

## Chapter 2 WORK OF THE INDEPENDENT REVIEW COMMITTEE

### Overview

2.1 This Chapter gives a brief account of how the IRC has proceeded with its work to review the existing regulatory frameworks and procedures for the prevention and handling of potential conflicts of interests concerning the Chief Executive (CE), Officials under the Political Appointment System (politically appointed officials or PAOs), and Members of the Executive Council (ExCo Members) respectively.

### Declaration of Interests

2.2 The Chairman and Members of the IRC have declared the following interests that may relate to matters to be reviewed within its terms of reference –

- (a) The Chairman and Members each know the CE, some PAOs and some ExCo Members personally through work and/or social contacts.
- (b) The CE is the Chancellor of the Chinese University of Hong Kong, in which Prof LIU Pak-wai works as Professor of Economics.
- (c) The CE is the Patron of the Hong Kong Jockey Club, of which Mr Thomas Brian STEVENSON is the Chairman.
- (d) The spouse of the incumbent CE is the Patron of the International Social Service Hong Kong Branch, of which Mr Stephen YAU How-boa is the Chief Executive.
- (e) Mr Lawrence FUNG is the chairman of a media company, but he would keep the Committee's materials entirely separate from his business.
- (f) Prof LIU Pak-wai is a member of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials.

2.3 The IRC concluded that the declared interests should not affect the work of members in conducting its review in an objective and impartial manner.

### Review by the IRC

2.4 The IRC conducted its business through consideration of papers and deliberations in meetings. It convened its first meeting on 5 March 2012 and had held a total of 8 meetings from March to May 2012. In conducting the review, the IRC had undertaken the following –

- (a) The IRC had examined the present regulatory frameworks and procedures for the prevention and handling of potential conflict of interest concerning the CE, PAOs and ExCo Members, including the arrangements for declaration of investments and interests, and acceptance of advantage and entertainment. This is summarized in *Chapter 3*.
- (b) The IRC had drawn reference from the present system applicable to the Civil

Service for the prevention and handling of potential conflict of interest. The IRC had studied the overall framework and the relevant legislative and administrative provisions regulating the Civil Service in this regard. A summary of the civil service system is set out in *Appendix B*.

- (c) The IRC had also researched into the practices in various overseas jurisdictions, namely, Australia, Canada, New Zealand, Singapore and the United Kingdom, especially the regulatory regimes applicable to heads of government and ministers on conflict of interests and acceptance of advantages and entertainment. A summary of the findings on individual jurisdictions is set out in *Appendix C*.
- (d) Further, the IRC had also taken note of the present systems to prevent conflict of interest in the Legislative Council and the Judiciary, and also various local public bodies, namely, the Hong Kong Monetary Authority, the Securities and Futures Commission and the Mandatory Provident Fund Schemes Authority. A summary of the systems in these institutions is set out in *Appendix D*.

## **Public Consultation**

2.5 To collect the community's views on the matters being reviewed, the IRC conducted a consultation exercise from 9 March to 16 April 2012. To this end, the IRC invited any individuals, institutions or organizations, including current and previous holders of those public offices covered by the review, to express their views by written submissions to the IRC by 16 April 2012. The IRC also invited members of the public to express their views at a public forum held on 12 April 2012.

2.6 The invitation for public submissions and to the open forum was widely publicized in 9 local Chinese and English newspapers, and was posted on the IRC's website<sup>6</sup>. Public announcements of the invitation for public submissions and to the public forum were also made through radio broadcast throughout the consultation period. In order to facilitate the public to express their views on the review, the IRC made available through its website the documents relevant to the present system applicable to the CE, PAOs and ExCo Members.

2.7 The IRC had received a total of 33 written submissions from 25 individuals and 8 organizations through the consultation. All written submissions received are available on the IRC's website<sup>7</sup> (with 8 submissions kept anonymous<sup>8</sup>). A total of 15 participants attended the public forum on 12 April 2012 and 9 of them expressed their views verbally at the forum. A full video recording of the forum is available on the IRC's website<sup>9</sup>. A summary of the views gathered in the public consultation exercise and an index to the written submissions received are set out in *Appendix E*.

2.8 The IRC would like to express its sincere gratitude to members of the public and the organizations for the views they had put forward during the consultation exercise. Their views have been helpful to the IRC in understanding the public's expectations for the

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<sup>6</sup> <http://www.irc.gov.hk/eng/consultation/consultation.htm>

<sup>7</sup> <http://www.irc.gov.hk/eng/report/report.htm>

<sup>8</sup> These include seven submissions the writers of which requested anonymity and one submission from a member of the public referred to the IRC by the LegCo Secretariat with the writer's name concealed.

<sup>9</sup> <http://www.irc.gov.hk/eng/report/report.htm>

prevention and handling of potential conflicts of interests concerning the relevant public offices.

### **Formulation of Recommendations**

2.9 Having regard to the research into the present systems both locally and overseas and the views expressed during the public consultation, the IRC has identified inadequacies in the present system, and put forward a number of recommendations to improve the system for the prevention and handling of potential conflicts of interests applicable to the CE, PAOs and ExCo Members respectively. These are set out in *Chapter 4*.

### **Acknowledgement**

2.10 The IRC would like to record its great appreciation for the invaluable support provided by the IRC secretariat led by the Secretary to the IRC, Mr Thomas Chan. That support was essential in enabling the IRC to conduct its work and to finish its Report within the given timeframe. The IRC would also like to thank various offices of the Administration and various public bodies and institutions in supplying factual information for the review.