

**Executive Summary
Report of the Investigation
into the Administration of Vehicle Registration Marks Auctions**

Introduction

Since 1973, some vehicle registration marks (VRMs) have been offered for sale by auctions organised by the Transport Department (TD). The proceeds go to the Government Lotteries Fund for charitable purposes. Since 1973, TD has organised over 600 auctions, raising over \$800 million for charity. From time to time, there had been reports on bullying incidents at these auctions, where spirited gang members gave signals calculated to deter biddings against “the boss” of the gang. If unchecked, this could affect public confidence in the auctions and hence Government’s credibility. To examine whether there are deficiencies in the procedures and practices in the administration of VRM auctions, The Ombudsman decided to conduct a direct investigation under Section 7(1)(a)(ii) of The Ombudsman Ordinance.

Case Studies

2. Since 1998, seven cases of alleged harassment involving police intervention have been reported. These cases have served as the basis for this Office to evaluate the adequacy and effectiveness of the current arrangements for preventing and dealing with harassing behaviour.

Current Arrangement for the Conduct of Auctions

3. To enhance the image of professionalism and impartiality, TD has been using surveyors from other departments as auctioneers.

4. A Senior Executive Officer of TD is responsible for the overall arrangement for the auctions but used to leave it to the subject officer, an Executive Officer II, and attended only occasionally. Since the bullying incidents, the Senior Executive Officer has attended every auction. A third executive attends as observer to help oversee the order of the auctions since October 2001. A team of 20 other staff provides support services on site.

5. In November 2001, security guards were engaged and liaison with the Police was strengthened to maintain better order at auctions. All auctions are now attended by security guards and plain-clothes police officers.

6. TD has established guidelines and instructions governing the administration of auctions of VRMs.

7. On auction day, auctioneers, supporting staff and security guards will be briefed separately in the morning. Admission is free and participants, including potential bidders, are not required to register. Security guards are tasked to perform crowd control and usher duties. Notices on rules of etiquettes are distributed on site to participants before the commencement of each auction.

8. During the auction process, the auctioneer will identify the bidder by describing him, for example, by his clothes. When a bid is unlikely to be advanced upon, the auctioneer will call out the last bid three times to finalise the bid. The auctioneer will then point at and describe the successful bidder so that TD staff can approach him to complete the sale formalities.

9. If there are reasonable grounds to believe that a bidder is being “threatened”, the auctioneer may in consultation with the TD officer-in-charge adjourn the auction and take such action as reporting to the Police or asking the trouble-makers to leave.

10. Security guards are also supposed to report any irregularity to the TD officer-in-charge. When appropriate they may advise the trouble-makers to stop the nuisance and to keep quiet.

Observations and Opinions

11. Suitably advertised, auctions can open the market to a wide range of potential buyers. Auctions must be conducted in an impartial and orderly way. While TD has tried to improve arrangements for VRM auctions through the past few years, this Office considers that there is still room for further improvement.

Staffing

12. This Office considers that in case of untoward incidents, the subject officer, an Executive Officer II, who is usually an officer with only a few years’ working experience or a fresh graduate, is unlikely to be mature or experienced enough to take command of the situation.

General Administration

13. This Office is concerned over the loose order of VRM auctions. Guidelines distributed to participants are not well presented: perhaps due to repeated reproduction by photocopying, they are difficult to read.

Measures Against Harassment

14. TD staff and outside auctioneers were passive in dealing with harassment. The only action ever taken was to make a report to the Police. The action taken by the Police shows that the harassing behaviour, although disturbing to most law-abiding citizens, might not come within the purview of criminal law.

15. In this connection, we are aware that TD is considering video taping the auctions to deter harassing behaviour. However, we also understand that there are technical difficulties given TD’s use of different venues for the auctions (i.e. problems of setting up) and the limited scope for the use of the tape as evidence.

16. The effectiveness of the engagement of security guards is doubtful. They appeared to be either unacceptably lethargic or they had not been suitably briefed.

17. This Office has drawn reference from other organisers and found that a pre-registration requirement merits serious consideration. As bidders are provided with numbered paddles, the auctioneer can simply call out the numbers of competing bidders and then record the number of the successful bidder. This can help to preserve the anonymity of bidders, thereby protecting them from becoming the target of bullying tactics. This also has the added advantage of preventing successful bidders from refusing to provide information in an attempt to renege on their bids.

18. It is noted that TD is considering the use of electronic means for future auctions. However, given that e-auctioning is still at an experimental stage of development in Hong Kong and access can be a problem for some people, this Office suspects that this option is still only a possibility at this stage.

Recommendations

19. The Ombudsman has made the following recommendations for improving the overall administration of VRM auctions of the Commissioner for Transport's consideration –

(a) Staffing

- i) Designate mature and experienced TD officials (for example, a Senior Executive Officer who would normally have ten or more years of service) to act as auctioneer in place of outsiders and surveyors.
- ii) Require companies engaged to provide security service at auctions to enhance the level of professionalism/performance of the security guards deployed.

(b) General administration

- i) Improve the presentation of the guidelines and instructions to participants. Maintain the practice of reviewing the wording regularly.
- ii) TD may wish to explore the feasibility of a pre-registration requirement.
- iii) TD staff and security guards should require all participants to remain seated and strictly enforce that requirement.

(c) Measures against harassment

- i) Give clear directives on what behaviour constitutes harassment which should not be tolerated.
- ii) The auctioneer should ask trouble-makers to stop their harassing behaviour and in case of non-compliance, require security guards to escort trouble-makers to leave the venue.
- iii) Should trouble-makers refuse to cooperate, the auctioneer should consider adjourning the auction until order is restored. Police assistance should be enlisted when appropriate.
- iv) Reconsider the efficacy of video taping the process of auctions as a means to deter harassment.
- v) Continue to explore other means of selling VRMs, for example, e-auctioning.

(d) Public information and forewarning

- i) Publicise the above arrangements via the media, the TD homepage, information leaflets and reminder at the auction to alert the public in advance.

Comments from TD

20. TD accepts The Ombudsman's recommendations in general. However, TD prefers to continue its practice of using surveyors as auctioneers for better quality assurance and professionalism. It agrees, however, that only more experienced and mature auctioneers should be invited. TD also agrees that more experienced supervisory officers from TD should be deployed for auctions. All auctions are now attended by a Senior Executive Officer and two Executive Officers.

Final Remarks

21. The Ombudsman accepts that the combination of an experienced and mature auctioneer with a Senior Executive Officer should certainly be well able to take command of the situation, take up the challenge and make difficult decisions on the spot.

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