

Analytical Accounts of the Exchange Fund

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) released today (June 14) the key analytical accounts of the Exchange Fund at the end of May 2023.

Foreign assets, representing the external assets of the Exchange Fund, decreased during the month by HK\$60.5 billion to HK\$3,494.8 billion.

The Monetary Base, comprising Certificates of Indebtedness, Government-issued currency notes and coins in circulation, the balance of the banking system and Exchange Fund Bills and Notes issued, amounted to HK\$1,867.0 billion.

Claims on the private sector in Hong Kong amounted to HK\$238.1 billion.

Foreign liabilities amounted to HK\$25.0 billion.

The analytical accounts of the Exchange Fund are released in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS) and are referred to as the Analytical Accounts of the Central Bank under SDDS (Annex).

At present, four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's SDDS. The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. For the month of June 2023, the scheduled dates for issuing the press releases are as follows:

June 7 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
June 14	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
June 30	SDDS Template on International Reserves and Foreign Currency Liquidity
June 30	Exchange Fund Abridged Balance Sheet and Currency Board Account

Police National Security Department arrests one woman and one man

The National Security Department of the Hong Kong Police Force today (June 14) arrested a 64-year-old woman and a 30-year-old man in Hung Hom and Cheung Sha Wan respectively for perverting the course of public justice.

The 64-year-old woman and another five persons (three men and two women) were arrested on June 6 in connection with a "conspiracy to forgery" case. She was also arrested for "doing an act or acts with seditious intention" by repeatedly publishing posts with seditious intention on social media platforms. After being released on bail, the woman allegedly attempted to pervert the course of justice by attempting to influence other defendants of the "conspiracy to forgery" case through the 30-year-old man.

Police conducted searches at the arrested persons' residences with court warrants. Some electronic communication devices were seized. The two arrested persons are being detained for enquiries.

LCQ15: False and anonymous complaints

Following is a question by the Hon Dominic Lee and a written reply by the Secretary for Security, Mr Tang Ping-keung, in the Legislative Council today (June 14):

Question:

It is learnt that in recent years, some people have deliberately made false complaints to the Government (including the one-stop service hotline "1823" (1823) and the Hong Kong Fire Services Department (FSD)) against business operators and members of the public and, among them, many of the complaints are even anonymous, resulting in losses to the complainees. In this connection, will the Government inform this Council:

(1) of the total number of complaints received by 1823 and the FSD in each year since 2019 and, among them, the number of anonymous complaints; among the signed and anonymous complaints received, the respective ratios of complaints which were proved to be true to those proved to be false upon investigation by relevant government departments;

(2) whether 1823 and the FSD have set priorities for the handling of anonymous and signed complaints; whether the Government has taken measures to handle complaints suspected to be false, so as to reduce spending unnecessary expenses and time, and avoid lowering the work efficiency of the Government;

(3) whether 1823 and the FSD will consider introducing identity authentication methods such as "iAM Smart" to verify the identities of complainants, thereby reducing the number of anonymous and false complaints; if so, of the details; if not, the reasons for that;

(4) whether 1823 and the FSD have put in place mechanisms for avoiding and penalising malicious complainants who make repeated or false complaints; if so, of the details; if not, the reasons for that; and

(5) as it is learnt that many business operators need to deal with a number of government departments' investigations due to false complaints, whether the Government has put in place a mechanism for complainees to appeal and recover the losses arising from false complaints, and whether the Government will take full responsibility for anonymous complaints proved to be false; if it will, of the details; if not, the reasons for that?

Reply:

President,

The Government is always striving to improve its service to the public; complaints handling goes to the heart of this. Effective complaints handling should directly translate into better government. With regard to the Member's question, in consultation with relevant bureaux/departments (B/Ds), the consolidated reply is as follows:

For handling complaints, the Government has issued internal guidelines on complaints handling mechanism. The guidelines set out the general procedures for reference by B/Ds on receipt of complaints from members of the public direct or through other B/Ds or agencies.

For anonymous complaints, according to the guidelines, depending on the gravity of the allegations made, B/Ds should treat certain anonymous complaints in the same way as signed complaints though it is not possible to acknowledge or reply to these complainants. B/Ds should exercise common sense when an anonymous complaint is too vague to be able to identify sufficient details for a meaningful investigation to be conducted. Where criminal allegations are implied, referrals should be made to relevant law enforcement agencies as appropriate.

While the relevant guidelines have not specifically mentioned the handling of complaints which are suspected to be false, according to the guidelines, B/Ds should put in place appropriate supervision arrangements to ensure that complaint cases are handled appropriately from start to finish. B/Ds should also analyse the statistics for trends which may identify systemic weaknesses and suggest the need for changes, and should regularly review their complaints handling systems to identify any improvement areas.

With regard other issues relating to the handling of complaints by 1823 and the Fire Services Department (FSD), relevant response is as follows:

1823 provides a one-stop platform for members of the public to make enquiries and complaints about government services. Apart from 1823, members of the public can also lodge complaints with relevant departments directly. 1823 will refer the received complaints to the appropriate departments for handling, and the relevant departments will decide how to follow up and respond. Therefore, 1823 does not have information on the ratio of complaints which were found to be true to those found to be false upon investigation by departments. From 2019 to the present (up to March 2023), 1823 has received an average of about 540 000 complaints per year, of which anonymous complaints accounted for about 11 per cent, with an average of about 61 000 per year.

1823 refers the signed and anonymous complaints received to the appropriate departments for handling in accordance with the Government's internal complaints handling guidelines. Separately, 1823 plans to adopt "iAM Smart" in its web form and mobile application to enable members of the public to choose to automatically fill in personal information when they make enquiries and complaints. However, the tool is not used for verifying the complainant's identity. If the complainant lodges an anonymous complaint, 1823 will handle it in accordance with the Government's internal guidelines. As mentioned above, 1823 provides a platform to receive public complaints, and relevant departments will decide how to follow up and respond after receiving referrals from 1823. 1823 does not have information on mechanisms adopted by departments for avoiding and penalising malicious complainants who make repeated or false complaints.

For the FSD, from 2019 to the present (up to March 2023), the Department has received an average of about 9 460 complaints related to fire hazards per year. The FSD does not maintain statistics on the breakdown of signed and anonymous complaints, or information concerning the ratio of complaints found to be true to those found to be false.

Generally speaking, the prime consideration of the FSD when handling fire hazard complaints is to protect the lives and properties of the public. The Department will conduct an on-site investigation in accordance with the established mechanism and procedures, and take appropriate law enforcement actions should irregularities be found. If there is reasonable suspicion that other irregularities are involved in respect of the complaint, the Department will, having regard to the actual situation, refer such irregularities to relevant law enforcement agencies for follow-up. Therefore, whether the complaint is signed or not, if the complainant has provided specific details and an address which enable a follow-up on the case, the Department will conduct an investigation and there will not be any difference to the setting of its priority. That is to ensure the fire safety of the building or premises concerned. If the complainant has not provided sufficient information and cannot be contacted for further details, the Department will consider the case not actionable and terminate the investigation. In addition, as mentioned above, "iAM Smart" is not used for verifying the complainant's identity. The FSD will continue to receive complaints mainly via e-mail, mail, telephone and referral. Complaints and referrals received

through any channel will be handled in accordance with established mechanism. Furthermore, generally speaking, it is difficult for the FSD to determine whether the motive of a complainant is based on fire safety concerns, misunderstanding, or with malicious intent. The FSD will deploy its resources rationally and handle complaints in accordance with the established mechanism prudently. For example, if a complaint only refers to buildings generally in a certain area, without specifying the location, etc., the Department will approach the complainant to understand the actual situation for obtaining more information and/or conduct reasonable sampling inspections according to the established mechanism.

Hong Kong Customs smashes money laundering syndicate involved in deploying air passengers to assist in laundering over \$700 million

â€‹Hong Kong Customs mounted an operation codenamed "Checkmate" between May 25 and June 13, and successfully smashed a money laundering syndicate with arrests of 23 local men suspected to be connected with the case. The syndicate was suspected of arranging for its members to transport large quantities of cash as air passengers from overseas into Hong Kong between January and May this year, to assist in laundering about HK\$720 million of suspected crime proceeds. The amount was the highest on record among the money laundering cases involving air passengers to assist in money laundering detected by Customs.

In January this year, Customs officers targeted a suspected money laundering syndicate and initiated a financial investigation. It was revealed that the syndicate members transported large quantities of United States (US) banknotes from overseas into Hong Kong as air passengers. They would make a declaration to Customs when crossing the boundary at Hong Kong International Airport. Then, the cash would be handed over to other syndicate members for delivery from the airport to a commercial unit in Tsim Sha Tsui for further handling. From January to May this year, the syndicate members had made 41 movements of large quantities of cash from overseas into Hong Kong, amounting to about HK\$720 million in total.

After months of in-depth investigations, Customs raided a total of 24 premises in different districts across the territory, including the above-mentioned commercial unit suspected to be connected with the case and 23 residential premises, between May 25 and June 13 deploying over 50 Customs officers. Twenty-three local men, aged between 25 and 47, suspected to be connected with the case, were arrested for suspected conspiracy to "deal with

property known or reasonably believed to represent proceeds of an indictable offence" (commonly known as money laundering). They included two masterminds and two core members of the money laundering syndicate as well as 11 syndicate members who transported cash as air passengers.

During the operation, Customs officers seized assorted currencies valued at about HK\$43 million in total, including US banknotes valued at about HK\$41 million, at the commercial unit in Tsim Sha Tsui. In addition, Customs officers seized a batch of items suspected to be involved with the case, including numerous empty suitcases and rucksacks, multiple banknote counters, computers and mobile phones, plus numerous bank deposit receipts.

An initial investigation revealed that the two arrested syndicate masterminds were suspected of conspiring with the other 21 syndicate members to deal with about HK\$720 million of suspected criminal proceeds in total. An investigation is ongoing and the likelihood of further arrests is not ruled out. The 23 arrested persons have been released on bail pending further investigation.

Customs reminds members of the public that they risk committing the crime of money laundering if they deal with money from unknown sources, regardless of whether a monetary reward is involved.

Under the Organized and Serious Crimes Ordinance, a person commits an offence if he or she deals with any property knowing or having reasonable grounds to believe that such property in whole or in part directly or indirectly represents any person's proceeds of an indictable offence. The maximum penalty upon conviction is a fine of HK\$5 million and imprisonment for 14 years while the crime proceeds are also subject to confiscation.

Under the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance, a person commits an offence if he or she makes a declaration for a large quantity of currency and bearer negotiable instruments (i.e. the total value of which is more than HK\$120,000) that contains any information that is false in a material particular. The maximum penalty upon conviction is a fine of HK\$500,000 and imprisonment for two years.

Members of the public may report any suspected money laundering activities to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email account (crimereport@customs.gov.hk).

LCQ21: Coping with wastage of civil servants

Following is a question by the Hon Rock Chen and a written reply by the

Secretary for the Civil Service, Mrs Ingrid Yeung, in the Legislative Council today (June 14):

Question:

It is learnt that retirement and resignation are the main reasons for the wastage of civil servants in recent years, and the wastage of civil servants in the 2021-2022 financial year amounts to 10 487, accounting for around 5.9 per cent of the strength. In this connection, will the Government inform this Council:

(1) as the Secretary for the Civil Service has indicated that the wastage of civil servants are also attributable to civil servants resigning when finding their jobs unsuitable after working for a few years, or being dismissed due to unsatisfactory performance, of the measures put in place by the Government to reduce the wastage of civil servants, and whether the Civil Service College will strengthen the foundation training for civil servants, so as to enhance the capability, quality and vision of the civil service, thereby reducing the wastage rate;

(2) as there are views that civil servants must familiarise themselves with national affairs, and there are quite a number of "drifters in Hong Kong" (i.e. persons admitted to Hong Kong from the Mainland to study or work) who have acquired the Hong Kong permanent resident status, whether the Government will, in the light of their background of having received education or grown up on the Mainland, entice them to apply for civil service jobs (e.g. by conducting promotion and publicity campaigns as well as recruitment exercises through universities or clansman organisations), so as to find public service talents who love the country and Hong Kong; and

(3) as there are views pointing out that there is an increasing demand for governance talents in Hong Kong society, whether the Government will, in order to reinforce the advantages of the civil service and maintain the Government's governance effectiveness, build a comprehensive civil service talent pool, with a view to enlisting talents with potential as early as possible while strengthening the Government's sources of talents?

Reply:

President,

A consolidated reply to various parts of the question is as follows:

As the largest employer in Hong Kong, the Government attaches great importance to nurturing and managing talents. On one hand, the Government maintains a clear and well-structured career development system for civil servants to attract, retain and promote talents. On the other hand, the Government actively infuses new blood into the civil service to fill vacancies arising from retirement and leaving the service.

To build up a diverse pool of talents within the Government and to enhance the effectiveness of governance, departments will identify as early

as possible officers with commitment, potential, outstanding performance but may have shorter years of service, and prepare them for effective performance and for taking up higher responsibilities by career management and enhanced training. Heads of departments/grades will formulate departmental development plan, arrange appropriate postings, professional and management trainings, Mainland and overseas visits, and secretariat attachments, in order to provide more opportunities for senior professions with potential to take up responsibilities beyond their professional domains in a strategic manner and to widen their exposure. In addition, departments will systematically arrange these officers to attend advanced leadership programme to equip them for fulfilling the roles of directorate officers in the future.

With regard to recruitment work, the Civil Service Bureau has been reminding bureaux/departments to take early actions to formulate manpower plans and to launch recruitment exercises in a timely manner. Bureaux/departments will also strengthen promotion of individual grades and their recruitment arrangements, maintain close communications with stakeholders like tertiary institutions etc, to keep abreast of the market situation, proactively organise recruitment talks with institutions and participate in career expo, in order to enhance job applicants' knowledge and interest on government jobs and attract more individuals with aspiration to serve the country and the community to join the civil service.

Apart from local graduates, recruitment promotion work of the Government also seeks to attract individuals of different backgrounds (including Mainland and overseas graduates, and the working population) to join the Government. Individuals who come from the Mainland to Hong Kong to study or work may apply for civil service jobs if they have Hong Kong permanent resident status and meet the requirement on public servants in the Basic Law. In addition, as more and more local students pursue further studies in the Mainland, with the full resumption of normal travel between Hong Kong and Mainland, departments have strengthened promotion and recruitment efforts on local students studying in the Mainland in recent months.

In order to attract people with aspirations to serve the community to join the civil service, since June 1, 2023, departments/grades may, having regard to their manpower resources and operational needs, consider whether to expand the pool of eligible candidates to undergraduate or postgraduate students in their penultimate year of study (e.g. in a four-year undergraduate curriculum, they refer to students in the third year of studies), so they may apply for civil service jobs requiring an undergraduate or a postgraduate qualification. Successful candidates with conditional offers can join the civil service upon graduation, subject to their fulfillment of specified conditions, including the completion of the relevant academic qualification within a stipulated period of time. The above initiative allows young people with aspirations to join the Government to plan their careers early, and to focus on their studies and equip themselves after being offered a conditional appointment. Universities will be able to help more students interested in public services to plan ahead and better prepare themselves. The Government will also be able to recruit talents as early as possible to infuse new blood into the civil service and build up a

diverse talent pool.

The Civil Service College (CSC) has strengthened training for civil servants at different levels, including enhancing the induction training for new recruits, broadening senior civil servants' international horizons, and encouraging civil servants with potential to pursue studies in public administration. The CSC has provided civil servants with more training opportunities and encouraged them to pursue continuous learning to enhance their knowledge and perspectives.

The CSC has strengthened its induction training since July 2022 by requiring all new recruits to complete within the probationary period a foundation training programme. The contents include understanding "one country, two systems", the Constitution, the Basic Law and the Hong Kong National Security Law, the country's system and major policies, as well as the civil service's core values and public service culture. The programme aims to inculcate in civil servants a sense of national identity and a shared commitment to serve Hong Kong.

The CSC will also strengthen training for serving civil servants and infuse the service ethos of the "people-first principle" and team collaboration into different training programmes. This will enable civil servants to undergo continuous training at different stages of their career so as to update them on the knowledge and skills required at work and reinforce their public service values. Besides, departments will arrange various skill, knowledge and professional trainings for their staff to meet their operational needs and support their career development. This will enhance the job satisfaction of civil servants and help retain talents.