

**Information brief on recoverability of the outstanding advances to  
the United Nations High Commissioner for Refugees**

**Background**

- The related issue was first published in the Director of Audit's Report No. 16 of October 1990
- In response to the findings of the last audit review on the issue contained in the Director of Audit's Report No. 31 of October 1998, the Public Accounts Committee ("PAC") held one public hearing in December 1998 and published the evidence, and conclusions and recommendations in its Report No. 31 released in February 1999
- In view of the massive influx of Vietnamese migrants, the then Hong Kong Government and the United Nations High Commissioner for Refugees ("UNHCR") reached in 1988 a Statement of Understanding, in which it was stated that UNHCR would continue to meet the costs incurred for the care and maintenance of all asylum seekers subject to the availability of funds. For this purpose, the Administration charged the reimbursable costs to advance accounts, pending the UNHCR's reimbursement. From 1989 to 1998, UNHCR repaid only \$166.3 million of the total advances amount of \$1,328.3 million. As at 31 March 1998, the amount of outstanding advances was \$1,162 million
- Bureau(x)/department(s): Security Bureau, Financial Services and the Treasury Bureau, and Treasury

**Issues studied**

- Arrangements made by the Administration to charge the costs incurred for the care and maintenance of asylum seekers from Vietnam to advance accounts
- Recoverability of the outstanding amounts from UNHCR
- Actions that had been taken and could be taken by the Hong Kong Special Administrative Region Government, the Central People's Government and the British Government to recover the outstanding amounts
- The Administration's justifications for not accepting PAC's proposal to define more clearly the power of the Financial Secretary for charging costs to advance accounts under section 20 of the Public Finance Ordinance (Cap. 2)

**Main conclusions and follow up**

- PAC considered that the use of the advance account mechanism was tantamount to bypassing the normal procedures for seeking funding approval from the Legislative Council, and expressed dismay that the Administration had taken some two years to decide in 1998 to discontinue such arrangement despite PAC's

reminder in 1996. PAC urged the Administration to continue to press UNHCR to fully pay the outstanding advances as soon as possible

- PAC has since 1990 kept in view the development on the Administration's recovery of the outstanding advances to UNHCR, and has reflected to the Hong Kong sub-office of UNHCR its concerns over the matter. Apart from the annual progress report prepared by the Audit Commission, PAC has repeatedly written to the Secretary for Security to follow up on the issue, the last time in January 2018

### **Updated situation**

- The Security Bureau has continued to urge UNHCR to settle the outstanding advances. It wrote to the Hong Kong sub-office of UNHCR in August 2018 again to reiterate the Administration's stance and register the Hong Kong community's expectation of an early recovery of the outstanding advances, which remains at \$1,162 million
- PAC has referred the issue to the Panel on Security for follow up