

立法會
Legislative Council

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by the Administration)

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Panel on Economic Development

Minutes of special meeting
held on Thursday, 6 February 2014, at 4:30 pm
in Conference Room 1 of the Legislative Council Complex

Members present : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon LEUNG Ka-lau
Hon Paul TSE Wai-chun, JP
Hon Albert CHAN Wai-yip
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon YIU Si-wing
Hon Charles Peter MOK
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Hon TANG Ka-piu

Members attending : Hon Abraham SHEK Lai-him, GBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Cyd HO Sau-lan
Hon WU Chi-wai, MH
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon Tony TSE Wai-chuen

Members absent : Hon CHAN Han-pan
Hon Kenneth LEUNG
Dr Hon Elizabeth QUAT, JP
Hon CHUNG Kwok-pan

Public officers attending : Agenda Item I

Mr WONG Kam-sing, JP
Secretary for the Environment

Miss Vivian LAU Lee-kwan, JP
Deputy Secretary for the Environment

Mr Martin MA Tin-po
Principal Assistant Secretary for the Environment
(Financial Monitoring) (Acting)

Ms Dora TUNG Mei-yi
Principal Assistant Secretary for the Environment
(Financial Monitoring) (Acting)

Agenda Item II

Mr YAU Shing-mu
Under Secretary for Transport and Housing

Mrs Sharon YIP
Deputy Secretary for Transport and Housing
(Transport) 4

Attendance by invitation : Agenda item I

The Hongkong Electric Co., Ltd.

Mr C T WAN
Managing Director

Mr T C YEE
General Manager (Corporate Development)

Ms Mimi YEUNG
General Manager (Public Affairs)

Mr K M WONG
Chief Financial Officer

CLP Power Hong Kong Ltd.

Mr Paul POON
Managing Director

Ms Quince CHONG
Chief Corporate Development Officer

Mr T K CHIANG
Planning & Development Director

Mr Stephen CHOI
Senior Strategic Planner

Agenda item II

Airport Authority Hong Kong

Mr Stanley HUI
Chief Executive Officer

Ms Cissy CHAN
Executive Director, Commercial

Mr H Y SHU
Company Secretary and Secretary to the Board

Clerk in attendance : Mr Derek LO
Chief Council Secretary (1)5

Staff in attendance : Mr Daniel SIN
Senior Council Secretary (1)7

Ms Michelle NIEN
Legislative Assistant (1)5

I 2014-2018 development plans of the two power companies and 2014 tariff review

- (LC Paper No. CB(1)454/13-14(04) —Presentation materials provided by CLP Power Hong Kong Ltd. on 2014 Development Plan and 2014 Tariff
- LC Paper No. CB(1)454/13-14(05) —Presentation materials provided by The Hongkong Electric Co., Ltd. on 2014-2018 Development Plan and 2014 Tariff Review
- ENB CR 1/4576/08 (13) Pt.14 —Legislative Council Brief
ENB CR 2/4576/08 (13) Pt.10 2014-18 Development Plan and 2014 Tariff Review of the Two Power Companies
- LC Paper No. CB(1)494/13-14(01) —Provision of information by The Hongkong Electric Co., Ltd. for the Panel on Economic Development of the Legislative Council (Annexes HEC-A and HEC-B)
- LC Paper No. CB(1)494/13-14(02) —Provision of information by CLP Power for the Panel on Economic Development of the Legislative Council (Annexes CLP-A and CLP-B)
- LC Paper No. CB(1)524/13-14(02) —Information Paper: Development Plan (2014-2018) of CLP/CAPCO and Annexes CLP-C to CLP-E to the Paper provided by CLP Power Hong Kong Limited
- LC Paper No. CB(1)792/13-14(01) —Paper on 2014 - 2018 Development Plans and 2014 tariff reviews of the two power companies prepared by the Legislative Council Secretariat (Updated background brief)

Other relevant papers

- (LC Paper No. CB(1)847/13-14(01) —Letter dated 28 January 2014 from Hon SIN Chung-kai requesting for information on the two power companies
- LC Paper No. CB(1)847/13-14(02) —Administration's response to the letter dated 28 January 2014 from Hon SIN Chung-kai (LC Paper No. CB(1)847/13-14(01))
- LC Paper No. CB(1)835/13-14(01) —Letter dated 27 January 2014 from Hon TANG Ka-piu and Hon WONG Kwok-hing requesting for information on the two power companies
- LC Paper No. CB(1)835/13-14(02) —Administration's response to the letter dated 27 January 2014 from Hon TANG Ka-piu and Hon WONG Kwok-hing (LC Paper No. CB(1)835/13-14(01))
- LC Paper No. CB(1)524/13-14(01) —Speaking note of the Secretary for Environment at the meeting on 10 December 2013
- LC Paper No. CB(1)592/13-14(01) —Speaking note of Managing Director of the CLP Power Hong Kong Ltd. at the meeting on 10 December 2013
- LC Paper No. CB(1)592/13-14(02) —Speaking note of Managing Director of the Hongkong Electric Co., Ltd. at the meeting on 10 December 2013
- LC Paper No. CB(1)454/13-14(06) —Supplementary information from power companies on their Development Plans and annual tariff reviews - elaboration on the notes on confidential information
- LC Paper No. CB(1)542/13-14(01) —Letter dated 11 December 2013 from Hon SIN Chung-kai requesting for information on the two power companies
- LC Paper No. CB(1)556/13-14(01) —Administration's response to the letter dated 11 December 2013 from Hon SIN Chung-kai (LC Paper No. CB(1)542/13-14(01))

With the aid of PowerPoint presentation, Planning & Development Director of CLP Power Hong Kong Ltd. ("PDD of CLP") briefed members on the reasons for the rising fuel cost and the sources of natural gas. In gist, CLP Power Hong Kong Ltd ("CLP") was facing pressure in fuel cost because of the higher price for the gas supplied via the Second West-East Pipeline (WEPII) relative to that of the fast-depleting existing supplies from Yacheng gas fields and its need to consume more gas for generating power to meet the tightened air pollutant emission caps from 2015 onwards.

Reason for tariff increase

2. Mr TANG Ka-piu and Mr WONG Kwok-hing expressed grave concern about the projected accumulative increase in CLP's net tariff of nearly 40% over the next five years from 2014 to 2018 and queried about the reason.

3. Managing Director of CLP ("MD of CLP") said that CLP had to shoulder 90% of the required increase in the use of natural gas for generating electricity in order to meet the emissions caps in 2015. CLP had adopted measures to mitigate the pressure on tariff increase such as seeking more supply from Yacheng so as to defer using the pricier gas supply, increasing the use of low emission coal, and enhancing operational performance of its generation fleet.

4. Mr Jeffrey LAM Kin-fung enquired about the time when the reserve of Yacheng gas field was expected to be depleted and whether CLP had explored fuel hedging contracts so as to mitigate the cost of fuel.

5. MD of CLP said that the reserve of Yacheng Y13-1 gas field would be depleted in 2016. To help mitigate Yacheng Y13-1 gas field's depletion, CLP signed a short-term contract with China National Offshore Oil Corporation to supply gas from a nearby small gas field Y13-4 from 2012. As regards fuel price hedging, MD of CLP said that the option was too risky financially for CLP customers and the public. It was CLP's strategy to sign up long-term contracts with fuel suppliers to ensure stable supply of fuel and make short-term purchases of fuel at times when fuel prices were low.

Prices of CLP's new gas supply sources

6. Mr SIN Chung-kai asked about when the development of the Liquefied Natural Gas ("LNG") Terminal in Shenzhen and the pipeline for supplying gas from the Terminal would be completed, and how the prices of LNG and gas in Asia compared with that of gas supplied via WEPII.

7. MD of CLP said that the current international price of natural gas was volatile. The price of gas in Asia was similar to that of gas from WEPII, but as it was regional, it could not be compared with international price. The price of gas from WEPII consisted of two components, namely, the price of gas which fluctuated with the oil price and the cost of the pipeline which was fixed. On the LNG Terminal in Shenzhen, MD of CLP said that it was one of the projects agreed under the Memorandum of Understanding on Energy Co-operation signed by the Central and Hong Kong Governments in 2008. When the LNG Terminal was completed, a small pipeline would be built to connect it to WEPII for supplying gas to Hong Kong. However, as the LNG Terminal was still under development, it could not supply gas to Hong Kong before 2015.

CLP's share in the increased use of gas

8. Mr Steven HO Chun-yin enquired about the reason that CLP and by extension, its customers, had to bear 90% of additional electricity generation by gas.

9. PDD of CLP said that as CLP had developed gas-fired generation units early, CLP at present owned over 80% of the local gas-fired generation capacity in Hong Kong. The emissions caps for 2015 were set on the basis of maximizing the use of existing gas-fired generation units. As such, CLP and its customers had to shoulder 90% of the required increase in natural gas generation in order to meet the emissions caps in 2015. PDD of CLP pointed out that such increase involved the increased utilization of existing units and did not involve constructing additional units.

Nuclear power and other sources of energy

10. In view of the soon depletion of Yacheng gas field, Dr LO Wai-kwok considered that there was indeed a need to consider nuclear power. Dr LO asked about the feasibility of increasing supply of nuclear power from Daya Bay Nuclear Power Station.

11. PDD of CLP said that CLP had reached an agreement with Daya Bay Nuclear Power Station to import an additional 10% of nuclear power. The additional import would not require additional investment in new infrastructure nor would it increase safety risks. SEN added that the agreement for importing 70% of the electricity output of Daya Bay Nuclear Power Station would expire in 2034. The Administration was studying various issues regarding the future fuel mix for electricity generation.

12. Noting that the Yacheng gas field reserve would soon be depleted, Mr Jeffrey LAM Kin-fung asked whether CLP had explored the feasibility of importing alternative sources of fuel such as shale gas for power generation.

13. MD of CLP said that the United States was yet able to export a large amount of shale gas before 2015. In the Mainland, the scale of development of the shale gas reserve was currently limited. Notwithstanding this, CLP would strive to secure economically viable sources of shale gas when it was available. When the LNG Terminal in Shenzhen now under development was completed in future, it could be used for import of shale gas sourced anywhere in the world.

Energy saving and tariff structure

14. Mr TANG Ka-piu asked whether the Administration would set any "hard targets" on the consumption of electricity for saving energy. Mr TANG considered that the existing tariff structure of power companies did not help save energy. It was a regressive tariff structure for business customers and had in effect encouraged them to consume more electricity. On the other hand, ordinary citizens at large had to bear the burden of tariff increase.

15. SEN stressed that the Administration would continue to play a gate-keeping role in the annual tariff review every year. He pointed out that the tariff for grassroots-level citizens who were low consumption domestic users of electricity had not been increased for the past two years. With the promotion of various energy saving initiatives, the rate of increase in electricity consumption of Hong Kong in recent years had slowed down. Moreover, setting "hard targets" for energy consumption was complicated as there were a number of factors affecting the consumption of electricity such as weather conditions, the development of infrastructure projects in various parts of Hong Kong, etc.

16. Mr Charles Peter MOK commented "hard targets" in energy saving could not be applied across the board. Mr MOK considered that the idea of implementing a progressive tariff structure for business users of electricity with a view to encourage them to save more energy was too simplistic. High consumption users such as public services and internet data centres had widely adopted measures for saving energy. Imposing a progressive tariff structure on these users would inevitably force them to raise the price for their services.

17. Chief Corporate Development Officer of CLP ("CCDO of CLP") said that the structure of CLP's tariff was simple, transparent and easy to understand. She stressed that there was no cross subsidy among different groups of customers. According to a CLP's survey on progressive tariff structure, there

was yet a consensus about the issue in the community. Business customers had indeed a strong incentive to save energy as this was a way to save their costs. There was concern among enterprises providing public or community services, such as schools, social service institutions etc., that the progressive tariff structure would drive up the cost of providing their services. CCDO of CLP said that in order to help business customers save energy in their daily operations, CLP would continue to provide energy audits as well as energy saving solutions and facilities to these customers. CLP would continue to communicate its views with stakeholders in the community and also make reference to international best practices in saving energy and raising energy efficiency in its review of tariff structure.

18. Mr Frankie YICK Chi-ming pointed out that high consumption of electricity did not necessarily mean wasteful use. Citing the example of the shopping mall owned by the group in which he was employed, Mr YICK said that by adopting energy-saving measures extensively, the mall was able to achieve an increase in power consumption by a smaller magnitude than it would have been due to extended operating hours.

State enterprises' acquisition of shareholding of power companies

19. Mr WONG Ting-kwong noted the recent acquisition of shareholding of CLP's Castle Peak Power Company by the China Southern Power Grid ("CSG") as well as the investment in HK Electric Investments by the State Grid Corporation of China ("State Grid"). Mr WONG sought the views of the Administration and the power companies on whether such participation of state enterprises in Hong Kong power supply market would be beneficial in speeding up the reform of the market.

20. SEN said that the Administration's main concern was to ensure that the energy needs of the community were met safely, reliably, efficiently and at reasonable prices, while minimizing the environmental impact of electricity generation. The Administration would formulate options for the community to consider with a view to striking a balance between the price for electricity and the need for protecting the environment in the fuel mix consultation to be conducted shortly.

21. Managing Director of The Hongkong Electric Co., Ltd. ("MD of HEC") said that HEC did not have any project in co-operation with State Grid. To HEC, State Grid was a cornerstone investor in the recent initial public offering of HK Electric Investments, a spin-off from HEC's previous parent company Power Assets Holdings Ltd.

22. MD of CLP said that CLP's co-operation with CSG might bring synergies as it would be helpful in respect of cross-boundary interconnection of power grids if it was necessary to import electricity from the Mainland. He pointed out that CLP's power grid had already been connected with that of Guangdong, but it would require eight to ten years to build new interconnection infrastructure. It was difficult to forecast the price of electricity in the Mainland as the tariff for domestic users in the Mainland was at present subsidized by the state. He supplemented that the tariff for commercial users in Shenzhen was higher than that in Hong Kong.

Fuel mix

23. Mr Frankie YICK Chi-ming commented that given the concern about using nuclear energy, it was likely that in future, it might not be able to reach as high as 50% in the fuel mix ratio as the Administration had envisaged in the Hong Kong's Climate Change Strategy and Action Agenda Consultation Document it published in 2010. It might be necessary for Hong Kong to rely more on coal for power generation. In view of such a change in the fuel mix, Mr YICK asked about the likelihood of the upward adjustment of the carbon emission targets and, if so, the degree of impact on electricity tariff.

24. SEN said that the Administration would soon consult the public on the future fuel mix for electricity generation. Matters such as carbon emission targets as well as the price, reliability, safety, environmental considerations of electricity supply would be taken into account in the consultation. MD of CLP opined that the future consultation on fuel mix should be made transparent and the public should be consulted extensively. Information on the various fuel mix options and their impact on tariff should be given to all the stakeholders in the community to enable them to make informed decisions. Each fuel type in the fuel mix should be flexibly deployed on the basis of market situations with a view to optimizing the cost of electricity generation.

Capital investment in power supply

25. Mr Tony TSE Wai-chuen asked whether the reduction in capital investment in the 2014-2018 development plans of the power companies would affect the reliability of electricity supply which was crucial to Hong Kong as a commercial city.

26. MD of HEC said that HEC attached great importance to the reliability of power supply. In fact, 52% of capital investment in HEC's five-year development plan was for ensuring the safety and reliability of power supply. Continued investment in maintenance and refurbishment projects was necessary as 90% of generation units have passed half of their useful lives.

27. Mr Tony TSE Wai-chuen asked why HEC started to construct a new gas-fired power plant unit "L10" in 2016, whereas CLP had planned to extend the useful lives of its generating plants at Castle Peak A, Castle Peak B, Black Point Power Station and Penny's Bay Power Station for 5 years. Mr TSE asked whether the building of a new power generation unit was more desirable than extending the lifespan of an existing unit from the point of view of environmental protection.

28. MD of HEC said that the three existing coal-fired units and one gas-fired unit would reach the end of their useful lives during the development plan period. After discussion with Government, HEC decided that two of the three coal-fired units must retire and HEC would extend the service life of remaining coal-fired unit L2 which had been fitted with flue gas desulfurization plant. MD of HEC said that the new gas-fired unit was necessary because without it, HEC's gas generation capacity would be unable to meet the Government requirement on emission caps and the present around 30% gas generation would drop by half.

29. Mr WONG Kwok-hing said that HEC left vacant a piece of land on Lamma Island of about 20 hectares which had originally been earmarked for building power generation units and that HEC had booked \$18 billion for that piece of land as its asset for calculating the permitted return. Mr WONG asked whether HEC would rebate the resulted gain from its permitted return to customers over the next five years as it had not put to use that piece of land.

30. MD of HEC said that the artificial island of 22 hectares was built to enable HEC to switch from coal-fired generation to gas-fired generation. Unit L9 on the island had been in operation since 2006. The building of the island enabled HEC to generate over 30% of electricity by gas. Without partially switching to gas generation, HEC's level of sulphur dioxide emission would have been 91% higher than it was at present. MD of HEC added that the amount of expenditure for the artificial island was far below \$18 billion as quoted by Mr WONG.

31. Mr YIU Si-wing asked about the objective criteria adopted by the Administration for assessing the scale of capital investment of the power companies and whether the assessment could be further improved.

32. Deputy Secretary for the Environment ("DSEN") said that the Administration had exercised great care in vetting the development plans of the power companies. The independent energy consultant had carefully assessed the capital projects proposed by the two power companies in their respective 2014-2018 development plans. As set out in the Legislative Council Brief on 2014-2018 Development Plan and 2014 Tariff Review of the Two Power

Companies provided to the Panel for the meeting on 10 December 2013 (file nos. ENB CR 1/4576/08 (13) Pt.14 and ENB CR 2/4576/08 (13) Pt.10), the power companies did take out some capital projects which according to the views of Government and consultant were premature, unnecessary and too large in scale. DSEN pointed out that in case any capital investment projects of the power companies were subsequently found to be premature, there was mechanism under the Scheme of Control Agreement ("SCA") to exclude and reduce the permitted return on these investment projects.

33. In response to Mr YIU Si-wing's view that there should be a penalty mechanism for the reckless investment in premature and unnecessary capital projects by the power companies, SEN said that the Administration had to respect the mechanism under the current SCAs with the power companies which were due to expire in 2018 and that he would take into account members' views in the review of future agreements.

Fuel Clause Recovery Account

34. Mr CHAN Kam-lam commented that tariff increases in recent years were driven by the rising fuel cost. Mr CHAN called on the power companies to explain to the public the reason that the fuel cost of power companies had to be adjusted every year since the fuel should have been bought on a long term contract. Mr CHAN asked if CLP would make rebates from the Fuel Clause Recovery Account ("FCA") balance to customers so as to further mitigate the pressure of tariff increase on customers. He enquired about the feasibility of charging customers for the cost of fuel on an actual reimbursement basis.

35. MD of CLP said that Hong Kong relied on imported fuel for generating electricity and international fuel prices were beyond the control of power companies. All of the balance of FCA to be kept was for smoothening out volatility in tariff and CLP would not benefit from a positive balance. He said that as CLP foresaw a hefty increase in fuel cost in next few years, it would make use of the positive balance in FCA to mitigate the increase in tariff. CLP had planned to run down FCA to a deficit to reduce the increase in Fuel Clause Charge ("FCC") in 2015. Notwithstanding, CLP would explore better ways to adjust fuel cost and to manage the FCA balance.

Tariff Stabilization Fund

36. Dr Fernando CHEUNG Chiu-hung pointed out that HEC's being able to keep its average Net Tariff Rate in 2014 unchanged was because it was going to offset its increase of 7.1 cents per kWh in average Basic Tariff Rate by the same amount of reduction in FCC. CLP would increase the average Net Tariff Rate in 2014 by 4.2 cents per kWh. Dr CHEUNG considered it unreasonable

that when the power companies were able to achieve the maximum permitted rate of 9.99% return on investment, they still increased tariff. Most of the gain from the tariff increase would be transferred to TSF. Under such circumstance, Dr CHEUNG queried why the Administration allowed the power companies to increase tariff because power companies' need for tariff increase was purely for the sake of achieving a surplus of TSF balance.

37. DSEN said that allowing a positive balance in TSF was a standing arrangement. The purpose of TSF was to provide funds to ameliorate the impact of tariff increases on customers, or to facilitate tariff reduction where appropriate. She pointed out that the tariff increase in 2013 would have been higher than it actually was if there had not been relatively large balances in TSF of two power companies from which funds were drawn to partially offset the increase. In short, the balances in the funds, namely, TSF and FCA, were designed to act to smooth out volatility in adjusting both the Basic Tariff and the FCC. Doing away with the TSF and FCA arrangements might lead to wide fluctuations in tariff which the community might not welcome. Dr CHEUNG did not subscribe to the Administration's view and pointed out that CLP had seriously underestimated the TSF balances in 2009 and 2012.

II Concerns regarding the handling of Icon Shops tender by the Airport Authority Hong Kong

(LC Paper No. CB(1)792/13-14(02) —Administration's paper on issues regarding the Icon Shops tender by the Airport Authority Hong Kong

LC Paper No. CB(1)792/13-14(03) —Paper on the concerns regarding the handling of Icon Shops tender by the Airport Authority Hong Kong prepared by the Legislative Council Secretariat (background brief)

LC Paper No. CB(1)502/13-14(01) —Letter dated 6 December 2013 from Hon SIN Chung-kai attaching a submission of 29 November 2013 from a group of middle management staff of the Airport Authority)

Discussion on whether the meeting should proceed with the agenda item

38. Mr WONG Ting-kwong raised a point of order. Considering that the discussion item originated from a submission of 29 November 2013 by a group

of middle management staff of the Airport Authority Hong Kong ("AA"), Mr WONG asked whether the Panel should deal the submission as it was an anonymous complaint.

39. Mr YIU Si-wing and Mr Jeffrey LAM Kin-fung said that according to their understanding in respect of the submission when it was brought up at the Panel meeting on 16 December 2013, the submission had been sent to the Administration for response and that the Panel should discuss whether it should proceed to deal with the matter upon receipt of the Administration's response. The Chairman said that he had instructed that the discussion item be put on the agenda as he had not heard any opposite views from members up to the commencement of the meeting. In response to the members' views at the meeting, the Chairman proposed and members agreed that the meeting now deliberate whether the Panel should proceed with the discussion of this agenda item.

40. Mr SIN Chung-kai expressed support for the Chairman's decision of putting the item on the agenda for the meeting. Mr SIN opined that in considering whether or not to deal with an anonymous complaint, the anonymity of the complaint was irrelevant. The decision should be made on the basis of whether there was objective fact in the allegations. Mr SIN said that part of the allegations in the complaint were objective facts as acknowledged by AA in the paper provided by the Administration.

41. Mr Charles Peter MOK expressed support for the Chairman's decision of putting the discussion item on the agenda for the meeting. Mr MOK said that the matter raised in the submission was widely reported in the media and had aroused public concern. This was already a sufficient ground for the Panel to look into the matter. Whether the complaint was anonymous or not was not an issue. Mr MOK opined that since the representatives of the Administration and AA were present at the meeting, they should be given the opportunity to state their case in public.

42. Mr Dennis KWOK said that the meeting was to discuss the paper provided by the Administration for the meeting and not the submission. As stated in paragraph 9 of the Administration's paper, the AA Board was critical of the deficiencies in the tendering process. Members were entitled to probe into the matter and ask questions about the nature of problem, whether the measures taken to resolve the problem were proper, and so on. Since the Administration had already provided the paper for discussion, and the representatives of the Administration and AA were present at the meeting, it was unreasonable that members did not discuss the item. Dr Fernando CHEUNG Chiu-hung expressed similar views and considered that the Panel should proceed with the discussion of the item.

43. Mr Dennis KWOK said that he had submitted a motion to the Chairman at the meeting urging the Audit Commission to conduct a value-for-money audit on the issues mentioned in the paper. Mr KWOK hoped that the meeting could deal with his questions and motion in respect of the discussion item.

44. Mr YIU Si-wing pointed out that Legislative Council Members all along received a large number of anonymous complaint letters and in most of those cases, Members did not have background to those complaints and the means to verify the allegations therein. Mr YIU considered it not a good use of the Panel's meeting time in dealing with anonymous complaints. Moreover, proceeding with the present discussion item would set a bad precedent for the future. The Panel would thereafter be caught in the dilemma as to whether it should also deal with the large number of anonymous letters of a similar nature received by members.

45. Mr Jeffrey LAM Kin-fung declared that he was a board member of AA. Mr LAM concurred with Mr YIU's view that if the Panel dealt with the anonymous complaint in this case, it would set a bad precedent for conducting its business in future.

46. Mr CHAN Kam-lam declared that he was a board member of the AA. Mr CHAN said that the role of a Panel should be in giving views on policy areas of the Government within the Panel's terms of reference. A Panel should not intervene into the internal governance of statutory organizations unless there was a serious problem. Since AA had completed its investigation into the matter mentioned in the submission and the Board of AA had made a conclusion on the matter, it would be inappropriate for the Panel to discuss the agenda item.

47. The Chairman advised members that the Rules of Procedure ("RoP") was silent as to whether a Panel should deal with anonymous complaints or not. However, according to RoP, a member might move without notice that the deliberation at a meeting be then adjourned.

48. At the invitation of the Chairman, Mr WONG Ting-kwong moved that the discussion of the agenda item be adjourned. After deliberation, the Chairman put Mr WONG's motion to vote. A total of 8 members voted for and 4 members voted against the motion. The voting of individual members was –

For:

Mr CHAN Kam-lam

Mr Andrew LEUNG Kwan-yuen

Mr Jeffrey LAM Kin-fung

Mr WONG Ting-kwong

Mr Steven HO Chun-yin
Mr YIU Si-wing
(8 members)

Mr Frankie YICK Chi-ming
Mr Christopher CHEUNG Wah-fung

Against:

Mr Charles Peter MOK
Dr Fernando CHEUNG Chiu-hung
(4 members)

Mr Dennis KWOK
Mr SIN Chung-kai

49. The Chairman declared that the discussion of the agenda item be adjourned and that as such, the Mr Dennis KWOK's motion in respect of the item should not be proceeded with.

III Any other business

50. There being no other business, the meeting was adjourned at 6:10 pm.