

Select Committee to Inquire into Matters Relating to the
Post-service Work of Mr Leung Chin-man

Witness Statement of Mr Thomas CHAN Chun-yuen

I, Thomas CHAN Chun-yuen, am the Permanent Secretary for Housing of the Transport and Housing Bureau (Housing) (“THB”). In preparing this witness statement, I set out the questions raised by the Select Committee and then provide my answers to the best of my knowledge.

The vetting and assessment of post-service work applications from directorate civil servants

Q1. The procedure adopted by the Housing Branch of the Transport and Housing Bureau in assessing post-service work applications from directorate civil servants and your role and participation in the matter.

A1. The Housing Branch of the THB followed the guidelines laid down in Civil Service Bureau (“CSB”) Circular No. 10/2005 in assessing post-service work applications from directorate civil servants.

The application would initially be vetted by the Assistant Director (Administration) (“AD(Adm)”) to find out if there is any impropriety. AD(Adm) would conduct further check, consult other relevant officers, or ask the applicant to provide further details, if necessary.

After vetting the application and making any necessary further enquiries, AD(Adm) would submit his findings and recommendations to the Permanent Secretary for Transport and Housing (Housing) (“PS(H)”), via the Deputy Director (Corporate Services) (“DD(CS)”), on whether the application should be supported or not.

My role and participation in the matter is to take an overall view on whether the application should be supported or not, taking into account AD(Adm)’s recommendations and any additional comments from DD(CS), and having regard to the guiding principles laid down in CSB Circular No. 10/2005. If I sense any additional aspects which may give

rise to potential conflict of interest situations, I would make further enquiries before coming up with a view on the application.

The vetting and assessment of Mr LEUNG's application for post-service work with New World China Land Limited ("NWCL")

Q2 *According to the report on the processing of the application from Mr LEUNG to take up post-service outside work with NWCL submitted by the Secretary for the Civil Service to the Chief Executive, on 10 June 2008, the Housing Branch of the Transport and Housing Bureau advised the Civil Service Bureau that Mr LEUNG did not have any contractual or legal dealings or any other official contacts/dealings with NWCL during his service as Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing. The Branch further advised that Mr LEUNG was not involved in the formulation of any policy or decisions, the effect of which benefited or could benefit the prospective employer. The Branch was also of the view that it was unlikely that Mr LEUNG's proposed appointment would give rise to any negative public perception or cause embarrassment to the Government. The Branch then recommended approval of the application without any restriction other than the standard work restrictions. Please advise –*

Q2 (a) *your role in vetting Mr LEUNG's application :*

A2 (a) My role in vetting Mr LEUNG's application is the same as described in my answer to Q1 above. I examined the information provided by Mr LEUNG in the application form, considered AD(Adm)'s recommendation and the comment from DD(CS), and paid regard to the considerations in CSB Circular No. 10/2005, before formulating my view as to whether the application should be supported or not.

Q2 (b) *the internal consultation undertaken by the Housing Branch in vetting Mr LEUNG's application :*

A2 (b) The internal consultation undertaken was between AD(Adm), DD(CS) and PS(H) in accordance with the normal procedures at that time of handling post-service work applications from

directorates civil servants. We did not make any further internal consultation as no impropriety was noticed from the information provided in the application form which may affect the consideration of Mr LEUNG's application.

Q2 (c) *the views of the Housing Branch on the information provided by Mr LEUNG in the application form :*

A2 (c) The Housing Branch did not notice anything that raised doubts on the accuracy of the information provided.

Q2 (d) *factors considered by the Housing Branch in recommending approval of Mr LEUNG's application, including whether consideration had been given to (i) Mr LEUNG's involvement in housing projects when serving as Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing; (ii) Mr LEUNG's involvement in the Hunghom Peninsula development; and (iii) NWCL being a subsidiary company of New World Development Company Limited :*

A2 (d) The factors considered by the Housing Branch were mainly the considerations laid down in CSB Circular No. 10/2005 vis-à-vis the information provided by Mr LEUNG in the application form. Mr LEUNG had declared in question 22 in the application form that he would not be involved in any way in the business of the prospective employer's parent company or any of its subsidiaries. Therefore, in accordance with the explanatory note preceding question 26 in the application form, information provided by Mr LEUNG in questions 26 to 30 relating to his past dealings with his prospective employer, i.e. New World China Land Limited ("NWCL"), need not include the employer's parent company or any of its subsidiaries. Hence the focus of the assessment was on the business activities of NWCL, which are in the Mainland.

Against this background, Mr LEUNG's involvement in housing projects when serving as Permanent Secretary for Housing, Planning and Lands (Housing) and Director of Housing was not perceived as having any conflict with his future business activities in the Mainland. Likewise, the fact that NWCL is a subsidiary

company of New World Development Company Limited was noted as factual information that did not materially affect the assessment on whether his past duties would have any conflict with his future business activities. The Hunghom Peninsula development did not come into my mind at that time.

Q2 (e) *the reasons for the Housing Branch's assessment that Mr LEUNG's applications would unlikely give rise to any negative public perception or embarrassment to the Government :*

A2 (e) During the vetting of Mr LEUNG's application, the focus was on his proposed work with NWCL. Given that the business activities of NWCL are in the Mainland, it was assessed that there should be no conflict with Mr LEUNG's past duties and hence Mr LEUNG's application would unlikely give rise to any negative public perception or embarrassment to the Government.

Q2 (f) *the reasons why the Housing Branch did not recommend additional work restrictions on Mr LEUNG's application :*

A2 (f) The reasons for the Housing Branch not recommending additional work restrictions on Mr LEUNG's application are as follows :-

- the business of NWCL is essentially conducted in the Mainland and not in Hong Kong;
- Mr LEUNG in his former position as Director of Housing should not have obtained sensitive information which is considered relevant to the business of NWCL and would enable NWCL to gain undue/unfair advantage over its competitors;
- Mr LEUNG did not have contractual dealings or legal proceedings with NWCL; and
- there was no perceived conflict of interest.

Q3. The personal relationship between you and Mr LEUNG

A3. Mr LEUNG has never been my supervisor or subordinate. I only know him as an Administrative Officer grade colleague. I do not have any close personal relationship with Mr LEUNG and my past dealings with him were primarily in our respective official capacities.

Thomas CHAN Chun-yuen
4 March 2009