

Opening Statement for PAC Appearance on 12 January 2005

Sir David Akers-Jones

Morning, Mr. Chairman, ladies and gentlemen of the Public Accounts Committee.
Before I take questions, I'd like to say a few words:

1. I am **over 77 years old** and **retired for over 17 years**. It is **very difficult** for a man of my **age** and who has been **out of Government so long to recall** things that took place over a quarter of a century ago. Many of the people who worked with me during the relevant time are unfortunately no longer with us.
2. I am being asked to deal with **events that took place over 25 years ago** **without** the benefit of any **contemporaneous papers** and both the time lapse and lack of access to information makes it very difficult to recollect details
3. However, I am here before you today, 25 years on, to protect the reputation of those who worked with me, many of whom are no longer with us and who cannot defend themselves, who served Hong Kong well and with the highest integrity.
4. I have **tried my best to piece together** to the best of my ability with the assistance of former colleagues and friends **as full a picture as possible** to the best of my knowledge and belief of what happened and the procedures followed by way of a full written response, which you may wish to disclose to the public.
5. I need time to recollect such past events and may not be able to give quick oral answers in addition to the written responses provided
6. It should be borne in mind that my **involvement** in the Discovery Bay matter was **very limited and took place over the short period** of time between 1977 and 1982 when I was the Secretary for the New Territories.

My **successors** who took over my functions more or less followed a **similar policy direction**. By 1982, the functions of the Secretary for NT and its successor City & NT Administration had been taken over by Secretary for Land & Works and the Lands Department. So many departments have reviewed my work.

7. During the period when I was Secretary for NT, I had a **very capable team** of estate surveyors and legal advisers and I **relied on their expertise and assistance** when making decisions. There were well defined and established procedures and officials within a clear chain of command with no-one acting alone.
8. In my experience, there were **proper contemporaneous records** of transactions and I am very surprised to find that many documents have not been kept or are now missing.
9. In addition, before I made any decision, there would be input from various other departments.
10. In addition, neither the Director of Audit nor the **PAC** has ever previously made any recommendations or comments on the Discovery Bay Development when I was Secretary for NT or as far as I recall any time thereafter until now.
11. At the time when I was Secretary for the NT, there was **no planning controls** legislation in place in the NT. Also, there were few proposed developments the size of Discovery Bay at that time.
12. By way of background, in the early 1970's, Discovery Bay was a barren rocky area without any infrastructure and no development in the area. Moreover, the time taken to travel there in those days was quite long and so it was not foreseen, at that time, that Discovery Bay would be a suitable place for residences of people working in the urban areas of Hong Kong.
13. The original developer Mr Edward Wong had a good innovative idea but unfortunately, it later went into liquidation after heavily mortgaging the property to the bank. The whole Discovery Bay Project was at substantial risk of not proceeding at all and there were concerns that the mortgagee

bank may take possession of the land (though I am not at liberty to discuss the issues arising from that). Accordingly, it was important that the development be permitted to proceed with a certain degree of flexibility. This more flexible approach was allowed by Exco granting to the developer the land at Discovery Bay for a holiday resort/commercial development (as opposed to a previously restrictive approach adopted by Exco to restrict the use of land merely for the purposes of a holiday resort with **limited** residential and commercial use – note the exclusion of the word “limited” from the division of Exco). [This is quoted from paragraph 2.7 at p7 of Part 1 Chapter 6 of the Audit Report].

14. It was the lease conditions that specify the planning intention of the land (there being no outline zoning plan). In the master layout plan under the lease conditions was a mechanism for giving control with a degree of flexibility. This was drafted by a senior official in the Registrar General's Department.
15. The master lay out plan provisions incorporated into the lease conditions were clear and, following my short period of involvement in the Discovery Bay Project as Secretary for NT, was up to my successors to deal with any lease conditions (or master lay out plan provisions) as they deemed appropriate.
16. Given the barrenness, long distance, the lack of infrastructure and difficulty of access to urban areas of Hong Kong in the 1970's and there being no precedent for such an idea, it would have been difficult to assess its popularity in terms of how many people would buy holiday homes or use the recreation facilities or if it would have been different had a hotel been built. In addition, it would have been hard then let alone now to assess the value of a hotel development as opposed to a holiday home development in respect of such a risky development. With far better infrastructure and facilities provided by developers and the benefit of hindsight, it is much easier to assess the popularity of the area now, compared to a quarter of a century ago. In any event, the estate surveyors

in those days would have made their best valuation assessments at that time and I would have followed their advice and legal advice when making any decisions.

17. I believe that Discovery Bay has well surpassed expectations of being a resort though I am surprised that 25 years later, it has become such a convenient haven for commuters who like the resort environment and no-one could have dreamed that it would be so close to MTR, Disney, the airport and other transport facilities. It would have been unreasonable to limit the periods of stay of owners of holiday homes and expect them to only stay there on weekends and on retirement.
18. I believe that Discovery Bay was a resort and would remain one with its fine recreational golf and yacht club facilities, the access by the public to the golf during the week, the beach fronts and restaurant cafes and landscaping in the area. Moreover public services such as fire stations, ferry service, police station, water sewage and cleaning etc... were all provided by the developer (as opposed to by Government) from scratch. If there were no flexibility allowed by Exco and, the MacLehose and subsequent Administrations, the development would not have been commercially viable and would not have been anywhere near the success it is today.
19. It is easy with the benefit of hindsight now for people to make comments about what could have been done better. While I was Secretary of the NT, the original developer went into liquidation and Hong Kong was not the financial centre it is now but was emerging out of the recessions of the late 1960's. The Administration under Lord MacLehose encouraged dynamic and innovative ideas and projects which have been extremely successful.
20. At the relevant time, while I was Secretary for the NT, I had no better or worse relations with developers and other tycoons than other senior officials then and now. To show my lack of closeness, I was not asked to be a director (albeit an independent non-executive director) of the

Discovery Bay developer until 2000, some 13 years after my retirement as Chief Secretary: a very long time after I left Government.

21. Of the New Territories Administration which oversaw the massive development of the NT in those days, I can only say, in conclusion, that they have done a good job for Hong Kong. As is inscribed on Sir Christopher Wren's tomb in St. Paul's Cathedral in London, 'If you are looking for a memorial, look around you'.

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