

## Chapter 1

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# Constitution and Administration

*The Hong Kong Special Administrative Region (HKSAR), established in 1997, operates under the unique 'one country, two systems' principle. Under the Basic Law, Hong Kong people continue to administer the city and enjoy a high degree of autonomy.*

On 1 July 1997, Hong Kong became a Special Administrative Region of the People's Republic of China (PRC) and the Basic Law came into effect. The Basic Law prescribes the systems to be practised in the HKSAR. The HKSAR enjoys a high degree of autonomy in accordance with the principle of 'one country, two systems' and the Basic Law. The HKSAR exercises executive, legislative and independent judicial power, including that of final adjudication.

The HKSAR's executive authorities and legislature are composed of permanent residents of Hong Kong. The HKSAR remains a free port, a separate customs territory and an international financial centre and may, on its own, using the name 'Hong Kong, China', maintain and develop relations, and conclude and implement agreements with foreign states and regions and relevant international organisations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural and sports fields.

### Chief Executive

The Chief Executive, who is the head of the HKSAR and the HKSAR Government, leads the government. He is responsible for implementing the Basic Law, signing bills and budgets passed by the Legislative Council, promulgating laws, making decisions on government policies and issuing executive orders, among other duties. He is assisted by the Executive Council in policymaking.

### Executive Council

The Basic Law requires the Chief Executive to consult the Executive Council before making important policy decisions, except for the appointment, removal and disciplining of officials and the adoption of measures in emergencies; introducing bills to the Legislative Council; making subordinate legislation; or dissolving the Legislative Council. The Chief Executive in

Council also determines appeals, petitions and objections under those ordinances which confer a statutory right of appeal. If the Chief Executive does not accept a majority opinion of the Executive Council, he shall put the specific reasons on record.

As at 31 December, the Executive Council had 31 members, comprising 16 Principal Officials and 15 Non-Officials. As provided for in the Basic Law, the Chief Executive appoints members of the Executive Council from among the principal officials of the executive authorities, members of the Legislative Council and public figures. They must be Chinese citizens who are permanent residents of the HKSAR with no right of abode in any foreign country. The Chief Executive decides on the appointment or removal of Executive Council members, whose term of office shall not extend beyond the expiry of the term of office of the Chief Executive who appoints them.

The Chief Executive presides at Executive Council meetings, which are normally held once a week. Its proceedings are confidential, although many of its decisions are made public. The Executive Council held 44 meetings during 2016.

## **Legislative Council**

### ***Powers and Functions***

Under the Basic Law, the Legislative Council of the HKSAR shall exercise the following powers and functions:

- To enact, amend or repeal laws in accordance with the provisions of the Basic Law and legal procedures;
- To examine and approve budgets introduced by the government;
- To approve taxation and public expenditure;
- To receive and debate the policy addresses of the Chief Executive;
- To raise questions on the work of the government;
- To debate any issue concerning public interests;
- To endorse the appointment and removal of the judges of the Court of Final Appeal and the Chief Judge of the High Court;
- To receive and handle complaints from Hong Kong residents;
- If a motion initiated jointly by one-fourth of all the members of the Legislative Council charges the Chief Executive with serious breach of law or dereliction of duty and if he or she refuses to resign, the Legislative Council may, after passing a motion for investigation, give a mandate to the Chief Justice of the Court of Final Appeal to form and chair an independent investigation committee. The committee shall be responsible for carrying out the investigation and reporting its findings to the Legislative Council. If the committee considers the evidence sufficient to substantiate such charges, the Legislative

Council may pass a motion of impeachment by a two-thirds majority of all its members and report it to the Central People's Government (CPG) for decision; and

- To summon, as required when exercising the above-mentioned powers and functions, persons concerned to testify or give evidence.

### **Composition**

According to the Basic Law, the Legislative Council of the HKSAR shall be constituted by election. The Fifth Legislative Council (1 October 2012 to 30 September 2016) comprised 70 members, of whom 35 were returned by geographical constituencies through direct elections and 35 were returned by functional constituencies. The composition of the Legislative Council in the sixth term (1 October 2016 to 30 September 2020) is the same as the fifth term. The election for the Sixth Legislative Council was held on 4 September 2016. The President of the Legislative Council is elected by and from among the council's members.

### **Meetings of the Legislative Council**

The Legislative Council normally meets on Wednesdays. The business at its regular meetings includes introducing and considering bills and proposed resolutions; tabling subsidiary legislation, papers and reports for the council's consideration; asking questions on the government's work; and debating motions concerning matters of public interest. All council meetings are open to the public. Members may address the council in Cantonese, English or Putonghua. With simultaneous interpretation provided, members of the public have the option of listening in any of these three languages and can also watch the simultaneous sign language interpretation. The proceedings are recorded verbatim in the Official Record of Proceedings of the Legislative Council.

During the 2015-16 legislative session from October 2015 to July 2016, the council held 35 meetings, three of which were the Chief Executive's question and answer sessions. Members asked 150 oral questions on the government's work with 785 supplementary questions, and another 521 written questions. The council passed 29 bills. It also passed seven motions moved by the government under the positive vetting procedure to seek the council's approval to either make or amend subsidiary legislation. On subsidiary legislation subject to the negative vetting procedure, the council finished scrutinising 35 items which had been tabled during the 2014-15 session. It also completed scrutinising one technical memorandum and 161 out of 163 items of subsidiary legislation tabled in 2015-16, with the remaining two items to be scrutinised in 2016-17.

### **Finance Committee**

The Finance Committee consists of all council members except the President. The committee's Chairman and Deputy Chairman are elected from among its members. It normally meets in public on Friday afternoons to scrutinise and approve public expenditure proposals put forward by the government to change approved Estimates of Expenditure. The committee also holds special meetings to examine annual Estimates of Expenditure presented by the Financial Secretary to the council during proceedings relating to the Appropriation Bill, which sets out the government's expenditure proposals for the following financial year.

The committee's two subcommittees, the Establishment Subcommittee and Public Works Subcommittee, also meet in public. Membership of both is open to all members of the Finance Committee.

The Establishment Subcommittee examines and makes recommendations to the Finance Committee on the government's proposals to create, redeploy and delete directorate posts, and to change the structure of civil service grades and ranks.

The Public Works Subcommittee examines and makes recommendations to the Finance Committee on the government's proposals to upgrade capital works projects to, or downgrade them from, Category A of the Public Works Programme, or concerning changes to the scope of, and approved estimates for, Category A projects.

In the 2015-16 session, the Finance Committee held 88 meetings to scrutinise financial proposals, eight special meetings comprising 21 sessions to examine the Estimates of Expenditure and one meeting to receive the Financial Secretary's briefing on the Budget. Of the 140 financial proposals put forward by the government, the committee completed deliberation on 135 financial proposals, approving 134 and rejecting one. The 134 approved proposals included \$88.23 billion worth of 70 public works proposals, 32 establishment proposals and 32 non-public works financial proposals.

### **Public Accounts Committee**

The Public Accounts Committee considers the Director of Audit's reports on the government's accounts and the results of the director's value-for-money audits of government departments and other organisations that are within the purview of public audit. It may invite government officials, representatives of public organisations or any other persons to attend public hearings to give explanations, evidence or information. The seven members of the committee are appointed by the President of the Legislative Council according to an election procedure determined by the House Committee.

In 2015-16, the committee held nine public hearings and 17 closed meetings. It examined the Director of Audit's report on the government's accounts for the year ended 31 March 2015 and the reports on the value-for-money audits (reports 65 and 66). The committee gave its conclusions and recommendations in its reports 65 and 66, which were tabled in council on 17 February and 13 July 2016 respectively. The Government Minutes in response to the two reports were tabled in council on 25 May and 2 November 2016.

### **Committee on Members' Interests**

The Committee on Members' Interests consists of seven members who are appointed by the President of the Legislative Council according to an election procedure determined by the House Committee. It considers complaints made in relation to (1) council members' registration and declaration of interests, and (2) members' claims for the reimbursement of operating expenses or applications for advance of operating funds. It also examines arrangements for the compilation, maintenance and accessibility of the Register of Members' Interests, considers matters of ethics related to members' conduct, and gives advice and issues guidelines on such matters.

In 2015-16, the committee held one open meeting and four closed meetings, the latter to consider complaints against four members in relation to allegations of failure to register interests.

### ***Committee on Rules of Procedure***

The Committee on Rules of Procedure reviews the Rules of Procedure of the Legislative Council and its committee system, and proposes to the council any changes considered necessary. The committee consists of 12 members who are appointed by the President of the Legislative Council according to an election procedure determined by the House Committee.

In 2015-16, the committee held three meetings.

### ***Committee on Access to the Legislature's Documents and Records***

The Committee on Access to the Legislature's Documents and Records determines whether a document or record should be released for access earlier than the expiry of the closure period specified in the policy on access to the legislature's documents and records. The committee also sets guidelines for implementing the policy; considers any objection against the denial of access to a document or record by the Clerk to the Legislative Council; and considers any other matters relating to the policy.

In 2015-16, the committee held two closed meetings. It approved 24 requests to disclose documents and records. Approved and denied requests are listed on the legislature's website.

### ***House Committee***

The House Committee consists of all council members except the President and normally meets on Friday afternoons. It deals with matters related to the work of the council and prepares for council meetings. It decides whether bills committees or subcommittees should be formed to scrutinise bills, subsidiary legislation and other instruments made under an ordinance. In 2015-16, the House Committee held 34 meetings, including three special meetings with the Chief Secretary for Administration and senior government officials to discuss issues of public concern.

### ***Bills Committees***

Any member, other than the President, may join a bills committee formed by the House Committee to consider the general merits and principles of a bill allocated for scrutiny. A bills committee may also consider the detailed provisions of, and amendments to, the bill. It usually tables a report in the council and is dissolved on the passage of the bill or when the House Committee so decides.

In the 2015-16 session, the House Committee set up 14 bills committees, in addition to 13 set up in the previous legislative sessions which continued in operation during 2015-16.

### ***Subcommittees on Subsidiary Legislation***

In 2015-16, the House Committee formed 23 subcommittees to consider 48 items of subsidiary legislation, one technical memorandum and three proposed resolutions presented by the government for the council's approval.

### ***Other Subcommittees***

The House Committee may also appoint subcommittees to assist its consideration of policy issues and any other council-related matters. Four such subcommittees appointed in the previous sessions continued in operation during 2015-16.

### ***Panels***

The council has 18 panels for members to deliberate on policy matters and study issues of public concern. These panels also give views on major legislative and financial proposals before their introduction into the council or its Finance Committee, and examine relevant policy matters. Panels may appoint subcommittees or joint subcommittees to study specific issues. Twelve such subcommittees completed their work in 2015-16.

### ***Select Committees***

The council may appoint select committees for members to consider matters or bills. Select committees report to the council after completing their work. Based on the referral of a petition at the 25 June 2014 council meeting, a select committee was formed to inquire into a construction delay in the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. The committee held 14 closed meetings and five public hearings on the issue in 2015-16 and tabled its report in council on 6 July 2016.

### ***Redress System***

The council operates a system which enables members of the public to seek help for redress of grievances resulting from government actions or policies. The redress system also deals with public representations on government policies and legislation as well as other matters of public concern. Members take turns, in groups of seven, to be on duty each week to oversee the redress system and to receive representations and complaints made by deputations. They also take turns to be on 'ward duty' at the Public Complaints Office during their duty week to meet individual complainants and give guidance to the office on the processing of cases.

### ***The Legislative Council Commission and Legislative Council Secretariat***

The Legislative Council Commission is a 13-member independent statutory body chaired by the President of the Legislative Council. Its main function is to provide administrative support and services to the council through the Legislative Council Secretariat. It employs the secretariat's staff and oversees its work, determines the organisation and administration of support services and facilities, formulates and executes policies on their effective operation, and expends funds in ways it sees fit to support these activities. The secretariat is headed by the Secretary General. Its mission is to provide the council and its committees with professional and efficient support and services, enhance public understanding of the council's work and ensure the effective operation of its redress system.

## District Administration

Hong Kong comprises 18 districts, each with a District Office, a District Council and a District Management Committee (DMC). Each district office is headed by a District Officer, who represents the HKSAR Government at the local level in overseeing district administration.

The 18 District Councils of the fifth term (2016-2019) have 458 seats in all, comprising 431 elected seats and 27 ex-officio seats whose members are the chairmen of the New Territories rural committees.

The councils' main function is to advise the government on matters affecting the well-being of their local residents, and on the provision and use of their public facilities and services. The government consults the councils on a wide range of issues. The councils carry out district minor works and community involvement projects, for which the government allocated \$340 million and \$361.6 million, respectively, in the 2016-17 financial year. The government has undertaken to increase the annual provision for district minor works progressively to \$400 million within the two council terms from 2012 to 2019.

The DMCs are government bodies chaired by the district officers. Each DMC comprises the chairman, vice-chairman and committee chairmen of the council and representatives of government departments providing essential services in the district. It serves as a forum for consultation and coordination between various departments and the council to resolve inter-departmental district issues and to ensure district needs are met promptly.

In 2016-17, the government allocated \$63 million to the 18 districts to fully implement a District-led Actions Scheme based on the success of pilot schemes in Sham Shui Po and Yuen Long. The scheme enables the DMCs, by fully engaging their District Councils, to handle local issues on the management of public areas and environmental hygiene more effectively, and to launch projects that take advantage of local opportunities.

There are 63 Area Committees, district-based advisory bodies which help organise community involvement activities, advise on local issues and promote public participation in district affairs. Their members are drawn from a wide spectrum of the community, including council members.

Twenty Home Affairs Enquiry Centres, attached to the district offices, provide a wide range of free services to the public, including answering general enquiries about government services, distributing government forms, disseminating information and administering declarations and oaths (including affirmations in lieu of oaths) for private use. Residents seeking legal advice can make appointments at the centres to see volunteer lawyers under a Free Legal Advice Scheme administered by the Duty Lawyer Service. Rating and Valuation Department representatives are also available at five designated centres on specified days to advise on tenancy matters. The 20 enquiry centres and the Home Affairs Department's Telephone Enquiry Centre together served 2.3 million people in 2016.

## The Electoral System

### Electoral System for Legislative Council

*Composition of first to sixth terms of Legislative Council*

Membership	First term (1998-2000)	Second term (2000-04)	Third and fourth terms (2004-08 and 2008-12)	Fifth and sixth terms (2012-16 and 2016-20)
• Elected by geographical constituencies through direct elections	20	24	30	35
• Elected by functional constituencies	30	30	30	35
• Elected by an election committee	10	6	—	—
Total	60	60	60	70

### Geographical Constituencies

All eligible persons aged 18 or above have the right to be registered as electors and to vote in geographical constituency elections, which are held on the basis of universal suffrage. There are about 3.78 million registered electors.

The HKSAR is divided into five geographical constituencies, each returning five to nine seats in the sixth-term Legislative Council. Electors choose lists of candidates using the list voting system, which operates under the 'largest remainder' formula, a form of proportional representation.

Any permanent resident of the HKSAR who is a Chinese citizen with no right of abode in any foreign country may stand for election in any geographical constituency, provided this person is a registered elector, has attained the age of 21 and has ordinarily resided in Hong Kong for the preceding three years.

### Functional Constituencies

For the sixth-term Legislative Council, the functional constituencies are: (1) Heung Yee Kuk<sup>1</sup>; (2) agriculture and fisheries; (3) insurance; (4) transport; (5) education; (6) legal; (7) accountancy; (8) medical; (9) health services; (10) engineering; (11) architectural, surveying, planning and landscape; (12) labour; (13) social welfare; (14) real estate and construction; (15) tourism; (16) commercial (first); (17) commercial (second); (18) industrial (first); (19) industrial (second); (20) finance; (21) financial services; (22) sports, performing arts, culture and publication; (23) import and export; (24) textiles and garment; (25) wholesale and retail; (26) information technology; (27) catering; (28) District Council (first) and (29) District Council (second). The labour functional constituency returns three Legislative Council members and the District Council (second)

<sup>1</sup> The Heung Yee Kuk is a statutory advisory body on New Territories affairs.



functional constituency returns five Legislative Council members, while the other 27 functional constituencies return one member each.

The five seats of the District Council (second) functional constituency are returned with the whole of Hong Kong as a single constituency in accordance with the proportional representation list system. Candidates must be elected District Council members who are nominated by no fewer than 15 other elected District Council members, and electors must be registered geographical constituency electors who are not registered in other functional constituencies.

The electorate of functional constituencies representing professional groups is generally based on membership of professions with recognised qualifications, including statutory qualifications. The electorate of functional constituencies representing economic or social groups is generally made up of corporate members of major organisations representative of the relevant sectors.

A candidate in a functional constituency must satisfy the same age and residential requirements as for a geographical constituency election, be a registered elector, and be a registered elector of, or have a substantial connection with, the relevant functional constituency. To give due recognition to the significant contribution made by foreign nationals and the fact that Hong Kong is an international city, HKSAR permanent residents who are not of Chinese nationality or who have the right of abode in foreign countries may stand for election in 12 designated functional constituencies, numbered 3, 6, 7, 10, 11, 14, 15, 16, 18, 20, 21 and 23 above.

More than 2.2 million registered electors cast their votes at the election for the sixth-term Legislative Council on 4 September 2016, representing a turnout of 58 per cent.

### ***Electoral System for Chief Executive***

In accordance with the Basic Law, the Chief Executive is elected by an Election Committee. The committee consists of 1,200 members from four sectors comprising 38 subsectors:

- 1,034 members from 35 subsectors who are returned through elections;
- 106 ex-officio members who are Hong Kong deputies to the National People's Congress (NPC) and members of the Legislative Council under the NPC subsector and the Legislative Council subsector respectively; and
- 60 members under the religious subsector who are nominated by six designated bodies.

The election of the fourth-term Chief Executive by the committee was held on 25 March 2012. Mr Leung Chun-ying was declared as returned at the election. On 28 March 2012, in accordance with the provisions of the Basic Law and the outcome of the election, the State Council of the PRC appointed Mr Leung as the fourth-term Chief Executive, with his term of office starting on 1 July 2012.

The 2016 Election Committee subsector elections were held on 11 December 2016. The new Election Committee starts its term of office on 1 February 2017 and will elect the fifth-term

Chief Executive on 26 March 2017. The term of office of the fifth-term Chief Executive will begin on 1 July 2017.

### ***Method for Selecting Chief Executive by Universal Suffrage***

To attain the ultimate aim of selecting the Chief Executive by universal suffrage provided for in Article 45 of the Basic Law, the HKSAR Government conducted two rounds of extensive and systematic public consultation which lasted for a total of seven months. Following the consultation, the government put forward a package of proposals on the method for selecting the Chief Executive by universal suffrage that were in compliance with the Basic Law and the Decision of the Standing Committee of the National People's Congress on Issues Relating to the Selection of the Chief Executive of the Hong Kong Special Administrative Region by Universal Suffrage and on the Method for Forming the Legislative Council of the Hong Kong Special Administrative Region adopted on 31 August 2014. However, the proposals were voted down at a Legislative Council meeting on 18 June 2015. Therefore, according to the Decision, the method for selecting the fourth-term Chief Executive in 2012 will continue to be adopted to select the fifth-term Chief Executive in 2017, that is, the Chief Executive is to be elected by a 1,200-member Election Committee.

### ***Electoral System for District Councils***

The 18 District Councils advise the government on district affairs, and promote recreational and cultural activities and environmental improvements within the districts. A District Council used to comprise elected members, appointed members and, in the case of the New Territories, the chairmen of rural committees as ex-officio members. With effect from the start of the fifth-term District Councils on 1 January 2016, the system of appointed members has been abolished and the number of elected seats has been increased by 19 to 431.

The District Council elections adopt a simple majority voting system. Each District Council constituency returns one elected member. More than 1.46 million registered electors cast their votes at the election for the fifth-term District Councils on 22 November 2015, representing a turnout of 47 per cent.

### ***Electoral Affairs Commission***

The Electoral Affairs Commission is an independent statutory body responsible for ensuring elections in the HKSAR are conducted in an open, fair and honest manner and in accordance with the law. It comprises three politically neutral people appointed by the Chief Executive. Headed by a High Court Judge, the commission makes recommendations to the Chief Executive on the delineation of Legislative Council geographical constituencies and District Council constituencies, makes regulations on practical arrangements for the Chief Executive election, Legislative Council election, District Council election and Rural Representative election, and handles complaints relating to these elections. The Registration and Electoral Office, a government department headed by the Chief Electoral Officer, works under the commission's direction and carries out its decisions.

## **Structure of Administration**

The Chief Executive is the head of the HKSAR Government. The Chief Secretary for Administration, the Financial Secretary or the Secretary for Justice deputises for the Chief Executive during any temporary absence.

The Chief Secretary for Administration and the Financial Secretary together supervise the work of 13 policy bureaux, each headed by a Director of Bureau, usually referred to as the bureau's 'Secretary'. Together, they form the Government Secretariat. There are 56 departments. The Audit Commission reports to the Chief Executive, the Hong Kong Monetary Authority reports to the Financial Secretary while the Department of Justice reports to the Secretary for Justice. The remaining 53 departments are responsible to their relevant bureau secretaries for the efficient implementation of approved policies.

In addition, the Independent Commission Against Corruption (ICAC), the Office of The Ombudsman and the Public Service Commission report directly to the Chief Executive.

The Chief Secretary for Administration, the Financial Secretary, the Secretary for Justice and the 13 Directors of Bureaus are politically appointed and defined as 'principal officials' in the Basic Law. They are appointed by the CPG on the Chief Executive's nomination for a five-year term, which will not exceed the term of the Chief Executive who nominates them. They are all members of the Executive Council – Hong Kong's equivalent of the Cabinet – and are accountable for matters falling within their respective portfolios. The Director of the Chief Executive's Office is also a politically appointed official, with the same terms of employment as those of a Director of Bureau.

Two other layers of politically appointed officials, the Under Secretaries and Political Assistants, support the principal officials in carrying out political work.

### **Chief Secretary for Administration**

The Chief Secretary for Administration is the leading principal official in the HKSAR Government and a member of the Executive Council. The Chief Secretary for Administration is the most senior official to assume the Chief Executive's duties temporarily if the Chief Executive is not able to discharge those duties for a short period.

The Chief Secretary for Administration supports the Chief Executive in administering Hong Kong, advises the Chief Executive on policy matters and plays an important role in policy coordination, which is particularly important in areas that cut across policy bureaux. The Chief Secretary for Administration is responsible for overseeing specific priority areas of the Chief Executive's policy agenda, forging a closer and more effective working relationship between the government and the Legislative Council, and drawing up the government's legislative programme. The Chief Secretary for Administration also exercises certain statutory functions, including the handling of appeals and matters of certain public bodies.

### **Financial Secretary**

The Financial Secretary's primary responsibility is to assist the Chief Executive in overseeing policy formulation and implementation of financial, monetary, economic, trade and

development as well as innovation and technology matters. The Financial Secretary exercises control over the Exchange Fund with the assistance of the Monetary Authority and is a member of the Executive Council.

The Financial Secretary is also in charge of the Government Budget and is responsible under the Public Finance Ordinance for laying before the Legislative Council each year the government's estimates of revenue and expenditure. The Financial Secretary outlines in the annual Budget speech the government's vision and policies for sustainable economic development, presents budgetary proposals and moves the Appropriation Bill, which gives legal effect to the annual expenditure proposals in the Budget.

### **Central Policy Unit**

The Central Policy Unit provides advice on policy issues to the Chief Executive, the Chief Secretary for Administration and the Financial Secretary and submits reports directly to them.

The unit consults widely with the business, professional, academic and political communities and concerned groups. It undertakes in-depth examinations of complex policy issues, analyses options, conducts soundings of community views and recommends solutions for the government's internal consideration. It also carries out policy research covering the social, political and economic spheres, and coordinates the annual Policy Address exercise.

In addition, the unit provides secretariat support to the Commission on Strategic Development, which advises the Chief Executive on Hong Kong's long-term and overall development needs and goals with particular reference to the issues, direction and strategy related to the city's social, economic and political developments. The commission is chaired by the Chief Executive, with three ex-officio members, namely the Chief Secretary for Administration, the Financial Secretary and the Head of the Central Policy Unit; and 32 non-official members drawn from a broad cross-section of the community, including professionals, academics, politicians and people from the business and labour sectors.

### **Efficiency Unit**

The Efficiency Unit reports to the Chief Secretary for Administration. It provides management consultancy to help government agencies improve the quality and value of public services, and helps develop new service models for more engaging and effective public services. The unit also provides support to the Commission on Poverty's Social Innovation and Entrepreneurship Development Fund Task Force to promote innovation in addressing social needs.

The unit runs the government contact centre 1823 and the Gov.HK website's youth portal. These projects provide insight into public concerns and emerging trends that help the unit develop ideas for adapting and improving services to meet community needs.

### **Advisory and Statutory Bodies**

About 5,400 members of the public serve on the roughly 470 advisory and statutory bodies which are a distinctive feature of the system of government. These bodies tap professional expertise in the community and allow a wide cross-section of the community and relevant

organisations to take part in the initial stage of policymaking and public-service planning, and to perform specific functions. The government maintains a regular turnover of members to ensure broad participation and the inclusion of fresh perspectives.

Some of the advisory bodies, such as the Advisory Committee on Agriculture and Fisheries, deal with the interests of a particular industry. Others, such as the Transport Advisory Committee, advise on a particular area of government policy. Statutory bodies, such as the Hospital Authority, have legal powers and responsibilities to perform specific functions according to the relevant legislation.

## Civil Service

The civil service is a permanent, honest, meritocratic, professional and politically neutral institution responsible to the Chief Executive. It supports the government in formulating, explaining and implementing policies, conducting administrative affairs, delivering public services, and undertaking law enforcement and regulatory functions. It provides staff for all government departments and other units of the administration. As at 31 December, the total strength of the civil service was 166,600, excluding about 1,500 judges, judicial officers and ICAC officers. This amounted to about 4.2 per cent of Hong Kong's labour force.

The Civil Service Bureau has overall policy responsibility for the management of the civil service, including appointments, pay and conditions of service, performance management, manpower planning, training and development, staff relations, and conduct and discipline. The bureau is also the focal point for consultation with major staff associations and manages a number of grades, including Administrative Officers, Executive Officers, and clerical and secretarial staff. Management of the civil service is governed mainly by three instruments: the Public Service (Administration) Order, the Public Service (Disciplinary) Regulation and the Civil Service Regulations, all made with the authority of the Chief Executive.

The Chief Executive is advised on civil service appointments, promotions and discipline by the Public Service Commission, an independent statutory body set up under the Public Service Commission Ordinance. The government is also advised on civil service pay and conditions of service by three independent bodies: the Standing Committee on Directorate Salaries and Conditions of Service, which represents directorate officers excluding judges, judicial officers and the disciplined services but including the heads of the disciplined services; the Standing Committee on Disciplined Services Salaries and Conditions of Service, representing the disciplined services except the heads of the disciplined services; and the Standing Commission on Civil Service Salaries and Conditions of Service (SCCS), representing all other civil servants.

The government's civil service pay policy is to offer sufficient remuneration to attract, retain and motivate staff of suitable calibre to provide the public with an effective, efficient and high-quality service. In order that civil service pay is regarded as fair and reasonable by both civil servants who provide the service and the public who foot the bill, the government adopts the principle that civil service pay should be broadly comparable with private-sector pay. Pay comparisons are achieved through three periodic surveys, namely the Pay Level Survey, the

Starting Salaries Survey and the annual Pay Trend Survey. In February 2016, the SCCS completed the 2015 Starting Salaries Survey and submitted its recommendations to the Chief Executive.

In accordance with the Basic Law, public servants serving in all government departments should be permanent residents of the HKSAR, save for those who fall within exceptions provided in Articles 99 and 101 of the Basic Law. This requirement applies to civil servants recruited on or after 1 July 1997.

Appointment is based on open and fair competition. The government ensures persons with disabilities and ethnic minorities, like other applicants, will continue to have equal access to job opportunities in the civil service. Promotion is performance-based.

The government monitors staff turnover closely for manpower planning purposes to keep manpower at a level commensurate with service demand. Overall wastage in the civil service was about 4.7 per cent in 2015-16. A well-established mechanism is in place to review succession planning for senior staff members, identify and groom officers with potential for advancement to senior management, and develop a pool of talent for senior positions.

To manage public resources prudently, the government keeps a watchful eye on the size of the civil service. New posts are created only when the need is justified and other means of providing services are not feasible. At the same time, due consideration is given to the need for additional manpower to deliver new and improved services. The civil service generally grew 1 to 1.5 per cent annually between 2007-08 and 2015-16, and is estimated to increase about 1.3 per cent in 2016-17.

The government maintains close communication with staff and consults them on issues of concern through various channels, including an established staff consultation mechanism which consists of four staff consultative councils at the central level, namely the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Disciplined Services Consultative Council and the Police Force Council, and some 90 consultative committees at the departmental level. A regularly published *Civil Service Newsletter* provides an added link with serving and retired employees.

Exemplary staff performance is recognised through various commendation schemes to motivate civil servants to provide quality service to the public. The schemes include the Secretary for the Civil Service's Commendation Award Scheme that commends individuals with consistently outstanding performance, and the Civil Service Outstanding Service Award Scheme that commends achievements in service excellence on a departmental or team basis. On the other hand, staff misconduct is handled under an established disciplinary mechanism for punitive and deterrent purposes. To instil a culture of probity in the civil service, the Civil Service Bureau and the ICAC jointly run an ethical leadership programme, and each bureau and department is required to appoint a directorate officer to coordinate efforts to attain that goal.

The Civil Service Training and Development Institute formulates policies on training and development, and performance management. It organises training programmes and seminars for civil servants on leadership and management, language and communication, national affairs and the Basic Law. The institute also advises bureaus and departments on how to improve staff

performance, develop competency profiles, enhance leadership capabilities and prepare officers for succession. Through its e-learning platform, Cyber Learning Centre Plus, the institute provides civil servants with ready access to training resources to promote a culture of continuous learning.

## Official Languages

Chinese and English are Hong Kong's official languages. It is government policy to have a civil service that is proficient in written Chinese and English, and competent in Cantonese, Putonghua and spoken English. Important government documents are issued in both official languages, while correspondence with individual members of the public is conducted in either language appropriate to the recipient.

The Civil Service Bureau's Official Languages Division helps implement the government's language policy, and provides bureaus and departments with a wide range of language-related support. Besides translation, interpretation, drafting and editing services, the division operates language advice hotlines, compiles reference materials such as guides to official writing and glossaries of terms commonly used in the government, and organises language-related talks and competitions. It also produces *Word Power*, a quarterly publication on language and culture, for service-wide distribution.

## Government Records Service

The Government Records Service (GRS) oversees the overall management of government records and provides a range of records and archival management services. With regard to records management, the GRS formulates policies, guidelines and procedures; develops systems and oversees their implementation; and sets standards, gives guidance and provides training to bureaus and departments on good practices. It operates two records centres for the intermediate storage of inactive government records and a microfilm centre providing microfilming services for bureaus and departments.

To drive electronic records management in the government, the GRS fully implemented its electronic record-keeping system in 2015 and continues to provide records management support and assistance to bureaus and departments to develop or adopt an electronic record-keeping system.

The GRS appraises, acquires, preserves and provides access to government records of enduring value. Through its public programme, reference service and online educational resources, the GRS encourages understanding, use and protection of Hong Kong's documentary heritage. Its Central Preservation Library for Government Publications contains a wealth of government publications for the research and study of Hong Kong. Members of the public can visit the Hong Kong Public Records Building in Kwun Tong or use the website [www.grs.gov.hk](http://www.grs.gov.hk) to search the archives and browse the online exhibitions and educational resources portal, among other services.

## The Ombudsman

The Ombudsman, established under The Ombudsman Ordinance, is the city's independent watchdog of public administration. She investigates actions by government departments and public bodies for administrative deficiencies and recommends remedial measures to improve the standard of public administration of Hong Kong.

Directly responsible to the Chief Executive, the Ombudsman serves as the community's monitor on government departments and 25 major public bodies specified in a schedule to the ordinance to ensure:

- bureaucratic constraints do not interfere with administrative fairness;
- public authorities are readily accessible to the public;
- abuse of power is prevented;
- wrongs are righted;
- facts are pointed out when public officers are unjustly accused;
- human rights are protected; and
- the public sector continues to improve quality and efficiency.

The Ombudsman is empowered to investigate complaints of non-compliance with the Code on Access to Information against all government departments, including those that are not listed in this schedule, such as the Hong Kong Police Force and the ICAC.

Besides investigating complaints, the Ombudsman may initiate direct investigations into matters of public interest and widespread concern, and publish the reports, so as to redress administrative flaws of a systemic nature and address fundamental problems or underlying causes of complaint.

The Ombudsman completed eight direct investigations in 2015-16, which concerned the:

- Rating and Valuation Department's regulation of display of building numbers;
- regulation of fire safety measures for New Territories exempted houses;
- Water Supplies Department's mechanism for handling leaks of private water pipes;
- management of permitted burial grounds
- method of calculation of waiting time for public rental housing and release of information;
- government's implementation of strengthened control of exhaust emissions from petrol and LPG vehicles;
- problems relating to enforcement of the Fire Safety (Buildings) Ordinance; and



- Home Affairs Department's management of booking and use of facilities of community halls and community centres.

The reports of all direct investigations are available on the website.

The Ombudsman received 12,159 enquiries and 5,244 complaints in 2015-16. Areas attracting a substantial number of complaints related to error, wrong advice/decision, ineffective control and delay/inaction.

Although the Ombudsman has no authority to enforce recommendations, 85.2 per cent of her recommendations have been accepted by the organisations concerned as at 31 March 2016.

### **Audit Commission**

The Audit Commission, headed by the Director of Audit, is established under the Basic Law, which provides that it shall function independently and be accountable to the Chief Executive.

The Audit Ordinance provides for the audit of the government's accounts by the Director of Audit and for the submission of the director's report to the President of the Legislative Council. The director also audits the accounts of the Exchange Fund, the Hong Kong Housing Authority, five trading funds and more than 60 other funds, and reviews the financial operations of multifarious government-subsidised organisations.

The director carries out two types of audit: regularity audits and value-for-money audits. Regularity audits aim to provide an overall assurance of the general accuracy and propriety of the financial and accounting transactions of the government and other audited bodies. The director has statutory authority under the ordinance to conduct regularity audits.

Value-for-money audits aim to provide independent information, advice and assurance about the economy, efficiency and effectiveness with which any government bureau, department, agency, other public body, public office or audited organisation has discharged its functions. Except for some public organisations where the director has statutory authority to conduct value-for-money audits, these audits are carried out according to a set of guidelines agreed between the director and the legislature's Public Accounts Committee and accepted by the government.

The director's report is submitted to the President of the Legislative Council and laid before the council, where it is considered by the committee. In 2016, the director submitted three reports: one on the audit certification of the government's accounts for the preceding financial year and two on the results of value-for-money audits, Report No 66 of April 2016 and Report No 67 of October 2016.

For Report No 66, the committee selected one of the eight chapters for public hearing, namely 'Efforts of the Rating and Valuation Department in safeguarding revenue on rates and government rent', and investigated the remaining seven chapters by making written enquiries.

For Report No 67, the committee selected two of the 10 chapters for public hearing, namely 'Maintenance and safety-related improvements of public rental housing flats' and 'Funding of universities by University Grants Committee', and investigated seven of the remaining eight chapters by making written enquires.

The audit recommendations were accepted by the audited bodies. The value-for-money audit reports attracted considerable public interest.

The director's reports on the accounts of other public bodies are submitted to the relevant authorities according to the legislation governing those bodies' operation.

### **HKSAR's External Affairs**

Active participation in international activities and close liaison with international partners have enabled the HKSAR to maintain its status as an international financial, trade, civil aviation and shipping centre.

In 2016, HKSAR Government representatives took part as members of the PRC delegation in nearly 100 international conferences limited to states<sup>2</sup>. HKSAR Government representatives also attended more than 1,500 international conferences not limited to states<sup>3</sup>.

The HKSAR Government also concluded 17 agreements with foreign states that covered air services, investment promotion and protection, the transfer of sentenced persons and other matters.

Foreign representation in the HKSAR includes 61 consulates-general and 60 consulates. Six international bodies<sup>4</sup> have representative offices in Hong Kong.

### **Working Relationship with the Office of the Commissioner of the Ministry of Foreign Affairs (MFA Office)**

The HKSAR Government works closely with the MFA Office in Hong Kong in these areas:

- participation in international organisations and conferences, such as obtaining the CPG's approval for HKSAR Government officials to take part as members of the PRC delegation in international conferences limited to states;
- negotiation and conclusion of international agreements, such as obtaining the CPG's specific authorisation to negotiate and conclude agreements with foreign states;
- consular protection for Hong Kong people in distress overseas; and
- matters relating to consular missions in the HKSAR.

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<sup>2</sup> Including those organised by the International Civil Aviation Organisation, World Health Organisation and World Intellectual Property Organisation.

<sup>3</sup> Including those organised by the Asia-Pacific Economic Cooperation, World Customs Organisation and World Trade Organisation.

<sup>4</sup> They are the Bank for International Settlements Representative Office for Asia and the Pacific; Hague Conference on Private International Law Asia Pacific Regional Office; International Finance Corporation Regional Office for East Asia and Pacific and World Bank Private Sector Development Office for East Asia and Pacific; International Monetary Fund Hong Kong SAR Sub-Office; Office of the European Union; and United Nations High Commissioner for Refugees Sub-Office.

## **Working Relationship with Mainland Authorities**

The Constitutional and Mainland Affairs Bureau is responsible for coordinating contacts between the HKSAR Government and the Mainland authorities, promoting regional cooperation initiatives between Hong Kong and the Mainland, and overseeing the operation of the HKSAR Government's Mainland offices.

The Hong Kong and Macao Affairs Office of the State Council facilitates the HKSAR Government's development of contacts with the Mainland authorities, and liaises closely with the HKSAR Government on matters of mutual concern and on arrangements for official visits between Hong Kong and the Mainland.

## **Cooperation with Mainland Provinces and Municipalities**

The Dedicated Chapter on Hong Kong and Macao in the 'Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China' was promulgated in March. It establishes Hong Kong's important role in the country's overall development, including in consolidating and enhancing the SAR's status as international financial, transportation and trade centres; expresses clear support for the development of Hong Kong's professional services, including in innovation and technology as well as legal and dispute resolution; and promotes financial services, business and commerce, logistics and professional services towards high-end and high value-added development. The Dedicated Chapter also emphasises deepening cooperation between Hong Kong/Macao and the Mainland, including supporting Hong Kong's participation in the country's two-way opening up and the Belt and Road Initiative, promoting an upgrade of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), deepening financial collaboration between Hong Kong and the Mainland, and deepening exchange and cooperation among Hong Kong, Macao and the Mainland in areas including society, livelihood, innovation and technology, culture, education and environmental protection.

At the 19th Plenary of the Hong Kong/Guangdong Cooperation Joint Conference in September, the two sides reviewed the progress of their collaboration over the past year and set directions for future cooperation in areas including the Belt and Road Initiative, innovation and technology, youth cooperation, environmental protection, financial cooperation, professional services, cooperation in major regional areas, education, tourism and cross-boundary infrastructure.

On regional collaboration, Qianhai, Nansha and Hengqin are major platforms for promoting cooperation among Hong Kong, Guangdong and Macao. The HKSAR Government has been keeping close contact with Mainland authorities to plan and develop these three areas. Over the past years, the three areas have adopted a number of policies and measures offering favourable treatment to Hong Kong people and enterprises, such as introducing a 15 per cent enterprise tax for eligible companies in Qianhai and Hengqin; extending pilot areas from Qianhai, Nansha and Hengqin to the entire municipal cities of Guangzhou, Shenzhen and Zhuhai, where associations between Hong Kong and Mainland law firms operating in the form of a partnership can be established; and extending a cross-border Renminbi pilot loan scheme from Qianhai to Nansha and Hengqin. The Qianhai Authority has also agreed to arrange pilot

construction projects allowing accredited Hong Kong professionals and enterprises in construction and engineering to provide services directly in Qianhai.

Hong Kong and Shenzhen also made progress in collaborating on innovation and technology, Qianhai development, financial services, professional services, youth cooperation and other areas. A breakthrough was achieved in developing the Lok Ma Chau Loop. The HKSAR Government and the Shenzhen Municipal People's Government agreed to sign a memorandum of understanding in January 2017 to jointly develop a Hong Kong/Shenzhen Innovation and Technology Park at the loop to establish a key base for cooperation in innovation and technology research and provide related higher education and other complementary facilities.

In April, the Chief Secretary for Administration and the Vice-Governor of Fujian Province co-chaired the Second Hong Kong-Fujian Cooperation Conference in Hong Kong. Both sides agreed to further enhance collaboration in economic and trade, finance, innovation and technology, youth exchange, as well as exchanges on cultural and creative industries.

The Pan-Pearl River Delta (PPRD) region comprises the Hong Kong and Macao SARs and nine provinces and autonomous regions of the Mainland. In October, the Chief Executive led an HKSAR Government delegation to attend the 2016 PPRD Regional Cooperation Chief Executive Joint Conference in Jiangxi Province to promote the dual advantages of Hong Kong under the 'one country, two systems' principle and to encourage PPRD provinces and regions to leverage Hong Kong's 'super-connector' role in jointly supporting the Belt and Road Initiative and enhancing innovation and technology.

### **Working Relationship with Macao Special Administrative Region**

The Ninth Hong Kong-Macao Cooperation High Level Meeting was held in July. Both sides agreed to forge closer ties on economic and trade cooperation and initialised the draft main text of the HK-Macao CEPA. Other agreed areas of collaboration included professional services, tourism, promotion of inward investment, cross-boundary transport arrangements for the Hong Kong-Zhuhai-Macao Bridge, and youth.

### **HKSAR's Offices on Mainland**

The HKSAR Government has five offices on the Mainland, namely the Beijing Office and the four Hong Kong Economic and Trade Offices (ETOs) in Chengdu, Guangdong, Shanghai and Wuhan<sup>5</sup>. In addition, the Hunan Liaison Unit and Henan Liaison Unit, formed under the Wuhan ETO in May and September respectively, are the HKSAR Government's sixth and seventh liaison units on the Mainland; the other five are in Chongqing, Fujian, Shenzhen, Liaoning and Shandong. These offices and units are responsible for enhancing government-to-government liaison and communication as well as trade, commercial relations and investment promotion on the Mainland; and providing support to Hong Kong residents and enterprises on the Mainland. A

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<sup>5</sup> The Beijing Office covers Beijing, Gansu, Hebei, Heilongjiang, Inner Mongolia, Jilin, Liaoning, Ningxia, Tianjin and Xinjiang. The Guangdong ETO covers Fujian, Guangdong, Guangxi, Hainan and Yunnan. The Shanghai ETO covers Anhui, Jiangsu, Shandong, Shanghai and Zhejiang. The Chengdu ETO covers Chongqing, Guizhou, Qinghai, Shaanxi, Sichuan and Tibet. The Wuhan ETO covers Henan, Hubei, Hunan, Jiangxi and Shanxi.

new Immigration Division was set up in the Shanghai ETO in October, in addition to those in the Beijing Office and the Chengdu and Guangdong ETOs, to provide practical help to Hong Kong residents in distress or seeking assistance on the Mainland and to handle immigration matters. All immigration divisions started providing an HKSAR passport replacement service in November.

## Exchanges with Taiwan

Hong Kong and Taiwan have close economic, cultural and social ties. Taiwan was Hong Kong's third largest trading partner in goods, with two-way trade amounting to US\$47,228 million in 2016. The number of arrivals from Taiwan totalled 2.01 million.

Hong Kong cooperates with Taiwan on public policy areas through the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council; and the Hong Kong Economic, Trade and Cultural Office in Taiwan promotes Hong Kong's image, strengthens bilateral exchanges, and serves Hong Kong people and businesses in Taiwan.

Key events in 2016 include:

- Installing lanterns at the 2016 Taiwan Lantern Festival to showcase the richness, diversity and glamour of Hong Kong;
- Organising the Hong Kong-Taiwan Economic Cooperation Forum in New Taipei City to promote Hong Kong's advantages in innovation and technology; and
- Organising the Hong Kong Week in Taipei to present a series of cultural and creative programmes featuring Hong Kong characteristics.

## Websites

Administration Wing, Chief Secretary for Administration's Office: [www.admwing.gov.hk](http://www.admwing.gov.hk)

Audit Commission: [www.aud.gov.hk](http://www.aud.gov.hk)

Civil Service Bureau: [www.csb.gov.hk](http://www.csb.gov.hk)

Constitutional and Mainland Affairs Bureau: [www.cmab.gov.hk](http://www.cmab.gov.hk)

Home Affairs Bureau: [www.hab.gov.hk](http://www.hab.gov.hk)

Hong Kong Economic, Trade and Cultural Office (Taiwan): [www.hketco.hk](http://www.hketco.hk)

Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council:  
[www.eccpc.org.hk](http://www.eccpc.org.hk)

Legislative Council: [www.legco.gov.hk](http://www.legco.gov.hk)

Office of The Ombudsman: [www.ombudsman.hk](http://www.ombudsman.hk)

Protocol Division Government Secretariat: [www.protocol.gov.hk](http://www.protocol.gov.hk)