

# **SOURCES OF FINANCE FOR CIVIL SERVANTS**

August 2008

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## **I. Introduction**

Everyone tries to avoid falling into heavy debt and civil servants are no exception. It is hoped that they will maintain a balanced family budget and, in general, this should not be too difficult considering the steady nature of their income.

It is acknowledged that on occasions, however, civil servants - like any other members of the community - may run into financial problems which are beyond their normal means to cope with. The purpose of this booklet is to explain to these employees the regulations which they are required to comply with when borrowing money and the various sources of loan or finance, both inside and outside the government, which are available to them.

## **II. The Acceptance of Advantages (Chief Executive's Permission) Notice**

Under Section 3 of the Prevention of Bribery Ordinance, Cap. 201 ("POBO"), a civil servant may be liable to prosecution if he solicits or accepts any advantages (which include a loan of money) without the general or special permission of the Chief Executive. The Acceptance of Advantages (Chief Executive's Permission) Notice ("AAN") has listed circumstances under which general permission is given for civil servants to solicit or accept a loan of money from certain sources. These are described more fully in sections III to IV below. If a civil servant wishes to solicit or accept a loan of money in circumstances or from sources other than those covered by the general permission, he is required to seek special permission from the relevant approving authority. Civil Service Regulation 482 (copy at Appendix A) reminds civil servants of the need to comply with the AAN provisions in borrowing money.

The following sections provide information on the sources of finance available and the circumstances under which the solicitation or acceptance of a loan is covered by the general permission given by the Chief Executive in the AAN.

## **III. Loans Covered by the General Permission Given in the AAN**

Under the AAN, the Chief Executive has given general permission for civil servants to obtain a loan of money from certain sources and in certain

prescribed circumstances. The general permission that has been given in the AAN covers—

- (a) a loan from a relation as defined in the AAN (see Appendix B);
- (b) a loan obtained in a civil servant's private capacity from a close personal friend, *so long as* the loan does not exceed \$3,000, is repaid within 30 days, and the friend is not the civil servant's subordinate in the same bureau/department and has no official dealings with the bureau/department in which the civil servant works;
- (c) a loan obtained in a civil servant's private capacity from another person, *so long as* the loan does not exceed \$1,500, is repaid within 30 days, and the person is not the civil servant's subordinate in the same bureau/department and has no official dealings with the bureau/department in which the civil servant works;
- (d) a loan obtained in a civil servant's private capacity from a tradesman, firm, company, organisation or association where the loan is made available by virtue of the terms of employment of the civil servant's spouse, parent or child; by virtue of the membership of an organisation or association of the civil servant or of his spouse, parent or child; by virtue of the civil servant or his spouse, parent or child being a regular customer; or in the course of normal business, *so long as* the loan is equally available on equal terms to non-civil servants and the lender has no official dealings with the civil servant; and
- (e) a loan of money or other allowance or advance permitted by the government under any Government Regulations.

#### **IV. Sources of Finance Available**

The sources of finance referred to in (d) and (e) above include typically reputable lending facilities both inside and outside the government. In the main, they consist of –

- (a) advance of salary from the Treasury;
- (b) departmental relief funds;
- (c) welfare funds in disciplined services;
- (d) self-help thrift and credit co-operative societies and credit unions;
- (e) lending facilities provided by financial institutions; and
- (f) chit-funds.

## **Advance of Salary**

Civil servants who face certain types of unexpected expense may seek assistance in the form of an advance of salary. The circumstances in which salary advances are given are explained in Civil Service Regulations 618 to 639. These advances are usually recovered by equal monthly deductions from future salaries, but in cases where the officer leaves the service before the expiry of the deduction period, the outstanding balance (combined with any relevant interest) will become due and payable immediately. With the exception of advances made under CSR 618, an officer in receipt of an advance of salary will not normally be granted another advance under the same Regulation until the outstanding one is fully settled.

In general, advances of salary are granted either on compassionate grounds or on staff welfare grounds. Advances may be interest free or attract interest at a varying rate depending on the circumstances and the purpose for which the advance is required. At Appendix C is a table summarising the various advances available from the government, the occasions on which these advances may be made, the maximum amounts which can be made available and the rates of interest. Advice on how to apply for these advances can normally be obtained from the Departmental Secretary or his staff in the department.

## **Departmental Relief Funds**

These funds offer quick financial assistance to non-disciplined staff on Point 19 of the Master Pay Scale or below, and Model Scale I staff. Each department has its own relief funds from which eligible civil servants may apply for interest-free loans not exceeding \$4,000.

The main object of the relief funds is to provide loans to eligible officers to cover expenses arising from –

- (a) illness in the family;
- (b) other domestic distress;
- (c) additional expenditure entailed by children's schooling; and
- (d) loss of belongings in natural disasters.

This list is not complete, however, and the decision to approve or reject an application rests with the Head of the Department concerned.

Applications for loans should be made to the officer administering such

relief funds in the department - usually the Departmental Welfare Officer or, in departments without such an officer, the Departmental Secretary. A list of officers dealing with applications for relief funds in the various departments, and their telephone numbers, is given in Appendix D. It should not normally take more than one week to obtain a decision and, if necessary, the processing time may be shortened so that the applicant will know whether his application has been approved in a day or two.

### **Welfare Funds in Disciplined Services**

The departmental relief funds described in the preceding section do not apply to officers in the disciplined services. The Hong Kong Police Force, ICAC, Customs and Excise Department, Correctional Services Department, Fire Services Department, Government Flying Service and Immigration Department have their own welfare funds to which personnel may apply for grants and loans. The operation of welfare funds in the disciplined services is governed by statute and details are published in the departmental regulations, procedures manual, standing orders or instructions. Enquiries should be directed to the Departmental Welfare Officers whose telephone numbers are given in Appendix E.

### **Self-help Thrift and Credit Co-operatives and Credit Unions**

Besides the financial assistance obtainable from the government, it is possible for civil servants to prepare themselves in advance for possible financial difficulties by joining registered thrift and credit co-operatives or credit unions or, in conjunction with others who share a common bond (such as employment, association or residence in a particular area), by forming one type or another of these self-help ventures. Co-operatives and credit unions are registered under (and operate in accordance with) the provisions of the Co-operative Societies Ordinance and Rules and the Credit Unions Ordinance, as appropriate, and both have the object of –

- (a) promoting thrift among members;
- (b) receiving the savings of members either as payment on shares or as deposits; and
- (c) making loans to members for provident and productive purposes.

Loans are recoverable in accordance with the conditions of the particular loan agreement but are generally repaid by monthly instalments at interest rates set by members at a general meeting and incorporated in by-laws in the

case of a co-operative and, by the board of directors in the case of a credit union. The Credit Unions Ordinance provides that interest on loans may not exceed one per cent per month on the total of the unpaid balance. Security in the form of a guarantee from one or two members may or may not be required, depending on the policy of the particular association.

At Appendix F is a list of thrift and credit co-operatives and credit unions formed by civil servants, and their contact telephone numbers. Civil servants who wish to organise a thrift and credit co-operative or a credit union may obtain assistance and advice from the Registrar of Co-operative Societies and Credit Unions (currently the Director of Agriculture, Fisheries and Conservation) by writing to the Registrar or telephoning 2150 6762 or 2150 6763.

### **Lending Facilities Provided by Financial Institutions**

Sources of finance obtained from outside the government comprise, in the main, the various types of lending facilities provided by banks and finance companies. As with any other members of the community, civil servants may make use of these facilities but should, for their own protection, restrict dealings to licensed banks or finance companies which are registered with the Hong Kong Monetary Authority, as these are the known, reputable organisations that provide financial services. In general, loans can be obtained from these organisations for any reasonable purposes and may take the form of overdraft facilities, secured or unsecured loan agreements, mortgage facilities, or the more common instalment agreements such as hire purchase. Applications to borrow are appraised by the lending institution based on credit risk assessment, the particular type of borrowing required, the applicant's ability to make repayments, and other factors. The interest charged may be either variable during the course of the agreement or fixed at the outset, depending on the type of loan offered. Interest rates are competitive and fair amongst the reputable finance companies with only minor variations between them. However, the borrower may wish to "shop around" to secure the best possible rate for his particular transaction. Most of the large banks have subsidiary finance companies and are pleased to assist in directing borrowers to the relevant offices. Additionally, a list of both banks and deposit-taking companies can be found in the yellow pages of the telephone directory under "Banks" and "Finance Companies".

## **Chit-Funds**

The operation of chit-funds is controlled by the Chit-Fund Businesses (Prohibition) Ordinance which describes a chit fund as a scheme by which participants subscribe to a common fund which is subsequently put up for ballot, sale or auction to the participants. Chit-funds may operate legally providing –

- (a) there are not more than 30 participants;
- (b) the operator is not operating another chit-fund at the same time;
- (c) the common fund does not exceed \$20,000; and
- (d) no benefit accrues to the operator other than the right to receive, free of interest, the first common fund to which the participants subscribed.

Participation in a chit-fund is not regarded as lending money at interest, nor is it regarded as borrowing from an unauthorised source. There are however two dangers involved in participating in chit-funds. The first is that funds may not be forthcoming when needed. Since the successful bidder has to bid higher than other, there is no guarantee of success unless one is prepared to bid at an uneconomical premium. The second is the risk of the operator absconding with the funds (and such cases are not uncommon). In their own interest, civil servants are advised not to participate in chit-funds.

## **V. Acceptance of Loans from Sources or in Circumstances Not Covered by the General Permission Given in the AAN**

If an officer wishes to borrow money (whether at interest or not) from sources or in circumstances not covered by the general permission under the AAN, he must apply for special permission from his Permanent Secretary/Head of Department. Officers should note that approval would only be given where there are sufficient justifications and each case would be considered on its own merits. Officers who borrow money without the general or special permission under the AAN may be liable to criminal proceedings.

## **VI. Departmental Instructions**

Individual bureaux/departments may, in the light of their operational needs, issue additional guidelines including instructions on the sources of finance which their staff have to comply with when borrowing money. Officers should observe any such additional guidelines. If in doubt, they should

consult their Departmental Secretaries. In cases where officers borrow money from sources not permitted in the guidelines issued by the bureau/department in which the officer works, they may be liable to disciplinary action.

## **VII. Related Regulations**

Officers are also advised to acquaint themselves with the following regulations.

### **Restrictions on Civil Servants Lending Money at Interest**

Civil servants are reminded that under Civil Service Regulation 480 (copy at Appendix G), no officer shall lend money at interest to any person who works in the same bureau/department as the officer, or has official dealings with the officer which may give rise to a conflict of interest.

### **Use of Subordinate Officers as Guarantors**

Under Civil Service Regulation 483 (copy at Appendix H), an officer shall be liable to disciplinary action if he uses a subordinate or a junior officer of the same grade or working in the same bureau/department as a guarantor, or himself acts as a guarantor for a superior or a senior officer of the same grade or working in the same bureau/department unless he has obtained the prior permission of his Permanent Secretary/Head of Department.

## **VIII. Insolvency and Bankruptcy**

Civil Service Regulations 455 to 459 (see Appendix I) deal with serious pecuniary embarrassment, insolvency and bankruptcy. Under these regulations, officers are required to report to their Permanent Secretaries/Heads of Department if proceedings are taken against them with a view to bankruptcy. Failure to do so renders the officers liable to disciplinary proceedings.

## **Borrowing Money at Interest**

CSR No.

- 482 (1) Subject to sub-paragraph (2), where an officer accepts any loan of money or incur any debt in respect of which he is liable to—
- (a) pay any interest;
  - (b) repay a sum larger than the loan or debt; or
  - (c) provide any other valuable consideration whatsoever,
- he shall be liable to disciplinary action or criminal proceedings unless he has the necessary permission.
- (2) An officer is permitted to obtain any loan of money (whether at interest or not) from sources and in circumstances covered by the general permission that has been given under the Acceptance of Advantages (Chief Executive's Permission) Notice. Examples of such sources of loan include the following—
- (a) A loan from relations, close personal friends or other persons as specified in the Notice;
  - (b) A loan from
    - (i) a licensed money-lender;
    - (ii) a licensed bank;
    - (iii) a registered co-operative society;
    - (iv) a registered credit union;
    - (v) a registered trade union;
    - (vi) a licensed pawn-broker;
    - (vii) an insurance company;
    - (viii) a superannuation and provident fund; and
    - (ix) the Hong Kong SAR Government.
  - (c) A loan made by a registered company under a bona-fide credit-card scheme operated by the company to any holder of a credit-card issued to him under that scheme;

*CSR No.*

- 482 (2) (d) A loan made bona fide for the purchase of immovable property on the security of a mortgage of that property;
- (e) A loan regulated by any ordinance relating to hire-purchase transactions;
- (f) A loan made by any statutory body under any power conferred by law in that behalf; and
- (g) A loan from any chit-fund operated under the Chit-Fund Businesses (Prohibition) Ordinance (Cap. 262).

Otherwise, the officer has to obtain special permission under paragraph 8 of the Notice.

- (3) An officer on first appointment is required to report to his Permanent Secretary/Head of Department and to seek special permission within two months of appointment for any outstanding loans of money and debts for which general permission under the Notice has not been given. Permanent Secretaries/Heads of Department are responsible for ensuring that all newly appointed officers are asked to report such loans and debts.

## **Loans from Relations**

Civil servants are permitted to borrow unlimited sums of money from their relations. A “relation” means a spouse (including a concubine); any person with whom the civil servant is living in a regular union as if man and wife; fiancé, fiancée; parent, step-parent, lawful guardian; spouse’s parent, spouse’s step-parent, spouse’s lawful guardian; grandparent, great-grandparent; child, ward of court; spouse’s child, spouse’s ward of court; grandchild; child’s spouse; brother, sister; spouse’s brother, spouse’s sister; half-brother, half-sister; step-brother, step-sister; brother’s spouse, sister’s spouse; brother’s child, sister’s child; parent’s brother, parent’s sister; parent’s brother’s spouse, parent’s sister’s spouse; and parent’s brother’s child, parent’s sister’s child.

## Advance of Salary

<i>CSR No.</i>	<i>Occasion</i>	<i>Maximum Advance</i>	<i>Interest rate</i>
618	(a) Moving house (b) Marriage of the officer or his children (c) Funeral of a dependant (d) Commencement of full-time overseas education of an officer's unmarried children (e) Civil proceedings or purchase of self-occupied accommodation	Dollar value of MPS Pt. 21	Nil
620(1)	Passage for an officer or his/her spouse to and fro Hong Kong in connection with the serious illness or death of a family member not in Hong Kong	Dollar value of MPS Pt. 15	Nil
622	On approved leave outside Hong Kong for a period of not less than 28 days	Salary for the months in which the officer will be absent from Hong Kong up to a maximum of three months	Nil
623	On first appointment or transfer of officers selected from outside Hong Kong	A round sum not exceeding two months' salary	Nil
624	Unforeseen domestic calamity or serious illness	Dollar value of MPS Pt. 30 or three months' salary, whichever is the lesser	Nil

<i>CSR No.</i>	<i>Occasion</i>	<i>Maximum Advance</i>	<i>Interest rate</i>
625(1)	Death of an officer	50% of the death benefits payable in respect of the deceased officer or 12 months of the final substantive salary of the deceased officer, whichever is the less	Nil—to be recovered from salary, gratuity or pension due to the officer's estate
625(2)	Funeral of an officer who dies intestate and whose next of kin are not in Hong Kong	Dollar value of MPS Pt. 21	Nil—to be recovered from salary, gratuity or pension due to the officer's estate
631	Chinese New Year	For certain officers, part of their salaries for the month in which Chinese New Year's Day occurs	Nil
633	(a) On pre-retirement leave following approval of retirement	The pre-retirement leave salary and elected commuted pension gratuity less interest	To be promulgated by Treasury circular memoranda
	(b) On terminal leave upon completion of agreement and leaving the service	The end-of-contract leave salary and contract gratuity in respect of the leave less interest	To be promulgated by Treasury circular memoranda

<i>CSR No.</i>	<i>Occasion</i>	<i>Maximum Advance</i>	<i>Interest rate</i>
639	Advances in other circumstances	To be decided by the Secretary for the Civil Service	May or may not be charged, depending on circumstances

## Departmental Officers Dealing with Applications for Relief Funds

<i>Department</i>	<i>Officer/Post</i>	<i>Telephone</i>
Chief Executive's Office	EO (Administration)	2878 3301
Government Secretariat		
Offices of the Chief Secretary for Administration and the Financial Secretary	SEO (Personnel & Finance) EO (Personnel)	2810 2388 2810 2278
Civil Service Bureau	EO (Administration) <sup>1</sup>	2810 2659
Commerce and Economic Development Bureau		
• Commerce, Industry and Tourism Branch	SEO (Human Resource Management) <sup>1</sup>	2918 7503
• Communications and Technology Branch	EO (General)	2189 2257
• Innovation and Technology Commission	EO (Finance)	2737 2423
• Office of the Government Chief Information Officer	EO (General)	2582 4570
Constitutional and Mainland Affairs Bureau	CEO (Constitutional and Mainland Affairs)	2810 2187
Development Bureau		
• Works Branch	SEO (W)P	2848 6134
• Planning and Lands Branch	Senior Executive Officer (Personnel)	2186 8348
Education Bureau	Executive Officer (Staff Relations)	2892 6172
Environment Bureau	Dep DS(Staff), EPD	2594 6511
Financial Services and the Treasury Bureau		
• Financial Services Branch	EO (Financial Services) <sup>2</sup>	2527 3289

<i>Department</i>	<i>Officer/Post</i>	<i>Telephone</i>
• Office of the Commissioner of Insurance	SEO (Insurance)	2867 3448
• The Treasury Branch	Treasury Officer (BM)	2810 2567
	Assistant Treasury Officer (BM)1	2810 3791
Food and Health Bureau	SEO (Administration)	2189 2745
Home Affairs Bureau	SEO (Administration)	2835 1058
Labour and Welfare Bureau	SEO (Welfare)Administration	2810 2557
Security Bureau	SEO (Administration)	2810 3017
Transport and Housing Bureau		
• Transport Branch	Senior Executive Officer (Transport) 1	2189 8338
Agriculture, Fisheries and Conservation	Assistant Secretary (Personnel)2	2150 6680
Architectural Services	EO (SR)	2867 3660
Audit Commission	Deputy Departmental Secretary	2829 4209
Auxiliary Medical Service	Assistant Departmental Secretary	2762 2016
Buildings	Assistant Departmental Secretary/ Personnel	2626 1191
Census and Statistics	Assistant Departmental Secretary (Staff Relations & Welfare)	2582 4804
Civil Aid Service	Departmental Secretary	3651 9319
Civil Aviation	Assistant Departmental Secretary (Personnel)	2867 4277
Civil Engineering and Development	Assistant Departmental Secretary/ General 1	2762 5093
Companies Registry	Assistant Departmental Secretary (Human Resources)	2867 2815
Customs and Excise	Senior Trade Controls Officer (Staff Relations & Welfare Unit)	2852 3419
Department of Health	Deputy Departmental Secretary (Staff Relations & Subvention)	2961 8688
Department of Justice	EO (Administration)3	2867 1020

<i>Department</i>	<i>Officer/Post</i>	<i>Telephone</i>
Drainage Services	Assistant Departmental Secretary (General Administration 1)	2594 7127
Electrical and Mechanical Services	Staff Welfare Officer	2808 3704
Environmental Protection	Deputy Departmental Secretary (Staff)	2594 6511
Fire Services	Assistant Secretary (Staff Relations & Committees)	2733 7846
Food and Environmental Hygiene	SEO (Staff Relations & Staff Welfare)	2867 5731
Government Flying Service	Deputy Departmental Secretary	2305 8204
Government Laboratory	Departmental Secretary (Administration Division)	2762 3708
Government Logistics	Assistant Departmental Secretary (Personnel) 2	2231 5153
Government Property Agency	Deputy Departmental Secretary (Personnel & General)	2594 7707
Highways	Assistant Departmental Secretary (Administration)	2762 3329
Home Affairs Department	SEO (Public Enquiry Services)	2835 1499
Hong Kong Observatory	Deputy Departmental Secretary	2926 8215
Hongkong Post	Manager (Employee Care)	2921 2372
Hospital Authority (civil servants)	Executive Officer (Hospital Staff Division) 1	2882 7555
Housing	Welfare Officer	3157 0700
Immigration	Senior Assistant Secretary (Staff Relations)	2829 3900
	Assistant Secretary (Staff Relations)	2829 3901
Independent Commission Against Corruption	Senior Staff Officer (Staff Relations)	2826 3150
Independent Police Complaints Council	Assistant Secretary (Planning and Support)2	2862 8206
Information Services	Assistant Departmental Secretary (AdmS)	2842 8633
Inland Revenue	Deputy Departmental Secretary (Finance & General)	2594 5047

<i>Department</i>	<i>Officer/Post</i>	<i>Telephone</i>
Intellectual Property	Departmental Secretary	2961 6812
	Assistant Departmental Secretary	2961 6813
Invest Hong Kong	Deputy Departmental Secretary 2	3107 1031
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	SEO (Administration)	2912 8520
Judiciary	Judiciary Executive (Human Resources) <sup>2</sup>	2825 4540
Labour	Assistant Departmental Secretary (Personnel) (Administration Division)	2852 4113
Land Registry	Assistant Departmental Secretary (Human Resources)	2867 8031
Lands	Assistant Departmental Secretary (Staff Relations)	2231 3239
Legal Aid	Departmental Secretary	2867 3131
	Assistant Departmental Secretary (Personnel)	2867 4392
Leisure and Cultural Services	EO (Staff Relations/Staff Welfare) <sup>2</sup>	2601 8027
Marine	Assistant Departmental Secretary/ Staff Relations & Welfare	2852 4480
Office of the Telecommunications Authority	Assistant Departmental Secretary (Personnel)	2961 6658
Official Receiver's Office	Deputy Departmental Secretary/ Personnel	2867 2268
Planning	Assistant Departmental Secretary (Personnel) <sup>1</sup>	2231 5006
Public Service Commission	Senior Executive Officer (2)	2523 1953
Radio Television Hong Kong	Assistant Departmental Secretary (Personnel & Establishment)	2339 6543
Rating and Valuation	Assistant Departmental Secretary (Personnel)	2150 8813
Registration and Electoral Office	Electoral Officer (Administration)	2827 9696
Secretariat, Commissioner on Interception of Communications and Surveillance	Assistant Secretary (1)	2285 7073

<i>Department</i>	<i>Officer/Post</i>	<i>Telephone</i>
Social Welfare	Assistant Secretary (Staff Relations)	2892 5268
Student Financial Assistance Agency	Assistant Controller (Administration)	2150 6168
Television and Entertainment Licensing Authority	Assistant Departmental Secretary (Appointments & Personnel)	2594 5891
Trade and Industry	Assistant Departmental Secretary (Personnel)	2398 5317
Transport	Assistant Secretary/Administration	2829 5236
Treasury	Departmental Secretary	2829 5118
University Grants Committee	Departmental Secretary	2844 9924
Water Supplies	Welfare Officer (1)	2339 3561/ 2880 2509
	Welfare Officer (2)	2399 4116/ 2360 6250/ 2152 5614

## Departmental Officers Dealing with Applications for Departmental Statutory Welfare Funds

<i>Department</i>	<i>Officer/Post</i>	<i>Telephone</i>
Correctional Services	Superintendent (Staff Relations & Welfare)	2582 5139
Customs and Excise	Staff Officer (Staff Relations)	2852 3413
Fire Services	Fire Services Welfare Officer	2733 7555
Government Flying Service	Deputy Departmental Secretary	2305 8204
Independent Commission Against Corruption	Senior Staff Officer (Staff Relations)	2826 3150
Immigration	Chief Immigration Officer (Welfare)	2829 3898
Hong Kong Police Force	Force Welfare Officer (Welfare Services) 1	2860 3250

## **Thrift and Credit Co-operatives and Credit Unions Formed by Civil Servants**

<i>Registered Name</i>	<i>Telephone</i>
The Agriculture, Fisheries and Conservation Department Staff Thrift and Loan Co-operative Society, Limited	2729 2267
Correctional Services Department Credit Union	2511 7811
Electrical and Mechanical Services Department Credit Union	3155 3963
Government Supplies Staff Credit Union	2762 5143
Independent Commission Against Corruption Credit Union	2899 3032
Labour Department Staff Credit Union	8102 2111
Marine Department Staff Credit Union	2852 4374
New Territories Treatment Works Staff Credit Union	2606 1822
Hong Kong Police Credit Union	2399 7878
Hong Kong Observatory Credit Union	2926 8332
Social Welfare Department Credit Union	2892 5259
Water Supplies Department Staff Credit Union	2787 9222

## **Lending Money at Interest**

*CSR No.*

480 No officer is permitted without consent being obtained from his Permanent Secretary/Head of Department to lend money at interest or in return for payment of a larger sum or on any other valuable consideration whatsoever to any person who works in the same bureau/department as the officer, or has official dealings with the officer which may give rise to conflict of interest. This prohibition does not apply to approved Credit Union activities. An officer shall be liable to disciplinary action if his money lending activity gives rise to conflict of interest or causes embarrassment to the Government.

## **Acting on Behalf of a Money-lender**

*CSR No.*

- 481 (1) An officer shall be liable to disciplinary action if he acts on behalf of any commercial money-lender or financial institution in any capacity whatsoever, paid or unpaid, without observing CSRs 550 to 559 or if his involvement in the money lending activity gives rise to conflict of interest or causes embarrassment to the Government.
- (2) An officer whose duties bring him into contact or require him to have transactions with any commercial money-lender or financial institution in his official capacity shall not be regarded as acting on behalf of the money-lender or financial institution in question so far as the said official contact or transactions are concerned for the purpose of paragraph (1).

## **Use of Subordinates as Guarantors**

*CSR No.*

483 Unless prior permission has been obtained from the Permanent Secretary/Head of Department, an officer shall be liable to disciplinary action if he uses a subordinate or a junior officer of the same grade or working in the same bureau/department as a guarantor for a loan or hire purchase agreement. He shall also be so liable if he acts as a guarantor for a superior or senior officer of the same grade or working in the same bureau/department.

## **Insolvency and Bankruptcy**

*CSR No.*

- 455            Serious pecuniary embarrassment of an officer which results in impairment of his performance or efficiency, or misconduct (e.g. obtaining unauthorised loans, undertaking unauthorised paid outside work) may form the basis of administrative action (which may range from stoppage/deferment of increment to retirement in the public interest) or disciplinary proceedings where appropriate.
- 456            Permanent Secretaries/Heads of Department are responsible for monitoring and reporting to the Civil Service Bureau any case in which it appears or is confirmed that an officer is suffering from serious pecuniary embarrassment.
- 457            If proceedings are taken against an officer with a view to bankruptcy, he must notify his Permanent Secretary/Head of Department forthwith. Failure to do so renders the officer liable to disciplinary proceedings. The Permanent Secretary/Head of Department must inform the Civil Service Bureau immediately of any notification received under this Regulation.
- 458            An officer who becomes insolvent or bankrupt, even though no proceedings have been taken against him yet, is required to submit at the earliest possible moment a complete statement of the facts of his case to his Permanent Secretary/Head of Department, for transmission to the Civil Service Bureau. As a general rule, an officer who is insolvent or bankrupt should not be employed to take up duties which involve the handling of public money or sensitive information, or are corruption prone.
- 459            The Official Receiver will report to the Civil Service Bureau, with a copy to the relevant bureau/department, every case of a public officer against whom any bankruptcy proceedings are being taken.