

## Chapter 1 BACKGROUND

1.1 Hong Kong takes great pride in its international reputation as a clean society free of corruption. This reputation is hard-earned and, in order to maintain it, eternal vigilance by all, both the Government and citizens, is required. A clean public service is a core value of our community. The public has the highest expectations that holders of high public offices would observe the highest standards of conduct. Our citizens fundamentally value a culture of probity in government. They detest and have zero tolerance for corruption. And they regard as unacceptable any improper or unethical conduct on the part of officials.

1.2 In February 2012, there was wide media coverage regarding the Chief Executive (CE) concerning his travelling on private yachts and private jets of his friends, renting a residence in Shenzhen for use after leaving office, selling to a businessman his personal wine collection (with the proceeds of sale donated to charities), and accepting hospitality offered by his friends including a banquet in Macau.

1.3 The media reports aroused controversies in the community and led the public to express disappointment and cast doubt on the probity of the CE's actions. After reflection, the CE concluded that "there is obviously a gap between the current rules ... and the expectations of Hong Kong people", that public servants must "not only stay well clear of any suspicion of impropriety but be seen to do so"<sup>5</sup>.

1.4 In the light of the controversies and widespread public concern arising from the recent incidents, the CE announced on 26 February 2012 the setting up of the **Independent Review Committee for the Prevention and Handling of Potential Conflicts of Interests ("the IRC")** with the following terms of reference –

- (a) to review the existing regulatory frameworks and procedures for the prevention and handling of potential conflicts of interests concerning the Chief Executive, Non-Official Members of the Executive Council, and Officials under the Political Appointment System respectively, including the arrangements for declaration of investments/interests and acceptance of advantage/entertainment/hospitality;
- (b) in light of the review, to make recommendations on the existing frameworks and procedures, including changes and revisions where appropriate; and
- (c) to submit a report with recommendations to the Chief Executive within three months.

1.5 As mandated by its terms of reference, the IRC's duty is to review the present system for the prevention and handling of potential conflicts of interests concerning the highest public offices, and make recommendations to improve the system. The IRC approaches its task by examining the present problems, collecting public views, considering local and overseas experience, and proposing concrete solutions. Having regard to its terms of reference, it is not within the powers of the IRC to conduct an investigation into the incidents concerning the CE.

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<sup>5</sup> The CE's article in the South China Morning Post on 26 February 2012 titled "It's time to rewrite the rule book".