEUNG's expression of support for Mr LAM's suggestion	provide written response
010135 - 010326	Mr Howard YOUNG Administration	Mr YOUNG's suggestion that the Administration should consider providing for the establishment of an "Investment Committee" in the Bill Administration's response that it would consider the suggestion	Administration to provide written response
010327 - 010626	Miss CHAN Yuen-han Administration	Miss CHAN's enquiry on whether the Bill provided that a committee could be set up to deal with the operation of commercial facilities Administration's response that the list of matters cited in clause 9(1) was not meant to be exhaustive	
010627 - 010941	Ms Emily LAU Administration	Ms LAU's suggestion that the wording "in the manner as the Board considers fit" should be deleted from clause 9(7) Administration's response that the wording was to cater for different possible modes of announcing the appointments	Administration to provide written response
010942 - 011517	Ms Emily LAU Administration Chairman	Ms LAU's enquiry on whether the Audit Committee would prepare annual reports Administration's response that the annual report of WKCDA would include information on the work and activities of all committees Ms LAU's concern that establishing a committee to handle investment matters might undermine the accountability of the WKCDA Board under circumstances	

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		<p>such as serious investment loss, and conflict of interest might arise</p> <p>Administration's response that establishing a committee such as a "Financial Management and Investment Committee" would not dilute the responsibility nor undermine the accountability of the WKCD Board because the final decision on whether to accept the recommendations of that committee would rest on the WKCD Board</p> <p>Chairman's view that establishing committees under the WKCD Board would enhance the latter's capability in handling various matters and all such committees would be held accountable to the WKCD Board, while the Board would be accountable to the public</p>	
011518 - 012029	Miss CHOY So-yuk Administration	<p>Miss CHOY's view that a committee was needed to handle investment matters</p> <p>Miss CHOY's enquiry on the number of committees that the WKCD Board would establish and her view that either no such committees should be provided for in the Bill, or all such committees should be provided for in the Bill</p> <p>Miss CHOY's suggestions that --</p> <p>(a) the Bill should specify the term of office of members of committees; and</p> <p>(b) the Bill should specify that the report of the WKCD submitted under clause 31(1)(a) would include information on the work and activities of all committees</p> <p>Administration's response that --</p> <p>(a) its intention was to provide for three committees in the Bill, i.e. Audit</p>	Administration to provide written response

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		<p>Committee, Remuneration Committee, and Financial Management and Investment Committee;</p> <p>(b) the WKCDA Board would decide on what other committees to establish;</p> <p>(c) the WKCDA Board would decide the terms of office of members of all WKCDA committees; and</p> <p>(d) it would consider specifying that the annual report of WKCDA would include information on the work and activities of all committees</p>	
012030 - 012051	Ms Emily LAU	<p>Ms LAU's enquiry on the wording of the provisions in relation to the Remuneration Committee</p> <p>Administration's response that it would propose Committee Stage amendments</p>	
012052 - 013206	Miss CHAN Yuen-han Administration Chairman Ms Emily LAU	<p>Clause 10</p> <p>Miss CHAN's enquiry on the term "appointment"</p> <p>Administration's clarification that the term would include the recruitment process</p> <p>Miss CHAN's suggestion that the Administration should consider specifying in the Bill the division of responsibility between the chairman of the WKCDA Board and the CEO and their respective functions</p> <p>Administration's response that --</p> <p>(a) the clause was drafted by drawing reference from other legislation;</p> <p>(b) the functions of the WKCDA Board was clearly defined; and</p>	Administration to provide written response

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		<p>(c) the CEO was an employee recruited by the WKCDA Board</p> <p>Chairman's view that the relationship between the chairman of the WKCDA Board and the CEO might need to be clarified</p> <p>Ms LAU's views that a clear division of responsibility between the two was necessary and their respective functions should be clearly spelt out</p>	
013207 - 013408	Administration Ms Emily LAU Chairman	<p>Clause 11</p> <p>Ms LAU's enquiry on whether the responsibility still rested on the WKCDA after it had delegated its functions</p> <p>Administration's response in the affirmative</p>	
013409 - 013527	Administration Ms Emily LAU SALA2	<p>Clause 12</p> <p>Ms LAU's enquiry on whether to examine the Schedule immediately or later</p> <p>SALA2's advice that either approach was acceptable and the general practice was to examine the provisions of the bill before examining the schedule(s)</p>	
013528 - 014828	Administration Miss CHAN Yuen-han Ms Emily LAU Chairman Ms Audrey EU	<p>Clauses 13 to 16</p> <p>Miss CHAN's enquiry on whether there were similar provisions in the legislation of comparable public statutory bodies</p> <p>Administration's response in the affirmative and advice that it was a safeguard for the public interest</p> <p>Ms LAU's suggestions that the Administration should --</p> <p>(a) elaborate on the need for clause 13 and provide examples of possible scenarios under which the Chief</p>	Administration to provide written response

Time marker	Speaker	Subject(s)	Action required
		<p>Executive in Council would give directions to WKCDA ; and</p> <p>(b) specify in the Bill that such directions shall be made public</p> <p>Administration's response that --</p> <p>(a) the clause was needed to safeguard the public interest under extreme circumstances and it would seldom be invoked; and</p> <p>(b) it would not object to announcing such directions if they were made</p> <p>Ms EU's reference to an incident related to the moratorium on the sale of Home Ownership Scheme flats implemented by the Housing Authority and enquiry on whether the moratorium was a directive of the Chief Executive</p> <p>Chairman's request that SALA2 make reference to the relevant incident</p> <p>Ms EU's suggestion that the Bill should provide for the circumstances under which clauses 14 and 15 might be invoked, and the scope of the information to be furnished by WKCDA</p> <p>Administration's response that the two clauses were drafted by drawing reference from the legislation of comparable public statutory bodies</p> <p>Ms LAU's suggestion that the Bill should provide that LegCo shall have the power to obtain information from WKCDA</p> <p>Administration's response that LegCo could request the chairman of the WKCDA Board and the CEO to attend meetings and the annual report of WKCDA would be laid on the table of LegCo</p>	<p>SALA2</p> <p>Administration to provide written response</p> <p>Administration to provide written response</p>

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014829 - 014931	Mr CHAN Kam-lam	<p>Mr CHAN's views that --</p> <p>(a) as WKCDA would handle a substantial amount of public funds, a check and balance mechanism was required; and</p> <p>(b) clause 13 was a must and it could be invoked as a last resort to safeguard public interest</p>	
014932 - 015058	Miss CHAN Yuen-han	Miss CHAN's view that LegCo should have the power to obtain information from WKCDA	
015059 - 015620	<p>SALA2 Administration Chairman Ms Emily LAU Ms Audrey EU</p>	<p>SALA2's seeking clarification on whether the amount to be paid by the Government to WKCDA under clause 13(5) would be subject to further funding approval by the Finance Committee of LegCo</p> <p>Administration's response that --</p> <p>(a) the clause provided for the Government's legal responsibility to indemnify WKCDA; and</p> <p>(b) Government expenditures were subject to approval by the Finance Committee of LegCo</p> <p>Ms LAU's view that the Administration should consider refining the wording of clause 13(5)</p> <p>Ms EU's views that --</p> <p>(a) the provisions of other comparable legislation were written in a similar way;</p> <p>(b) whether funds were available was not of essence; and</p> <p>(c) the amount to be paid by the Government could be recovered as a civil debt</p>	

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		Chairman's advice that the Administration should confirm that the amount to be paid by the Government to WKCD A under clause 13(5) would not be subject to further funding approval by the Finance Committee of LegCo	Administration to provide written response
015621 - 015703	Chairman	Chairman's advice that clause 17 would be examined later and the Bills Committee would start at clause 18 at the next meeting Scheduling of additional meetings	

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15 July 2008