

\$636m write-offs amid attacks 10 ✓ on 'speculation'

LEGISLATIVE Councillors have criticised the Government for allowing speculation in its previous land transaction practice which has resulted in repeated write-offs of outstanding premium income.

The Finance Committee yesterday approved the writing off of a \$636 million outstanding premium income in respect of 23 plots of land which have had to be re-entered because the former owners have defaulted on instalment payments.

The last write-off was endorsed in June which involved \$11.75 million.

In six of the present cases, judgments had been obtained against the former owners, but in none had the judgment debt been paid.

The Financial Secretary Piers Jacobs said the six

firms involved appeared to be "shell" companies with little paid-up capital and even if they were liquidated, it was unlikely that any money could be recovered.

In the other 17 cases, legal action was not taken as the former land owners also appeared to be "shell" companies with insignificant assets.

The Senior Legco member, Miss Lydia Dunn, said the large number of "shell" companies involved suggested that the system had encouraged speculation.

Mr Tai Chin-wah and Mr Hilton Cheong-Leen raised similar criticisms.

The latest write-off only concerned instalment payments for land sales completed before 27 May last year. Since then the premium terms have been revised. With effect from that day, the initial statutory deposit payable by a petitioner in a winding-up petition has been increased from \$1,000 to \$10,000.

The Chief Secretary, Sir David Akers-Jones, said the financial implications on the public purse of yesterday's write-off were not significant as the amount could be off-set by land premiums and rental charges from the re-entering the lots.

Some of the land has already been resold, resulting in a premium income of \$112 million. Other lots have been put to temporary use and an annual rental of \$7.9 million will be generated.

Councillors also approved an additional \$10 million for investigation into alleged commercial crime. The amount was earmarked for the America and Panama Finance Ltd. Ka Wah Bank and Wing On Bank cases.

The members themselves got a slice of the cake too when they accepted a rise in their monthly allowance.

Their maximum for monthly reimbursable expenses has been increased from \$10,200 to \$11,000, and their monthly stipend has risen to \$9,000 from \$8,500.