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7th August 2008

Miss Denise Yu
Secretary for the Civil Service
Civil Service Bureau
10th floor
West Wing
Central Government Offices
HONG KONG

Dear Secretary

**The post-retirement employment of
Mr. Leung Chin-man**

I write as a member of LegCo's Panel on Public Service regarding the above captioned matter.

The disclosure that Mr. Leung Chin-man, a former senior official, has taken up employment with New World, one of Hong Kong's largest developers, has sparked off a major public outcry. The Government's response so far has failed to assuage the discontent. I wish to point out that this is a serious matter which can undermine the public's confidence in the civil service and ultimately Hong Kong's governance.

From the press reports, neither the Government nor the Advisory Committee on Post-service Employment of Civil Servants has properly addressed the most important issue: whether the acceptance of such an employment would give reasonable cause for concern that senior officials can use the power they exercise while in office to feather their own nest. Once concern is justifiably raised, confidence is at risk, and the damage can be irreparable, particularly when such questions may never be conclusively answered one way or another.

Mr. Leung's employment with New World is a particularly blatant case. The public has repeatedly referred to the controversy surrounding the redevelopment of Hunghom Peninsula. The record of a meeting of LegCo's Panel on Housing held on 6 December 2004 contains these clear facts:

- The public was deeply concerned that the Hunghom Peninsula development was sold to New World by the Government at great undervalue to the benefit of the developers;
- The sale at the low evaluation was made possible because, according to the Government, the Lands Department was not aware of New World's intention to redevelop at the time of the sale, and no terms restricting redevelopment were included in the lease modification agreement;

- The absence of such restrictive terms meant that the Director of Lands could exercise his power of discretion to give permission to New World to redevelop and to determine the additional premium payable for development;
- Subsequently, the additional premium of \$864 million was agreed between the Lands Department and New World, which was considered to be "pathetically low" by a member of the Panel.

At the time of the transaction, the Director of Lands was directly responsible to Mr. Leung as Permanent Secretary for Housing, Planning and Lands. Mr. Leung cannot but be regarded as being directly concerned in a matter which involved substantial interest of New World, whatever his personal involvement in the actual negotiations or lack of involvement. Mr. Leung's being allowed to take up a highly lucrative post at New World has not only revived the old controversy. For many, this turn of events may even drive them to a cynical conclusion.

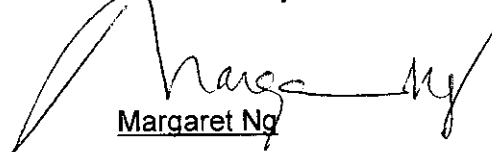
None of the measures imposed on Mr. Leung, including the 'cooling period', restrictions on his areas of responsibility under his employment etc., addresses the above issue. At best, they only address the avoidance of questions on insider information being used to the advantage of his new employer.

I would like to point out that it is not merely a matter of rules and procedure, but the values and principles behind them. The public must be able to have total confidence that discretionary powers granted by law will not be abused, even if no one is looking and nothing can be proved. To guard against any loss of confidence is a fundamental public interest. If public confidence is lost, no amount of restrictions by rules will serve the purpose. When senior officials cannot exercise the discretion which is properly their function and duty, then good administration will be at a standstill.

The necessary safeguards may result in limiting a former official's choice of a second career. However, this has already been compensated for. The Civil Service pays well and provide decent retirement benefits. Senior officials should be promoted to their positions of trust on the basis of their probity, and be prepared to put their conduct beyond question.

I understand the Chief Executive has asked you to look into the matter and submit a report to him. What is even more important is that you should explain the matter fully and clearly to the public through open meeting of the Panel on Public Service. While it is for the Advisory Committee to advise, the decision to give Mr. Leung permission was yours and the responsibility remains with you as Secretary for the Civil Service. By copy of this letter to the Clerk of the Panel, I hereby request that the matter be put on the agenda for the consideration of LegCo in the new term.

Yours sincerely



Margaret Ng

c.c. Clerk, Panel on Public Service
c.c. Miss Audrey Eu S.C, Civic Party