

**Confirmed Minutes of the 140th Meeting of
the Advisory Council on the Environment
held on 12 March 2007 at 2:30 pm**

Present:

Prof LAM Kin-che, SBS, JP (Chairman)
Prof WONG Yuk-shan, BBS, JP (Deputy Chairman)
Dr Dorothy CHAN, BBS
Mr James GRAHAM
Ms Betty HO
Prof Howard HUANG
Mr Edwin LAU
Ms Goretti LAU
Dr MAN Chi-sum, JP
Dr NG Cho-nam, BBS
Prof POON Chi-sun
Mr Markus SHAW
Mr TSANG Kam-lam
Mr Eddie WONG
Mr Simon WONG
Prof WONG Tze-wai
Dr YAU Wing-kwong
Mr Carlson K S CHAN (Secretary)

Absent with Apologies:

Prof Paul LAM

In Attendance:

Ms Anissa WONG, JP	Permanent Secretary for the Environment, Transport and Works (Environment)
Mr C C LAY	Assistant Director (Conservation), Agriculture, Fisheries and Conservation Department
Mr P Y TAM	Assistant Director/Technical Services, Planning Department
Ms Monica KO	Principal Information Officer, Environmental Protection Department (EPD)
Ms Josephine CHEUNG	Chief Executive Officer (CBD), EPD
Miss Sarah NG	Executive Officer (CBD), EPD

In Attendance for Agenda Item 3 :

Mr David WONG	Principal Environmental Protection (Cross-Boundary & International), EPD	Officer
Dr Shermann Fong	Senior Environmental Protection (Cross-Boundary & International)3, EPD	Officer

Action

The Chairman informed Members that Mr Esmond Lee had been transferred out of the Environmental Protection Department and welcomed Mr Carlson K S Chan, Deputy Director of Environmental Protection (4), who had assumed the role of Secretary to the Council.

Agenda Item 1 : Confirmation of the Draft Minutes of the 139th Meeting held on 12 February 2007

2. The draft minutes were confirmed without amendment.

Agenda Item 2 : Matters Arising from the Minutes of the 139th Meeting held on 12 February 2007

3. There were no matters arising from the minutes of the last meeting.

Agenda Item 3 : Emissions Trading Pilot Scheme for Thermal Power Plants in the Pearl River Delta Region
(ACE Paper 6/2007)

4. Mr David Wong briefed Members on the background, objective and implementation framework of the Emissions Trading Pilot Scheme (the Pilot Scheme) for thermal power plants in the Pearl River Delta region. He highlighted that the Pilot Scheme was one of the measures to facilitate improvement of the regional air quality and achievement of the 2010 emission reduction targets. The Pilot Scheme was an achievement of the co-operation between Guangdong and Hong Kong. By making use of market forces and the flexibility of emissions trading, power plants could be more proactive in pursuing different cost-effective emission reduction projects such that air pollutant emissions in the whole Pearl River Delta (PRD) region could be

reduced, meeting the interests of various parties.

5. The Chairman said that he was pleased to learn the progress made on the Pilot Scheme. He enquired about the time frame of the Pilot Scheme and the review. Mr David Wong said that there was not yet a firm time limit for the Pilot Scheme as it was a new concept and development in the PRD region. It was anticipated that it would take about two to three years for some transactions to take place as it would involve discussions amongst various parties. The Pilot Scheme would continue beyond 2010 and the environmental protection authorities of the HKSAR Government and Guangdong Provincial Government had undertaken to review the progress of the Pilot Scheme having regard to the participation and future developments.

6. A Member asked about the net gain in the overall emissions level when one power plant could sell its emission credits but the other power plant could produce more pollutant emissions. As both the seller and buyer were required to comply with the environmental requirements stipulated in local laws and regulations, he wondered whether there would be buyers in the market. Another Member shared the Member's concerns and considered that the Scheme seemed to be a zero-sum game. He considered that from the strategic point of view, it would be more important to cap the total amount and quality of emissions generated by power plants rather than shifting the emission sources from one power plant to another.

7. Mr David Wong highlighted that the Scheme itself was not a pollution reduction measure. It aimed at providing a more cost-effective framework for power companies to comply with the emission caps. He explained that to achieve a certain level of emission reduction in a certain air shed in a given time, there were different ways for different players. As power plants were built at different times of different sizes, technologies and fuel usage, the emissions performance varied amongst them. If one party could achieve the same level of emission reduction in a more cost-effective manner, it would allow emissions trading to come into play. Based on overseas experience, emissions trading would give flexibility for different players in the same air shed to work out cost-effective measures to pursue further emission reductions. The HKSAR and Guangdong Provincial governments would jointly promote the scheme to players in the market. They would organize joint briefings to meet with prospective power companies in the region to assist them in exploring co-operation opportunities under the Pilot Scheme.

8. In reply to a Member's enquiry about the monitoring system, Mr David Wong explained that there was a set of clear practice requirements in the implementation framework for monitoring the performance of participating power plants. The power plants were required to install 24-hour continuous emission monitoring systems for real time monitoring. The raw data would be captured by the environmental protection authorities of the respective government for quality control and auditing by the joint Emissions Trading Management Panel under a set of predetermined guidelines. All the participating parties would be subject to the same set of criteria and monitoring guidelines to ensure fairness and transparency.

9. A Member asked about the incentives to ensure high penetration rate in the Guangdong Province given the voluntary nature of the Scheme. Mr David Wong explained that the power sector, especially the thermal power plants, in the Mainland was under great pressure for complying with the increasingly stringent emissions requirements by the authorities to improve emissions performance. For power plants which were more forward looking, the Pilot Scheme would offer them opportunities to explore the scope of generating additional revenue through the participation in the Scheme. The Member considered that the installation of emission reduction and related facilities involved very heavy investment for the power plants and a relatively long period of time. He considered that it was difficult for the Scheme to thrive.

10. A Member said that emissions trading, in principle, could be a very powerful tool for driving down emissions, but only if the system could be set absolutely right. For a trading system to work, there should be demand and supply in the market. Under the proposed Scheme, the supply of emission credits would be created but demand for the credits was not there. To his understanding, the system was driven by regulations which tried to drive the demand by imposing increasingly stringent emission caps that the emitters had to comply with. While the intention was to use market mechanism to reduce emissions, a market was not created. He wondered how the system could work effectively.

11. Mr David Wong explained that if each power plant could meet the emission reduction targets by in-house measures, it would be difficult to create demand for emission credits. However, in the event that there were uncertainties in the in-house measures being pursued by power plants or a

certain degree of assurance had to be secured, there would be demand in the market. It would be a commercial decision for power companies to consider whether emissions trading could form part of their package to meet the targets. The main objective of the Scheme was to establish a platform by introducing an additional tool to let power plants achieve the targets in a more cost-effective manner.

12. In reply to a Member's enquiry, Mr David Wong explained that the "Generation Performance Standard" (GPS) in Tables 1 to 3 of Appendix 2 to the Annex of the paper were indicative figures and not mandatory requirements. In Appendix 2, the principles for determining the base emission target for participating power plants were spelt out in order of priority. The tables would only be used for power plants in the PRD Economic Zone of the Guangdong Province in case where the base emission levels had not been previously determined by the respective authority.

13. Upon a Member's enquiry, Mr David Wong explained that the emission caps for local power plants were stipulated clearly in terms of tonnage in the Specified Process Licences (SPLs) under the Air Pollution Ordinance. The emission caps would be tightened up gradually towards 2010 and power companies had to comply with the caps even if they expanded their capacity. The Member considered that under such circumstances, there would be driving forces for local power plants to participate in the Scheme so that they could achieve the targets in a more cost-effective manner. The Chairman agreed that the Scheme would offer them an alternative means to reduce emissions in a more cost-effective manner.

14. A Member agreed with the rationale of the Scheme. He considered that it would be meaningful to have an idea of the market size and an estimation of the participation rate. If the anticipated participation rate was low, consideration should be given to whether there was a need to include other provinces in the Mainland or to make the Scheme mandatory. Mr David Wong said that the estimated number of eligible power plants under the Scheme in the PRD region was about 20, on top of the three local power plants. In the longer term, they would explore with the Mainland authorities on the opportunity of further expanding the coverage for the Scheme.

15. A Member said that consideration should be given to including large factories in the PRD region using fossil fuels for power generation in the

operations in order to encourage them to reduce pollutant emissions. This would enlarge the market and enhance viability of the Scheme. Mr David Wong said that this would be an area that the environmental protection authorities in both Hong Kong and Guangdong would further look into when reviewing the scope of the Scheme in future.

16. A Member enquired about the setting of the price of emission credits given the very different operating costs of individual power plant. Mr David Wong said that the trading would be a commercial transaction so it would be up to the trading parties to negotiate on the price of transactions having regard to their own situations.

17. A Member considered that the use of market mechanism to encourage the reduction of pollutants generated by power plants was a good idea. He asked whether there would be any mechanism in place to ensure the negotiation between various parties could be carried out efficiently. Mr David Wong said that there was no plan for government involvement in the negotiations amongst prospective trading parties as it would be a commercial process involving contractual arrangements. Another Member agreed that it would not be desirable for the Government to get involved in the business transactions.

18. In reply to a Member's enquiry about the eligibility criteria, Mr David Wong explained that one of the prerequisites for a power plant to participate in the Scheme was that the power plant should be currently in compliance with the prevailing environmental requirements stipulated in local laws and regulations. Power plants not complying with the prevailing requirements would not be able to propose emission reduction facilities for the purpose of selling the emission credits to other power plants. One of the driving forces for the power plants to participate in the Scheme was the gradual tightening up of the emission caps in the future.

19. A Member considered that the emission caps were critical factors for power companies to negotiate the cost of emission credits. The setting of caps would need to be worked out carefully to provide incentives to invest in desulphurization and related facilities. Having different approaches for different power plants would pose problems. Those power companies which had invested more in minimizing pollutant emissions might find that they were going to have a threshold set much lower in terms of emissions than

others. It was important to ensure a level playing field in the market.

20. Ms Anissa Wong said that the policy of the HKSAR Government and Guangdong Provincial Government was not to allow the building of new coal-fired power plants in the PRD region. The main purpose of the Scheme was to help tackle the emission problems of existing thermal power plants. Under the Air Pollution Control Ordinance, SPLs were issued for individual power plants. This would enable the Government to monitor the emissions of individual power plants. The monitoring system in the Guangdong Province was also operated on the basis of individual power plants.

21. A Member asked whether the scope of the Scheme could be extended to include power plants using renewable energy (RE) sources to provide additional incentives for the use of RE. Mr David Wong explained that the upgrading of thermal power generating units to RE power generating units could be one of the means to pursue emissions reduction for the power plant. However, the construction of new RE power generating units while keeping the old thermal power generating units in operation would not be accepted as an emissions reduction project. Another Member asked whether an existing wind farm without thermal power generating units could be a seller in offering emission credits under the Scheme. Mr Wong explained that wind farms per se could not be a seller under the Scheme as there was no real reduction in emissions under the transaction.

22. A Member said that if the Scheme could allow generation of emission credits from RE power plants, the thermal power plants could buy the credits from them which would offer additional incentives for power companies to build more RE power plants. He considered that the Pilot Scheme only focused on keeping the emissions level under check. It would not, however, help reduce emissions. There was already legislation to cap the emissions. Unless there would be high participation rate, the overall emissions from power plants could not be reduced.

23. A Member considered that the intention of the Pilot Scheme was good. However, the scheme seemed to be ambiguous in that it did not aim at reducing pollutants but encouraging the use of emission credits for making profits. She proposed to conduct a survey on power companies to understand more about ways to reduce emissions.

24. A Member said that as the costs of operation were more expensive in Hong Kong than in Guangdong and it would be natural that the local power companies would be emission credit buyers under the Scheme. He was concerned about the possibility of importing pollutants from Guangdong. Mr David Wong highlighted that no matter whether the local power plants would participate in the Scheme or not, they had to comply with the emission caps. They could choose to comply with the caps by in-house measures or by buying emission credits under the Scheme. Even if they would buy emission credits from power plants in the Guangdong Province, the absolute caps would remain unchanged. It was important to note that emissions from local power plants as well as those in Guangdong would contribute to the overall pollutant emissions and affect regional air quality as the region shared the same air shed.

25. A Member said that this would mean that local power plants could emit more than its caps and buy emission credits from other power plants in order to comply with the requirements. Local power companies might decide to buy emission credits at a much lower price instead of investing in emission reduction facilities should this make business sense. Mr David Wong said that while there should be economic incentives for the Scheme to work, the Administration would examine very carefully the emissions reduction plans submitted. In practice, there would be some limits on the extent to which local companies could rely on purchasing emission credits for compliance with the emission caps. While local power companies were actively exploring the opportunities under the Pilot Scheme, they also had other considerations such as uncertainties, risks and time frame involved in their compliance strategies.

26. A Member suggested the Administration to set a limit on the number of emission credits that local power plants could buy from power plants in the PRD region to avoid local power companies relying too heavily on the emission credits and not investing in emission reduction facilities.

27. A Member considered that the Scheme provided very useful economic incentives in achieving the emission reduction targets but it should be used only as an interim measure. While she was confident that the local Government would exercise sufficient controls on emissions generated from local power plants, she was more concerned about emissions from power plants in the Guangdong Province. She considered that stringent emission

standards should be imposed on power plants in Guangdong within a time frame to ensure that regional air quality could be improved. As an interim measure, the power plants should be allowed to trade emission credits to catch up with the increasingly stringent requirements.

28. A Member supported the Pilot Scheme. He recognized that the Scheme was only one of the many measures to reduce emissions generated from power plants. He considered that it was not appropriate to apply the conventional emissions trading models from the US or Europe to the PRD region as the number of players in the region was relatively small. The purpose of the Scheme was to provide an alternative economic incentive to local power plants to reduce emissions within a short period of time. It was not desirable to make the scale of the Pilot Scheme too large. He had confidence that the Pilot Scheme could work with buyers and sellers in the region. He was more concerned that the power companies should not transfer the additional costs to the customers.

29. A Member supported the Pilot Scheme. With his working experience in power plants, he recognized that emission levels of local power plants were already relatively low and it would be very expensive for them to further reduce the emission levels. Comparatively, it was less expensive for power plants in the Mainland to reduce emission levels. He learnt that an emissions trading scheme in the US was not working well as the caps were set too high at the beginning. He considered that it was important to set the caps carefully to ensure that the Pilot Scheme would work effectively. In the long run, it was necessary to have a long-term plan in further reducing the overall level of emissions in the region. In reply to the Member's enquiry, Mr David Wong confirmed that the fuel oil referred to in the paper included heavy oil, diesel and super gasoline.

30. A Member noted that sulphur dioxide, nitrogen oxides and respirable suspended particulates were included under the Scheme. He suggested that carbon dioxide should also be covered under the Scheme as it was a major greenhouse gas leading to global warming. Another Member urged the Administration to have an evaluation mechanism for the Pilot Scheme.

31. A Member considered that if there was a way for the power company to reduce the cost in meeting the emission caps, there would be a

better opportunity for the Government to further tighten up the caps in the future. Thus, it would be good to create the market. Moreover, the local air pollution problem was not only a function of emissions in Hong Kong but also those in Guangdong. The existence of the market could help improve the air quality in Hong Kong as well as the region in the long run.

32. The Chairman concluded that the Council welcomed the Emissions Trading Pilot Scheme as a new initiative to improve air quality. The Council noted that emissions trading was a new concept in the region and the Scheme was only one of the measures to improve regional air quality. Members made the following comments –

- (a) the Council accepted that the Scheme was not a pollution reduction measure per se. Instead, it aimed at providing a more market-oriented and cost-effective framework for power companies to comply with the emission caps;
- (b) the Council recognized that the tightening of emission caps by governments and the existence of differential marginal costs of emission abatement for different power plants would provide the necessary incentives for power companies to participate in the Scheme. Nonetheless, as participation in the Scheme was entirely voluntary, a few Members expressed reservation on the number of power companies that would eventually be joining the Scheme;
- (c) some Members suggested the Administration to consider the feasibility of expanding the scope of the Scheme to include more air pollutants and possibly renewable energy projects for generating tradable emission credits;
- (d) some Members also asked the Administration to set a limit on the number of credits that local power companies could buy from their counterparts in PRD to avoid over-reliance on credit buying to fulfil local requirements on emission control; and
- (e) the Council considered that the success of the Scheme would depend on a vigorous monitoring programme and a long-term implementation plan.

Agenda Item 4 : Opening up of meetings to the public
(ACE Paper 7/2007)

33. The Chairman said that at the meeting held on 8 January 2007, some Members suggested and the Council agreed that the suggestion of opening up meetings of the Council and its Subcommittees to the public and media should be revisited. The suggestion had been raised and discussed at previous Council meetings. There were divergent views for and against the suggestion. At the end Members did not take on board the suggestion, but agreed to introduce various measures to enhance the Council's transparency. He considered that the most important consideration was how the Council could offer quality advice to the Government for improving the environment in the best interest of the community. There were pros and cons for either opening up the meetings or maintaining the status quo. He hoped that the Council could reach a consensus on the issue.

34. A Member considered that status quo should be maintained to enable frank deliberation and exchange of views. Successful Council engagement depended, to a significant extent, on whether Members and officials could develop a shared understanding of the issues. Sincerity and open-mindedness were critical factors. Opening up the meetings could give rise to different expectations on the direction of the Council's work and might lead to frustration for some Members. Officials might be hesitant to speak up their minds. This would affect the dynamics of the Council's deliberation. There were already various means in the community to enhance environmental education. For the Council, there were alternative means to engage the public and enhance transparency. The Council's role was primarily advisory in nature and it was more important to maintain a strong sense of ownership, frankness and unity amongst Members in ensuring success in the work of the Council.

35. A Member shared the Member's views that maintaining status quo would be the most suitable way for the Council to fulfill its advisory role. The beauty of having a variety of boards and committees was to maintain diversity in fulfilling different functions. The advisory nature of the Council should be differentiated from the consultative nature of other bodies which were more political. The Council's composition was rather balanced with Members from different sectors. Members exchanged views on how to improve the environment from the professional, expert and technological

perspectives. It was very important that Members and officials could speak up frankly, including preliminary views and ideas. There were already a number of measures ensuring transparency of the Council's business. The existing arrangements worked well and there was no obvious advantage for a change. Moreover, discussion at the Council meetings was rather technical and scientific. A particular idea might be further developed at a later stage of the deliberation process. If the meetings were opened to the public and media, Members' views might be easily misinterpreted or misquoted as the public and media might not sit through the entire meeting.

36. A Member said that he was misquoted in a recent news report on the issue of opening up meetings, which suggested that had the council been opened up, he would not have taken up this appointment. He stressed that he had not made such a comment. What he had actually said was merely quoting a comment expressed by a previous council member a few years ago. This demonstrated how facts could be misinterpreted or misquoted by the media. In fact, he was open-minded on the issue. He would respect the consensus of the Council and would be equally happy to participate in the meetings should the Council decide to open up its meetings.

37. A Member said that she was pleased to work with experts and professionals from different sectors in the Council. Although she was not specialized in the environmental field, she shared the concerns on environmental issues and offered her comments from the business perspective. If the meetings were opened to the public, she wondered whether her non-professional views could be comfortably put forth.

38. A Member considered that there were not too many sensitive issues discussed by the Council which could not be disclosed to the public. Discussion items were basically related to the community and long-term environmental goals. If the public and media could observe the meeting proceedings, they would understand better the debating process and sentiment of Members. This could reduce the chances of misinterpretation. Given the increasing expectation of the community for transparency, the Council should take a step forward. If consensus could not be reached for opening up the entire meeting proceedings, the Council might consider opening up at least the presentation session and keeping the internal discussion session and debate behind closed door at this stage.

39. A Member said that he had argued very strongly against opening up the meetings in the past but his opinion had changed to a certain extent. Given that the minutes of meetings were already on the web, there was nothing to worry about opening up the meetings. Having said that, the minutes, which only summarized the discussion, could not reflect the full flow, dynamics and passion of the discussion. The only way to do so was to open up the meetings. Contrary to another Member's suggestion, he considered that heated debate should be opened up to the public.

40. A Member considered that the Council should not be afraid of change. It was a global trend for different types of boards and committees to enhance transparency. Understanding that some of the Members might not feel comfortable for opening up the entire meeting proceedings, she agreed that a gradual process could be adopted to open up at least the presentation session by making reference to the arrangement of the Town Planning Board (TPB) meetings. Opening up the meetings could serve as an education process to enhance the public's understanding of the proposals. The Council should aim at opening up the entire meeting proceedings in the long run.

41. A Member said that when Members accepted the appointment, they had not been specifically told that the meetings would be conducted in closed door. He strongly supported the suggestion of opening up. He could not understand the rationale that one would be frank in closed door discussion but was afraid to speak up in front of the public and media. Members should always be careful in giving their views and could consider refraining from giving comments if the subject was outside their areas of expertise. By doing so, opening up the meetings would not adversely affect the quality of deliberation.

42. A Member said that he was not optimistic about the quality and standard of the media reports even the media stayed throughout the meeting. He had experience of opinions being misquoted after media interviews. He stressed that he was not afraid of expressing his opinions openly. What he worried about was the possibility of frequent misquoting and misinterpretation about the Council's deliberation.

43. A Member highlighted that he was not afraid of change. The issue before the Council was not concerned about courage for a reform but how the Council could better perform its role as an advisory body. An

important consideration was what would be more conducive to improving the environment. So far, the Council was working very well in giving quality advice to the Government. He doubted whether there would be concrete advantages in opening up the meetings given the hesitations expressed by some Members.

44. The Chairman concurred with a Member that the ultimate consideration was how Members could better serve the Council for improving the environment. Based on his experience in serving different boards and committees, the modes of operation in terms of openness would depend very much on the objectives and functions of the concerned boards and committees. From his observation, there was no indication that more controversy would arise or cases of misquoting would increase after opening up the meetings. By allowing the public and media to sit through the meetings, they would realize what questions and arguments were posed during the discussion and have a better understanding of the issues.

45. Referring to the EIA report on Liquefied Natural Gas (LNG) Receiving Terminal and Associated Facilities considered by the Council at the previous meeting, the Chairman noted that there were some unfair media comments relating to the Council. He highlighted that the EIA Subcommittee and the full Council had carefully examined the EIA report in great detail. A wide range of environmental and related issues had been looked into. However, there were some unfair queries and speculations on how the Council had dealt with the case. Had the public and media been allowed to observe the lengthy process of the question-and-answer (Q&A) session with the project proponent, some queries and speculations might have been avoided. He considered that it might be useful to open up the presentation and Q&A sessions of a discussion item with the presence of the project proponents or presentation teams. This would enable the public and media to have a better understanding of the efforts made by Members in seeking clarification and information. There might be added value of gaining public acceptance of the Council's recommendations. He wondered whether the Council could model on the TPB's arrangement in opening up the presentation and Q&A sessions with the presence of project proponents or presentation teams. Internal discussion would remain closed door so that it would not compromise the opportunity of free flow of ideas amongst Members.

46. A Member supported the Chairman's proposal. He considered

that the arrangement would raise public awareness on environmental issues. The internal discussion should remain closed door in view of the sensitive nature of the discussion and would allow room for frank deliberation.

47. A Member supported the Chairman's proposal. He considered that this would be a useful education process to enable the public and media to have a better understanding of environmental issues, particularly the sensitive ones.

48. A Member considered that the Council was already very transparent. The Council's business took up a considerable amount of Members' time. By opening up the meetings, the usual lengthy discussion would undoubtedly be further prolonged as Members would try to make long statements to convey their points more clearly to the public and media. There would probably be follow-up questions from the public and media after the meetings to which Members had to respond. He had no confidence in the quality of media reports. Most importantly, the public and media would request the Council to further open up other parts of the meetings. There would be time and resources implications on the Council's operation. He hoped that Members would bear this possible development in mind before making the decision.

49. A Member shared the Member's views. He worried that Members might need to deal with much more media enquiries which would take up too much of their time. He emphasized that Members joined the Council on a voluntary basis to offer expert opinions in their personal capacity. If they feel uncomfortable with the meeting arrangement, they might be discouraged to participate in the Council meetings.

50. A Member considered that the Chairman's suggestion seemed a logical approach as long as the media was really objective in reporting the Council's deliberation. However, he had no confidence in the media.

51. A Member considered the proposal of opening up the presentation and Q&A sessions should not increase the discussion time. It would be up to Members to consider whether to accept the invitations for media interviews or respond to media enquiries.

52. A Member shared the suggestion of taking a step forward to

enhance transparency of the Council's business. He did not see any harm in opening up only the presentation and Q&A sessions on each discussion item. This would facilitate the public's understanding of the efforts made by Members in examining the issues.

53. A Member was more concerned about the engagement process amongst Council Members. She considered that the primary role of the Council was advisory and Members were serving the Council on a voluntary basis. The deliberation process for arriving at quality advice was of utmost importance. To strike a balance, she suggested that a step-by-step approach be adopted by opening up only the presentation session. She was not comfortable with opening up the Q&A session as this might jeopardize the free exchange of views and compromise the objective of offering quality and constructive ideas.

54. A Member agreed with the Chairman's suggestion for taking a small step forward. However, he pointed out that discussions at the full Council meetings normally included a presentation session and followed by a discussion session with presentation teams in which Members raised questions, sought clarifications, put forth arguments, offered comments and suggestions in the presence of the presentation teams. It seldom involved an internal discussion session except for issues related to EIA reports which required a decision making process. It seemed not practicable to structure each discussion item of the full Council meetings in the format of a TPB meeting.

55. The Chairman agreed with a Member's observations. He considered that it might be more practicable and acceptable to adopt TPB's arrangement to the discussion of EIA reports. The existing flow of discussion of EIA reports was more structured on a project basis and similar to that of the TPB meetings. He suggested that the presentation and Q&A sessions of the EIA Subcommittee meetings be opened up to the public and media. The internal discussion session amongst Members would continue to be conducted in closed door. For full Council meetings, status quo should be maintained, except opening up the part when the report of the EIA Subcommittee was discussed and involved presentation and question-and-answer sessions with the presence of project proponents. For Nature Conservation Subcommittee and Waste Management Subcommittee, status quo should be maintained.

56. In response to a Member's enquiry, the Chairman considered that the rationale behind the proposal was the major public interest in EIA reports. For non-EIA items, the deliberation involved policies or proposals in the early or developing stages. It would be better to maintain the status quo to allow room for free exchange of views to ensure ideas and observations, including preliminary ones, could be fully expressed. Closed door deliberation would be more conducive to offering quality advice. Another Member added that the Council was one of the statutory consultees on EIA reports under the EIA Ordinance. Opening up the presentation and Q&A sessions of the meetings related to EIA reports would enhance the public's understanding of the projects.

57. A Member considered that the proposed arrangement was a good start for the Council to consider opening up the entire meeting proceedings in the long run. Another Member supported the proposal but he would respect the views of other Members as the Council worked as a team. A Member had no objection to the proposal on the understanding that only the presentation and Q&A sessions were opened up but not the internal discussion session.

58. In response to a Member's enquiry about the time frame of implementing the proposal, the Chairman pointed out that the technical and logistical arrangements were real issues that needed some time to tackle. He trusted that the Administration would try to resolve them as soon as practicable. Ms Anissa Wong said that the Secretariat would work out the technical and logistical details for accommodating the public and media as observers. She pointed out that the proposal would also have resources implications on other related arrangements, such as the expectations of the public and media for providing simultaneous interpretation service and bilingual papers and minutes of meetings. Secretariat

59. The Chairman suggested and Members agreed that the meetings should continue to be conducted in English along with the usual practice and no simultaneous interpretation service would be arranged in view of the resources implications. Only English version of agendas, papers, minutes of meetings and related documents would continue to be arranged in view of the resources implications and technical nature of the EIA issues. Regarding a Member's suggestion for uploading the agenda and papers onto ACE's website prior to the meetings, the Chairman requested the Secretariat to look into the matter. Secretariat

60. The Chairman concluded that being an advisory body on environmental matters, the most important consideration was how the Council could offer quality advice to the Government for improving the environment in the best interest of the community. Nonetheless, there was scope for further enhancing its transparency measures. Taking into account the major public interest in EIA reports and the fact that the Council was one of the statutory consultees on EIA reports under the EIA Ordinance, the Council agreed that –

- (a) the session of the EIA Subcommittee meetings when the project proponents made their presentations and respond to queries raised by Members on the concerned EIA reports be opened to the public and media. The internal discussion session amongst Members would continue to be conducted in closed door. The timing of implementing the new arrangement would be confirmed after sorting out the technical and logistical arrangements;
- (b) the status quo would be maintained for full Council meetings, except opening up the part when the report of the EIA Subcommittee was discussed and involved presentation and question-and-answer sessions with the presence of project proponents;
- (c) the status quo would be maintained for the Nature Conservation Subcommittee and Waste Management Subcommittee; and
- (d) consideration should be given to uploading the agenda and papers of the Council and Subcommittee meetings on ACE's website before the meetings.

Agenda Item 5 : Any Other Business

Discussion on EIA report on Liquefied Natural Gas receiving terminal and associated facilities

61. A Member said that he could not attend the previous meeting when the item on Liquefied Natural Gas terminal project was discussed. He

noted from the minutes of meeting that some Members had suggested making clear that though the Council's decision was bound by the framework of the EIA Ordinance, there were also concerns of a wider perspective that the Council should express. He was quite disappointed to note that the suggestion was not taken forward and these areas for concerns were not incorporated in the endorsement of the EIA report. He considered that had the Council expressed the endorsement in these terms, the general public might have reacted differently. The Chairman noted his views and said that Members had discussed at length about the wordings used in describing the Council's endorsement on the EIA report and the final version was the collective view of Members.

Tentative items for discussion at the next meeting

62. The agenda was being compiled. Members would be informed in due course.

Agenda Item 6 : Date of Next Meeting

63. The next meeting originally scheduled for 16 April 2007 was rescheduled to 19 April 2007.

ACE Secretariat
March 2007