

**LegCo Panel on Security -
Sub-committee on Indebtedness of Police Officers**

Information on Police officers with unmanageable debts

1. The definition of “unmanageable debt”.

An officer who has difficulties in repaying his / her debts is regarded as having “unmanageable debts”. Whether a debt is manageable or otherwise can neither be determined by its size nor its length of repayment, and its classification depends on many factors such as personal income, total family income, assets, support from relatives and / or family members, etc.

The classification of an officer to become an officer with unmanageable debt (OUD) is a management decision having taken all relevant information (e.g. tax recovery, enquiry letters from financial institutions, and any other signs of indebtedness) into consideration.

2. Measures introduced between 1994 and 1999 to tackle the problem of indebtedness of Police officers by the Force Management are summarised at Annex A.

- 3 (a). The following table shows a breakdown of reasons for Police officers incurring unmanageable debts for the period between 1994 and the first half of 1998.

Figure I

Causes	1st half of 1994	2nd half of 1994	1st half of 1995	2nd half of 1995	1st half of 1996	2nd half of 1996	1st half of 1997	2nd half of 1997	1st half of 1998
Over-spending	84 (47%)	51 (35%)	50 (38%)	40 (46%)	30 (35%)	30 (38%)	23 (31%)	28 (34%)	30 (28%)
Gambling	38 (21%)	43 (30%)	20 (15%)	14 (16%)	25 (29%)	25 (32%)	25 (33%)	21 (26%)	26 (24%)
Payment of tax	0 (0%)	0 (0%)	12 (9%)	0 (0%)	1 (1%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)

Business/ investment failure	11 (6%)	17 (12%)	13 (10%)	8 (9%)	7 (9%)	8 (11%)	11 (15%)	14 (17%)	17 (16%)
Family problems	0 (0%)	3 (2%)	8 (6%)	7 (8%)	11 (13%)	8 (10%)	11 (15%)	16 (20%)	25 (23%)
Others	47 (26%)	31 (21%)	29 (22%)	18 (21%)	11 (13%)	7 (9%)	5 (6%)	3 (3%)	9 (9%)
Total	180 (100%)	145 (100%)	132 (100%)	87 (100%)	85 (100%)	78 (100%)	75 (100%)	82 (100%)	107 (100%)

Since the 2nd half of 1998, a revised categorisation of causes of Police indebtedness has been adopted*. The findings for the second half of 1998 and the first six months of 1999 are as below:

Figure II

Causes	2nd half of 1998	1st half of 1999
Overspending	28 (22%)	34 (20%)
Gambling	16 (12%)	23 (14%)
Investment failure	7 (5%)	13 (8%)
Business failure	14 (11%)	11 (7%)
Important life Events	10 (8%)	10 (6%)
Others	2 (1%)	8 (5%)
Problems of family members / relatives	53 (41%)	66 (40%)
Total	130 (100%)	165 (100%)

A breakdown of reasons for the problems of officers' family members or

* Under the revised categorisation, the reasons for indebtedness are grouped into seven major categories, namely, gambling, overspending, investment failure, business failure, problems of family members/relatives, important life events (e.g. funeral, marriage, divorce, serious sickness, etc.) and others. From past statistics, these causes have proved to be more representative than others such as payment of tax.

relatives for the same period is as follows:

Figure III

Causes	2nd half of 1998	1st half of 1999
Overspending	2 (2%)	5 (3%)
Gambling	7 (5%)	5 (3%)
Investment failure	5 (4%)	12 (7%)
Business failure	17 (13%)	20 (12%)
Important life events	12 (9%)	14 (9%)
Others	10 (8%)	10 (6%)
Total	53 (41%)	66 (40%)

- 3(b). A breakdown of the number of incoming and outgoing Police officers with unmanageable debts (OUDs) since 1994 is as follows:

Figure IV

Period	No. of OUDs brought forward (a)	No. of OUDs with debts reduced to manageable level (b)	No. of OUDs struck off from strength (c)	No. of OUDs newly identified (d)	No. of OUDs carried forward (e) = (a) - (b) - (c) + (d)
1st half of 1994	-	-	-	-	180
2nd half of 1994	180	-	-	-	145
1st half of 1995	145	-	-	-	132
2nd half of 1995	132	-	-	-	87
1st half of 1996	87	34	9	41	85
2nd half of 1996	85	28	7	28	78

1st half of 1997	78	20	8	25	75
2nd half of 1997	75	10	12	29	82
1st half of 1998	82	16	10	51	107
2nd half of 1998	107	19	13	55	130
1st half of 1999	130	15	26	76	165

Note: Statistics prior to January 1996 are not available.

- 3(c). A breakdown of the periods for which these officers have had unmanageable debts.

Figure V

Period	2nd half of 1998	1st half of 1999
Less than 6 months	55	76
6 – 12 months	32	37
12 – 18 months	13	29
18 – 24 months	10	5
24 – 30 months	6	6
30 – 36 months	6	5
Over 36 months	8	7
Total	130	165

Note: Statistics prior to July 1998 are not available.

- 4(a). For the past five years, the number of garnishee orders (i.e. notice of tax recovery) issued to Police officers and a breakdown of the amount of garnishee orders issued are as follows:

Figure VI

Amount	1994 (Jul to Dec)	1995	1996	1997	1998	1999 (Up to June)
0 - \$4,999	-	-	376	266	286	155
\$5,000 - \$9,999	-	-	151	110	102	59
\$10,000 - \$19,999	-	-	171	134	131	97
\$20,000 - \$29,999	-	-	105	90	72	31
\$30,000 - \$39,999	-	-	32	23	29	14
\$40,000 - \$49,999	-	-	13	9	7	6
Over \$50,000	-	-	41	36	18	23
Total	423	1104	889	668	645	385

Note: Statistics of prior to July 1994 are not available. Breakdown of the amount of garnishee orders prior to 1996 is not available.

- 4(b). The number of Police officers who were at the same time receiving notice of tax recovery and repaying salary advances under Civil Service Regulations (CSR) 618 and loans from the Police Welfare Fund (PWF).

Figure VII

Period	No. of notice of tax recovery	No of salary advances	No. of PWF loans approved	No. of officers who were at the same time subject to tax recovery and repaying salary advances and loans from the PWF
1st half of 1996	690	1,363	728	14
2nd half of 1996	199	1,421	838	3
1st half of 1997	549	1,501	585	8

2nd half of 1997	119	2,234	738	1
1st half of 1998	515	1,585	599	8
2nd half of 1998	130	1,590	946	1
1st half of 1999	385	1,257	755	11

Note: Statistics prior to January 1996 are not available.

As the Police Credit Union (PCU) is bound by the Credit Unions Ordinance (Cap. 119) in the release of information pertaining to their members, it is unable to reveal the loan record of its members, e.g. whether a particular member has a loan with PCU. In this connection, the Police cannot compare the database of officers who were subject to tax recovery against that of PCU members' loan record. However, as informed by the PCU, among the 2,587 officers who were receiving notice of tax recovery between 1996 and the first half of 1999, 51% of them were at the same time repaying PCU loans.

5. For the past five years, the number of Police officers who had committed suicide for reason of indebtedness is as follows:

Figure VIII

Year	No. of Police officers who committed suicide for reason of indebtedness	No. of Police officers who attempted to commit suicide for reason of indebtedness
1994	0	0
1995	4	1
1996	1	1
1997	1	2
1998	2	4
1999 (up to Jun)	1	1
Total	9	9

Note: There is no record kept for officers committing crime out of indebtedness.

6. The following table shows the total number of Police officers (including OUDs) convicted of disciplinary offences during the time when the respective half-yearly surveys were conducted. Details of the punishments awarded to these OUDs are set out in Annex B.

Figure IX

Year	No. of Police officers against whom disciplinary actions were taken (including OUDs & non-OUDs)	No. of OUDs involved
2nd half of 1994	34	5
1995	29	9
1996	10	3
1997	75	20
1998	89	27
1999 (up to Jun)	58	12

Note: Figures prior to the second half of 1994 are not available.

7. Situation of officers in other disciplinary forces with unmanageable debts

Yearly statistics on immigration service officers with unmanageable debts

Figure X

Causes	1994	1995	1996	1997	1998	1999 (up to June)
Gambling	-	-	-	-	-	-
Overspending	-	-	1	-	1	-
Investment failure	-	-	1	-	2	1
Business failure	-	-	-	-	-	1
Important life events	-	-	-	-	-	-

Family members' or relatives' problem	-	-	-	1	1	-
Others	-	-	-	-	-	-
Total	0	0	2	1	4	2

Note: Any officers found to be in difficulties to repay his debts will be regarded as having unmanageable debts by the Immigration Department.

Yearly statistics on officers of the fire service with unmanageable debts

Figure XI

Causes	1994	1995	1996	1997	1998	1999 (up to June)
Gambling	-	-	-	-	-	-
Overspending	-	-	-	-	-	-
Investment failure	-	-	-	-	-	1
Business failure	-	-	-	-	-	-
Important life events	-	-	-	-	-	-
Family members' or relatives' problem	-	-	-	-	1	3
Others	-	-	-	-	-	0
Total	0	0	0	0	1	4

Note: The Fire Services Department defines officers with unmanageable debts as those who have become insolvent and applied for bankruptcy under CSR 457.

Yearly statistics on officers of the correctional service with unmanageable debts

Figure XII

Causes	1994	1995	1996	1997	1998	1999 (up to June)
Gambling	-	-	1	1	2	4
Overspending	1	1	1	3	3	10

Investment failure	-	-	3	-	9	13
Business failure	-	-	-	-	-	-
Important life events	-	-	-	-	-	-
Family members' or relatives' problem	-	-	1	-	3	5
Others	-	-	-	1	1	-
Total	1	1	6	5	18	32

Note: The Correctional Services Department consider those officers whose loans fall into one or more of the following categories are having unmanageable debts –

- a) the loan amount exceeds their annual income;
- b) the monthly repayment required goes beyond half of their monthly salary; and
- c) the loan amount (irrespective of the size) seems never reduced.

Yearly statistics on customs and excise officers with unmanageable debts

Figure XIII

Causes	1994	1995	1996	1997	1998	1999 (up to June)
Gambling	-	-	-	-	1	2
Overspending	-	-	-	-	-	-
Investment failure	-	-	-	-	1	-
Business failure	-	-	-	-	-	-
Important life events	-	-	-	-	1	-
Family members' or relatives' problem	-	-	-	-	1	2
Others	-	-	-	-	1	-
Total	-	-	-	-	5	4

Note: As long as an officer has difficulties in repaying debts, he / she will be regarded as an officer with unmanageable debts by the Customs and Excise Department.

8. The number of cases reported under CSR 456 (serious pecuniary embarrassment) and CSR 458 (bankruptcy) in relation to Police officers for the past five years is as follows:

Figure XIV

Year	CSR 456	CSR 458
1994	2	2
1995	3	1
1996	1	1
1997	2	3
1998	0	5
1999 (Jan – June)	1	4

A copy of CSR 456 and CSR 458 is at Annex C.

Measures introduced by the Force Management between 1994 and 1999 to tackle the problem of indebtedness of Police officers

Year	Measures
1994	An ad hoc committee on tackling the problem of indebtedness was set up.
	The Force policy on the management of indebtedness was issued.
	The half-yearly survey on Police officers with unmanageable debts (OUDs) was re-commenced.
	Publicity programmes on principles of family budgeting and personal financial management were launched.
	Lecture notes on prudent financial management for the Police Training School (PTS) were developed and brought into use.
	Guidelines on steps to be taken at different levels to monitor and tackle indebtedness were introduced.
	Training for District Staff Relations Officers / Staff Relations Officers (currently called Training & Staff Relations Officers (TSROs)) on the management of indebtedness was conducted. This aimed to prepare them to conduct financial management training within their respective formations.
	The Force Management considered, in consultation with the then Attorney General's Chambers (AGC), the feasibility and legality of the proposal that all Police officers were to be required to declare their debts. Legal advice indicated that this proposal would likely constitute an arbitrary interference with the officers' privacy as guaranteed by Article 14 of the Bill of Rights Ordinance.
	A publicity programme on curbing extravagant lifestyle was launched in the Off Beat.
	The Staff Relations Group was delegated to be the coordinating and managing team for the problem of Police indebtedness.

1995	A revised set of guidelines on steps to be taken at different levels to monitor and tackle indebtedness was issued.
	A special stress management workshop for OUDs was organised to help allay their stress arising from indebtedness and rebuild their lives with emphasis on prudent financial management.
1996	To encourage Police officers to adopt a healthy lifestyle, the Force recreational and physical training facilities were improved and upgraded.
	The Force Management considered, in consultation with the then AGC, the feasibility and legality of the proposal that Police officers who had to spend a relatively high percentage of their total family income over a certain period to repay debts were required to disclose details of their debts. Legal advice indicated that this proposal would likely constitute an arbitrary interference with the officers' privacy as guaranteed by Article 14 of the Bill of Rights Ordinance.
	The Force Management also considered, in consultation with the then AGC, the feasibility and legality of the proposal that Police officers were to be obliged to notify their supervisors when visiting overseas countries. Police officers were then required to notify their Formation Commanders when making private visits to China / Macau.
	A working committee on the Force Healthy Lifestyle Campaign was formed.
	Formation Commanders were required to personally interview OUDs of more than \$100,000 monthly and to submit a quarterly progress report to the Police Headquarters.
	Two special stress management workshops, with the attendance of 22 OUDs, were organised.
	Another publicity programme on the management of Police indebtedness which included the production of three posters promoting the virtue of thrift, budgeting, and financial management was launched.

1997	Declaration of unauthorised loan by new appointees in accordance with CSB Circular No. 4/97 “Indebtedness in the Civil Service” was implemented.
	The revised “Administrative Instructions as to the Management of Indebtedness” was issued.
	The first phase of “Living-the-Values” workshops to promote the Force values (e.g. integrity, honesty and trust) was launched.
	The Force Healthy Lifestyle Campaign focusing on physical fitness, psychological well-being and financial prudence was launched.
	An “anti-gambling” poster design competition and exhibitions at Police stations / staff clubs promoting staff awareness in the pitfalls of gambling were held.
	Two pamphlets aiming at discouraging Police officers from indulging in gambling and over-spending were produced and distributed.
	Five special stress management workshops, with the attendance of 49 OUDs, were held.
1998	A study on correlation between shift pattern, discipline and number of OUDs in Regions was conducted.
	The Force Management has started an exercise to regularly exchange experiences with other government or non-government organisations in dealing with the problem of staff indebtedness.
	The role of TSROs was reviewed by focusing part of their major duties on the management of Police indebtedness.
	The Staff Relations Meeting was held monthly (instead of quarterly previously) and with management of Police indebtedness has become a standing agenda item in the meetings since then.
	A poster promoting integrity and honesty was produced and distributed.
	“Fit for Tomorrow” poster design competition and exhibitions promoting staff awareness on the concept of healthy lifestyle were held at various Police stations / staff clubs.

	Training of junior supervisors (e.g. SGTs, SSGTs, and PIs) on the management of Police indebtedness was provided at PTS.
	Force wide stress management training with particular attention to junior supervisors and recruits at PTS was introduced.
	Messages of promoting integrity and honesty were printed on Police notebooks and distributed Force wide.
	Five special stress management workshops, with the attendance of 60 OUDs, were conducted.
	A pilot study on the lifestyle of young constables with 2-3 years service was conducted. The study focuses on four main areas i.e. management of time, finance, work and interpersonal relationship.
	TSROs were provided with training on compulsive gambling.
	A senior Police inspector was sent to be trained in Canada to deal with compulsive gambling.
	Team building exercises aiming at enhancing trust at all levels were introduced during Formation Training Days.
1999	The Force Management considered, in consultation with the Department of Justice (D of J), the feasibility and legality of the proposal that (a) warning letters would be issued to OUDs and that they would also be required to notify their Formation Commanders on acquiring any new debts; and (b) as an employment criterion, all applicants are required to declare their outstanding financial obligations when seeking first appointment/re-employment with the Force. The "Administrative Instructions as to the Management of Indebtedness" is being revised to incorporate the above new administrative measures.
	"Management of indebtedness" has become a standing agenda item in the Force Anti-Corruption Strategy Steering Committee.
	The presentation of integrity and honesty messages on Police notebooks were revised and distributed.
	Four posters promoting healthy lifestyle were produced and distributed.

	<p>The Force Management also considered, in consultation with D of J, the feasibility and legality of the proposal that (a) they will be provided with the power to demand documentary proof from Police officers in relation to the management of indebtedness; (b) Police officers who engage in speculative / risky investment should notify their supervisors; (c) Police officers who have acquired an excessive number of credit cards will be required to notify their supervisors; and (d) Police officers will be prohibited to act as loan guarantor for any other persons. However, legal advice indicated that these proposed measures would likely constitute an arbitrary interference with the officers' privacy as guaranteed by Article 14 of the Bill of Rights Ordinance.</p>
	<p>Two pamphlets promoting "live a simple life" and "support your peers" have been produced and distributed.</p>
	<p>Three special stress management workshops, with the attendance of 43, were organised.</p>
	<p>Section 6-01(8) of the Police General Orders on financial imprudence was revised to clarify that when an officer has suffered serious pecuniary embarrassment as a result of his own financial imprudence which leads to a subsequent impairment to his operational efficiency will be subject to disciplinary action.</p>

The following table shows the number of OUDs convicted of debt related disciplinary offences and their punishments.

Figure I

Year	Illegal gambling	Borrowing from loansharks	Borrowing from friends/ colleagues	Imprudent financial management
1996	0	1	0	2
1997	0	2	1	3
1998	0	4	4	5
1999 (up to June)	0	3	2	4

Note: Statistics for 1994 and 1995 are not available.

1. Punishment by dismissal / ordered to resign

Figure II

Year	Illegal gambling	Borrowing from loansharks	Borrowing from friends / colleagues	Imprudent financial management
1996	0	1	0	2
1997	0	1	0	3
1998	0	1	1	4
1999 (up to June)	0	2	0	4

Note: Statistics for 1994 and 1995 are not available.

2. Punishment by compulsory retirement

Figure III

Year	Illegal gambling	Borrowing from loansharks	Borrowing from friends/ colleagues	Imprudent financial management
1996	0	0	0	0
1997	0	1	0	0
1998	0	3	0	0
1999 (up to June 30)	0	1	0	0

Note: Statistics for 1994 and 1995 are not available.

3. Reprimand / severe reprimand

Figure IV

Year	Illegal gambling	Borrowing from loansharks	Borrowing from friends / colleagues	Imprudent financial management
1996	0	0	0	0
1997	0	0	1	0
1998	0	0	3	1
1999 (up to June)	0	0	2	0

Note: Statistics for 1994 and 1995 are not available.

CHAPTER III - CONDUCT AND DISCIPLINE

Insolvency and Bankruptcy

CSR 456

456. Departments are responsible for reporting to the Civil Service Bureau any case in which it appears that an officer is suffering from serious pecuniary embarrassment.

CHAPTER III - CONDUCT AND DISCIPLINE

Insolvency and Bankruptcy

CSR 458

458. An officer who becomes insolvent or bankrupt, even though no proceedings have been taken against him is required at the earliest possible moment to submit a complete statement of the facts of his case to his Department, for transmission to the Civil Service Bureau. Even though the circumstances may not warrant the interdiction of the officer from duty, in no case may an officer who is bankrupt or insolvent continue to be employed on duties involving the handling of public money. Shroffs and other officers entrusted with the handling of public money are liable to disciplinary proceedings on disclosure of bankruptcy or insolvency.