

**LegCo Panel on Financial Affairs
Meeting on 6 June 2005**

List of follow-up actions

Briefing by the Financial Secretary on Hong Kong's latest overall economic situation

1. The Administration is requested to provide Hong Kong's recent submission to the United Nations (UN) on measures taken to address the problems of poverty and youth unemployment in Hong Kong, and the comments made by the UN Secretary-General, Mr Kofi ANNAN, on the submission.
2. It is noted that despite the seasonally adjusted unemployment rate has fallen from around 7% in the first quarter of 2004 to 5.9% in the three months ending April 2005, the overall labour earnings in the fourth quarter of 2004 has decreased by 0.6% in money terms (0.9% in real terms) over a year earlier (paragraph 8 and chart 6 of LC Paper No. CB(1)1678/04-05(03)). To facilitate members' understanding of the phenomenon, the Administration is requested to provide the following information:
 - (a) The relevant statistics for working out the overall labour earnings for the said period;
 - (b) The reasons for the decrease in the overall labour earnings over the period (e.g. more workers engage in part-time work); and
 - (c) In connection with item (b) above, to provide the average hourly wage rate of the part-time workers.
3. To provide statistics quantifying the benefits of the growth in off-shore trade activities on Hong Kong's economy, such as the impact on government revenue.

4. The Administration is requested to note a member's view that more information and analyses on the performance of the property market, including the movement in rentals for commercial and retail property and its impact on Hong Kong's economy, should be included in the economic reports to be provided to the Panel in future.

Proposal to revise fees and charges for services not directly affecting people's livelihood under the purview of the Treasury Branch

5. The Administration undertakes to provide the following information:
 - (a) The up-to-date position of various bureaux in conducting the review on fees and charges for services under their respective purview; and
 - (b) The timetable for various bureaux to brief the relevant Panels of the Legislative Council on the results of the review.

Proposal to write off a judgement debt

6. Members consider that the Administration has not provided the Panel with sufficient information for consideration of the proposal to write off the judgement debt owed to the Government by an auctioneer hired by the former Government Supplies Department (GSD) to conduct commercial disposal of unserviceable or obsolete government stores and confiscated goods. It is agreed that the Panel would further discuss the proposal in due course after the Administration has provided the supplementary information requested by members, as follows:
 - (a) Actions taken to recover the outstanding payments
 - (i) Please confirm whether GSD has, before reaching a Deed of Settlement with the Managing Director (MD) of the auctioneer on 31 March 1999, consulted the Department of Justice (DoJ) on whether the default in proceeds payment by the auctioneer involves any criminal offence, and whether criminal proceedings should be instituted against the auctioneer or its MD. In this connection -
 - if GSD has consulted DoJ, please provide the advice given by DoJ;

- if GSD has not consulted DoJ, please provide the reasons for having not done so.
- (ii) Please respond to a member's views and question, as follows -
- While the auctioneer has collected the auction proceeds for the Government, the proceeds are assets of the Government and not the auctioneer. Any proceeds owed by the auctioneer to the Government should be regarded as a liability of the auctioneer or its directors including its MD both under common law as well as under the Companies Ordinance, instead of a debt. In this connection, whether the auctioneer has gone into liquidation is irrelevant because the Government is not its creditor;
 - The Government should take appropriate actions (including legal actions) to recover the proceeds, and should not seek approval to write off the sum involved unless all possible means have been exhausted;
 - If the MD of the auctioneer took away the proceeds, he should be held liable for the offence. The Government should pursue its tracing claim to recover the proceeds from the directors including its MD and consider whether criminal proceedings should be instituted against him; and
 - In this connection, if GSD has consulted DoJ on its legal rights, please provide the advice given by DoJ. If not, please provide the reasons for having not done so.
- (iii) With the discharge of the Warrant of Arrest against the MD of the auctioneer in March 2004, please confirm:
- whether the MD may return to Hong Kong and will be free from any liability (both criminal or civil) for the case; and
 - whether the Administration would conclude the case after seeking approval to write off the debt and take no further action to recover the proceeds.
- (iv) In connection with item (iii) above, please confirm -
- what other legal actions the Administration would take to recover the proceeds; and
 - if the MD is subsequently located in other jurisdictions, whether the Administration would make arrangement to extradite the MD back to Hong Kong.

(b) Internal investigation

- (i) Please provide the report of the internal investigation conducted by the Administration on the case, including -
- the report(s) of the disciplinary proceedings taken against the civil servants involved in the case, including a Senior Accounting Officer, a Accounting Officer I, a Principal Supplies Officer, two Chief Supplies Officers and one Senior Supplies Officer, and the dates on which the disciplinary proceedings commenced and were concluded; and
 - the outcome of the investigation on the responsibilities of the senior management of the GSD in the case, in particular the responsibilities of the then Director, Deputy Director and the immediate supervisor of the Senior Accounting Officer concerned.
- (ii) Please provide the procedures and requirements for the concerned staff to report to the senior management of GSD on the payment of auction proceeds during the period from 1996 to 1998 when the default happened;
- (iii) Please provide the date on which the default was brought to the attention of the senior management of GSD, and the reasons why the senior management was unable to identify the problem before then;
- (iv) Please set out the remedial actions taken by the senior management of GSD for the case since the default was brought to its attention in 1998; and
- (v) Please confirm whether the Administration considers that there were inadequacies in the senior management in handling the case.