

Chapter 1

Constitution and Administration

Eleven years after reunification, Hong Kong continues to enjoy a high degree of autonomy. The principle of 'one country, two systems' under which Hong Kong is administered, also gives its people the right to run the city. The Government keeps it that way by firmly adhering to the Basic Law, Hong Kong's constitution.

Hong Kong became a Special Administrative Region of the People's Republic of China (PRC) on July 1, 1997. The Basic Law of the Hong Kong Special Administrative Region (HKSAR) came into effect on the same day. The Basic Law prescribes the systems to be practised in the HKSAR.

Under the Basic Law, the HKSAR enjoys a high degree of autonomy in accordance with the principle of 'one country, two systems'. 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 international organisations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural and sports fields.

Role of the Chief Executive

The Chief Executive is the head of the HKSAR. He leads the Government of the HKSAR. 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. He is assisted by the Executive Council in policy-making.

The System of Government

Executive Council

The Executive Council is an organ for assisting the Chief Executive in policy making. Under Article 56 of the Basic Law, except for the appointment, removal and disciplining of officials and the adoption of measures in emergencies, the Chief Executive shall consult the Executive Council before making important policy decisions, 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 December 31, the Executive Council had 29 members. As provided for in Article 55 of the Basic Law, members of the Executive Council shall be appointed by the Chief Executive from among the principal officials of the executive authorities, members of the Legislative Council and public figures. They are Chinese citizens who are permanent residents of the Hong Kong Special Administrative Region with no right of abode in any foreign country. The membership of the Executive Council comprises 15 Principal Officials and 14 Non-Officials. Their appointment or removal is decided by the Chief Executive. The term of office of members of the Executive Council shall not extend beyond the expiry of the term of office of the Chief Executive who appoints them.

The Executive Council normally meets once a week and its proceedings are confidential, although many of its decisions are made public. The Chief Executive presides at its meetings. During the year, the Executive Council held a total of 34 meetings.

Legislative Council

Powers and Functions

Under Article 73 of the Basic Law, the Legislative Council of the Hong Kong Special Administrative Region 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 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 council. If the committee considers the evidence sufficient to substantiate such charges, the 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

Under the Basic Law, the Legislative Council of the HKSAR is constituted by election. The specific method of forming the Legislative Council is prescribed in Annex II of the Basic Law. The composition of the Legislative Council in the third term (i.e. from October 1, 2004 to September 30, 2008) was 60 members, comprising 30 members returned by geographical constituencies through direct elections and 30 members returned by functional constituencies representing various sectors of the community. The composition of the Legislative Council in the fourth term (i.e. from October 1, 2008 to September 30, 2012) is the same as the third term. The election for the Fourth Legislative Council was held on September 7, 2008.

The President of the Legislative Council is from the council and elected by its members.

Meetings of the Legislative Council

The Legislative Council normally meets on Wednesdays in the Chamber of the Legislative Council Building to conduct its business, which includes the tabling of subsidiary legislation and other papers and reports for the council's consideration; asking of questions for replies by the Government; introducing and considering bills and proposed resolutions, and debating motions concerning matters of public interest.

All Legislative Council meetings are open to the public. Members may address the council in Cantonese, English or Putonghua, with simultaneous interpretation provided. The proceedings are recorded verbatim in the Official Record of Proceedings of the Legislative Council.

During the 2007-2008 Legislative Council session (from October 2007 to July 2008), the council held 37 meetings, four of which were Chief Executive's Question and Answer Sessions. Members asked 638 questions on the work of the Government with 895 supplementaries to those questions. On subsidiary legislation, 210 items were tabled in the council for consideration under the negative vetting

procedure. The scrutiny of 189 items was completed, with 13 of them amended by resolution of the council. The scrutiny of the remaining 21 items continued in the next session. In addition, the council completed the scrutiny of 24 items of subsidiary legislation, which had been tabled in the previous session. The Government moved 16 motions through the positive vetting procedure to either make new or amend existing subsidiary legislation, and all were passed by the council. On bills, the council passed all 35 bills in the 2007-2008 session.

On Members' motions, two motions to amend the Rules of Procedure and one motion to amend the terms of reference of panels were passed. One motion to invoke the council's powers under the Legislative Council (Powers and Privileges) Ordinance was not passed. The council also debated 55 members' motions not intended to have legislative effect. In addition, with the permission of the President, an adjournment debate was held to discuss an issue of urgent public importance, namely, the Report by the Chief Executive of the Hong Kong Special Administrative Region to the Standing Committee of the National People's Congress on the Public Consultation on Constitutional Development and on whether there is a need to amend the methods for selecting the Chief Executive of the Hong Kong Special Administrative Region and for forming the Legislative Council of the Hong Kong Special Administrative Region in 2012. Another adjournment debate was held for the purpose of raising an issue concerning public interest, namely, the predicament faced by the live poultry trade, to elicit a reply from a designated public officer.

Finance Committee

The Finance Committee consists of all members of the Legislative Council except the President. The committee's Chairman and the Deputy Chairman are elected from among its members. The committee normally meets in public on Friday afternoons to scrutinise and approve public expenditure proposals put forward by the Government. Its work includes the scrutiny of the annual Estimates presented by the Financial Secretary to the Legislative Council during the proceedings related to the Appropriation Bill, which sets out the Government's annual expenditure proposals for the following financial year. During the 2007-2008 session, the committee held 35 meetings and examined 68 financial proposals.

There are two subcommittees under the Finance Committee: the Establishment Subcommittee and the Public Works Subcommittee, which also conduct meetings 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 for the creation, redeployment and deletion of directorate posts, and for changes to the structure of grades and ranks in the Civil Service. During the 2007-2008 session, the subcommittee held eight meetings and examined 18 Government proposals.

The Public Works Subcommittee examines and makes recommendations to the Finance Committee on the Government's expenditure proposals under the Capital Works Reserve Fund for projects in the Public Works Programme and building projects carried out by or on behalf of subvented organisations. During the 2007-

2008 session, the subcommittee held 17 meetings and examined 79 proposals, covering 82 projects and the Block Allocations for 2008-2009 put forward by the Government.

Public Accounts Committee

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

During the 2007-2008 Legislative Council session, the committee examined the Director of Audit's Report on the Accounts of the Government for the year ended March 31, 2007 and the reports on the results of Value-for-Money Audits (reports Nos. 49 and 50). The committee held 18 public hearings and 32 internal meetings during the period. The conclusions and recommendations of the committee are contained in the committee's reports Nos. 49, 49A and 50, which were tabled in the council on February 20, 2008, April 30, 2008 and July 9, 2008 respectively.

Committee on Members' Interests

The Committee on Members' Interests comprises seven members who are appointed by the President of the Legislative Council in accordance with the election procedure determined by the council's House Committee. It considers matters pertaining to the declaration of interests, such as the arrangements for the compilation, maintenance and accessibility of the Register of Members' Interests, and matters of ethics in relation to the conduct of members of the Legislative Council. It is also empowered to consider and investigate complaints regarding members' registration and declaration of interests, and complaints concerning the conduct of members in relation to claims for reimbursement of operating expenses or applications for advance of operating funds. It may also make recommendations to the council, including those concerning sanctions relating to members' interests, operating expenses or operating funds.

House Committee

The House Committee, which consists of all members except the President, elects its Chairman and the Deputy Chairman. The committee normally meets on Friday afternoons and is responsible for dealing with matters related to the work of the Legislative Council and preparing members 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. During the 2007-2008 session, the House Committee held 30 regular meetings.

The House Committee also holds special meetings to discuss issues of public concern. During the session under review, the House Committee held two special

meetings to discuss issues of public concern with the Chief Secretary for Administration.

Committee on Rules of Procedure

The Committee on Rules of Procedure is responsible for reviewing the Rules of Procedure of the Legislative Council and the committee system, and proposing to the council such amendments or changes as are considered necessary. The committee consists of 12 members who are appointed by the President of the Legislative Council in accordance with an election procedure determined by the council's House Committee. During the 2007-2008 Legislative Council session, the committee held five meetings to study issues relating to the procedural arrangements of the council, such as the proposed procedural arrangements relating to the implementation of Article 73(9) of the Basic Law on impeachment of the Chief Executive, as well as the procedures and working mechanism of the committees of the council.

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 council and is dissolved on the passage of the bill or when the House Committee so decides. During the 2007-2008 session, the House Committee set up 14 bills committees to scrutinise bills introduced into the council, including the Prevention and Control of Disease Bill, Product Eco-responsibility Bill, Mandatory Provident Fund Schemes (Amendment) (No. 2) Bill 2007, West Kowloon Cultural District Authority Bill, Fixed Penalty (Smoking Offences) Bill and Air Pollution Control (Amendment) Bill 2008. A total of 27 bills committees, including 13 carried forward from the previous sessions, were in operation during the 2007-2008 session.

Subcommittees on Subsidiary Legislation

During the 2007-2008 session, the House Committee formed 21 subcommittees to consider 25 items of subsidiary legislation, 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 any other matters relating to the business of the council. A subcommittee to study the draft subsidiary legislation relating to the Civil Justice Reform was formed in 2007-2008. Other subcommittees in operation during the period included a subcommittee on West Kowloon Cultural District Development, a subcommittee to study the subject of combating poverty and a subcommittee on Members' remuneration and operating expenses reimbursements, etc.

Panels

The Legislative Council has established 18 panels to monitor and examine the Government's policies and issues of public concern that relate to their respective

policy areas. These panels also give views on major legislative or financial proposals before their introduction into the Legislative Council or the Finance Committee and examine relevant policy matters referred to them.

Select Committees

The Legislative Council may appoint select committees to enable members to consider matters or bills. Select committees report to the council after they have completed consideration of such matters or bills. No select committee was appointed during the session.

Redress System

The Legislative Council operates a redress system under which members of the public may seek assistance for redressing any grievance resulting from government actions or policies, and lodge complaints against government departments and other organisations. The redress system operates a weekly roster with groups of six members taking turns to receive and handle complaints and representations from the public. They also take turns to be on 'ward duty' during their duty week to meet individual complainants and give guidance to staff in processing cases.

The Legislative Council Commission and Legislative Council Secretariat

The Legislative Council Commission is a statutory body independent of the Government. It is chaired by the President of the Legislative Council. In the 2007-2008 session, the commission comprised 12 members, including the chairman. The commission's main function is to provide administrative support and services for the Legislative Council through the Legislative Council Secretariat. It is empowered to employ staff of the Legislative Council Secretariat and oversee its work, determine the organisation and administration of support services and facilities, formulate and execute policies on their effective operation and expend funds in ways it sees fit to support these activities.

The Legislative Council 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 the community's understanding of the activities of the council and ensure an effective avenue for redress.

District Administration

The District Administration Scheme started in 1982 with the establishment of a District Board and a District Management Committee in each district. Through the scheme, the Government promotes public participation in district affairs and fosters a sense of belonging and mutual care among the people of Hong Kong. The scheme also helps to ensure that the Government is responsive to district needs and problems. Following a 1998 review of the structure and functions of district organisations, District Boards were renamed District Councils (DC) in 2000 to underline their important role in reflecting public opinion and monitoring the delivery of public services at district level.

The third term of the DCs commenced on January 1, 2008. In addition to the 405 elected members, there are 102 appointed members and 27 ex officio members (chairmen of rural committees in the New Territories) in the councils, bringing the total number to 534. The term of office of these council members is four years starting from January 2008.

The main function of DCs is to advise the Government on matters affecting the well-being of the people living and working in the districts as well as on the provision and use of public facilities and services within the districts. The Government also consults the DCs on a wide range of issues. Another key function of DCs is the carrying out of minor environmental improvement and community involvement projects with funds available.

To further enhance the role and functions of DCs, the Government conducted a review on the role, functions and composition of DCs in 2006, and completed a pilot scheme to involve the DCs in the management of some district facilities in 2007. Since the start of the new DC term in January 2008, the Government has implemented a series of measures to improve district work with all 18 DCs taking part in managing district facilities. Furthermore, the Government has increased the resources for DCs to carry out community involvement activities to \$300 million as well as set up a \$300 million dedicated capital works block vote for the DCs to implement district minor works projects.

To foster regular dialogue between senior government officials and the DCs, 22 heads of departments, who have direct interface with the public, started attending DC meetings one at a time since January 2007. Heads of government departments also gave briefings to DC members on territory-wide planning and development issues. The officers who gave briefings in 2008 included the Director of Planning, Commissioner for Transport and Director of Highways.

The first 'Chief Executive's Summit on District Administration' was held in May 2008. It provided an effective platform for senior Government officials, DC members and district personalities to have direct communication and exchange of views on district matters, and for the Government to better understand public concerns. The summit was attended by more than 800 people from the DCs, district organisations and government departments, including the Chief Executive and directors of policy bureaux.

To maintain a direct dialogue with local residents, each DC operates a meet-the-public scheme, under which residents can meet council members face-to-face to express their views on district problems. The scheme, which also provides a direct channel for DCs to collect public views on local matters and territory-wide issues, has been well received by the people. In addition, many DC members run ward offices to keep in touch with their constituents and to better cater to the needs of their respective communities.

Each district has a District Management Committee, chaired by a District Officer. It comprises the chairman, vice-chairman and committee chairmen of the DC as well as representatives of government departments providing essential services in the

district. The District Management Committee serves as a forum for consultation, co-ordination and collaboration between different departments and the DC to help resolve inter-departmental district issues and to ensure that district needs are met promptly.

To promote harmony within the community and encourage public participation in district affairs, Area Committees have been set up in the 18 districts to advise on local issues and to help organise community activities and government campaigns. At year-end, there were 63 Area Committees.

Twenty Public Enquiry Service Centres, attached to the District Offices, provide a wide range of free services to the public. These services include answering general enquiries about government services, distributing government forms and disseminating information, administering declarations and referring matters brought up during the meet-the-public sessions and cases under the Free Legal Advice Scheme and the Rent Officer Scheme to the departments or organisations concerned. The Public Enquiry Service Centres and the Central Telephone Enquiry Centre served a total of 1.81 million clients in 2008.

The Electoral System

Electoral System for the Legislative Council

The composition of the first three terms of the Legislative Council as set out in the Basic Law is as follows:

Membership	First term (1998-2000)	Second term (2000-2004)	Third term (2004-2008)
(a) elected by geographical constituencies through direct elections	20	24	30
(b) elected by functional constituencies	30	30	30
(c) elected by an election committee	10	6	—
	—	—	—
	60	60	60

The composition of the fourth-term (2008-2012) Legislative Council is the same as that of the third term¹.

¹ The Government, in 2005, put forth a proposal to increase the number of seats to 70 for the fourth-term Legislative Council. However, the proposal was not endorsed by a two-thirds majority in Legislative Council as required by the Basic Law.

Geographical Constituency

Geographical constituency elections are held on the basis of universal suffrage. All eligible persons aged 18 or above have the right to be registered as electors and to vote in the elections. There are currently about 3.37 million registered electors.

The HKSAR is divided into five geographical constituencies of four to eight seats in the third term of the Legislative Council. Voters choose lists of candidates, using the List Voting System which operates under the Largest Remainder formula, a form of proportional representation. Under this system, each list may consist of any number of candidates up to the number of seats in the relevant constituency. An elector is entitled to cast one vote for a list in the constituency in which he or she is registered. The seats for the constituency are distributed among the lists according to the number of votes they get.

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 that he or she is a registered elector on the Final Register, has attained the age of 21, and has ordinarily resided in Hong Kong for the preceding three years.

Functional Constituency

Each functional constituency represents an economic, social, or professional group important to the HKSAR. For the third-term Legislative Council, these are: (1) Heung Yee Kuk²; (2) agriculture and fisheries; (3) insurance; (4) transport; (5) education; (6) legal; (7) accountancy; (8) medical; (9) health services; (10) engineering; (11) architectural, surveying and planning; (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; and (28) District Council. The labour functional constituency returns three Legislative Council members, while the other 27 functional constituencies return one member each.

The electorate of functional constituencies which represent professional groups is generally based on membership of professions with well-established and recognised qualifications, including statutory qualifications. Each individual member has one vote. 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. Each corporate member appoints an authorised representative to cast the vote on its behalf in an election.

To become a candidate in the functional constituencies, one must satisfy the same age and residential requirements as in a geographical constituency election, be

² A statutory advisory body on New Territories affairs.

a registered elector on the Final Register, and also 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 and to meet the requirement of the relevant provision in the Basic Law, permanent residents of the HKSAR 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 (functional constituencies No. 3, 6, 7, 10, 11, 14, 15, 16, 18, 20, 21, 23 as above).

The election for the fourth-term Legislative Council was held on September 7, 2008. Over 1.52 million registered electors cast their votes on polling day, representing a turnout rate of 45.2 per cent.

Electoral System for the Chief Executive

In accordance with the Basic Law, the Chief Executive shall be elected by an Election Committee (EC). The EC is composed of 800 members from four sectors (which are in turn composed of 38 subsectors), comprising:

- 664 members of 35 subsectors who are returned through elections;
- 96 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; and
- 40 members under the religious subsector who are nominated by six designated bodies.

The election of the third term Chief Executive by the EC was held on March 25, 2007. Mr Donald Tsang Yam-kuen was declared as returned at the election. On April 2, 2007, in accordance with the provisions of the Basic Law and the outcome of the election by the EC, the State Council of the PRC appointed Mr Tsang as the third Chief Executive, with his term of office commencing on July 1, 2007.

Implementing Universal Suffrage for the Chief Executive and the Legislative Council

The Government has now a clear timetable for attaining universal suffrage. The Standing Committee of the National People’s Congress (NPCSC) promulgated a decision on December 29, 2007 making it clear that the Chief Executive may be elected by universal suffrage in 2017 and that Legislative Council may be formed by universal suffrage in 2020. The NPCSC has made a positive response to the democratic aspirations of the people of Hong Kong. This decision is welcomed by the HKSAR Government, different political parties, different sectors and the wider community.

The NPCSC’s decision has also determined that appropriate amendments conforming to the principle of gradual and orderly progress may be made to the two electoral methods in 2012. The elections for the Chief Executive and Legislative Council in 2012 can be made more democratic.

The Chief Executive, in February 2008, set up a task group on constitutional development under the Commission on Strategic Development to study possible

options for electing the Chief Executive and for forming the Legislative Council in 2012 within the framework set out by the NPCSC decision. The task group concluded its discussions in June 2008, and the views collected will provide a basis for the HKSAR Government to prepare the document for the next round of public consultation on the two electoral methods for 2012. The Government will consult the public in the fourth quarter of 2009 on the possible options for amending the two electoral methods for 2012. Our aim is to determine the two electoral methods for 2012 within the tenure of the current-term HKSAR Government, with a view to laying a solid foundation for attaining universal suffrage for the Chief Executive in 2017, and for the Legislative Council in 2020.

Electoral System for the District Councils

Eighteen District Councils were established in the HKSAR to advise the Government on district affairs and to promote recreational and cultural activities, and environmental improvements within the districts. A District Council is composed of elected members, appointed members, and, in the case of District Councils in rural areas, the chairmen of rural committees as ex officio members. The simple majority voting system is adopted for elections. For the third-term councils (2008-2011), the HKSAR was divided into 405 constituencies, each represented by one elected member.

Electoral Affairs Commission

The Electoral Affairs Commission, an independent statutory body, is responsible for ensuring that elections in the HKSAR are conducted openly, honestly, fairly and in accordance with the law. It comprises three politically neutral persons appointed by the Chief Executive and is headed by a High Court judge. The commission is responsible for making recommendations to the Chief Executive on the delineation of geographical constituencies and District Council constituencies, making regulations on practical arrangements for the Chief Executive election, the Legislative Council election, the District Council election and rural elections, and handling 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.

HKSAR's External Affairs

The HKSAR continues to play an active role in the international arena and maintains close contact with its international partners.

In 2008, representatives of the HKSAR Government, as members of the PRC delegation, took part in over 140 international conferences limited to states, including those organised by the World Intellectual Property Organisation, the World Health Organisation and the International Civil Aviation Organisation. The HKSAR also took part in about 760 inter-governmental conferences not limited to states in the capacity of 'Hong Kong, China', including those organised by the World Trade Organisation, Asia-Pacific Economic Co-operation and the World Customs Organisation.

In accordance with Article 151 of the Basic Law, the HKSAR concluded 12 agreements with foreign states in 2008 on matters such as telecom co-operation, insurance co-operation and co-operation on wine-related businesses. With the authorisation of the Central People's Government (CPG), the HKSAR also concluded three bilateral agreements with foreign states on mutual legal assistance during the year. Pursuant to the CPG's decision after seeking the views of the HKSAR Government, six multilateral conventions became applicable to the HKSAR in 2008.

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

There is a large foreign representation in the HKSAR, including 58 consulates-general, 58 honorary consuls and five officially recognised international bodies.

Working Relationship of the HKSARG with the MFA Office

The HKSAR Government continues to work closely with the Office of the Commissioner of the Ministry of Foreign Affairs (MFA Office) in Hong Kong, which was established by the CPG, in the following areas:

- (a) participation in international organisations and conferences, such as obtaining the CPG's approval for HKSAR Government officials to participate as members of the PRC delegation in international conferences limited to states;
- (b) negotiation and conclusion of international agreements, such as obtaining the CPG's specific authorisation for the negotiation and conclusion of agreements with foreign states in accordance with the relevant provisions of the Basic Law;
- (c) consular protection for Hong Kong people in distress overseas; and
- (d) matters relating to consular missions in the HKSAR. The establishment of foreign consular and other official or semi-official missions is a matter for the MFA Office. The HKSAR Government is responsible for the day-to-day management of the consular corps.

Working Relationship with the Mainland Authorities

The Government continues to have a cordial working relationship with the CPG and other Mainland authorities. This is enhanced through visits, meetings, seminars and other exchanges between the two governments.

The Hong Kong and Macao Affairs Office (HKMAO) of the State Council assists the Hong Kong Government in developing contacts with the Mainland authorities. The Government also liaises closely with the HKMAO on matters of mutual concern to Hong Kong and Macao and on arrangements for official visits between the Mainland and Hong Kong.

Article 22 of the Basic Law states that no department of the CPG and no province, autonomous region, or municipality directly under the Central Government may interfere in the affairs of Hong Kong which the HKSAR administers on its own in accordance with the Basic Law.

The Constitutional Affairs Bureau was renamed Constitutional and Mainland Affairs Bureau (CMAB) on July 1, 2007 to reflect more clearly one of the bureau's key functions: co-ordinating and promoting close ties and co-operation with the Mainland. The bureau's Mainland Affairs Liaison Office is responsible for co-ordinating contacts between the HKSAR Government and the Mainland authorities, as well as promoting regional co-operation initiatives between Hong Kong and the Mainland. It also oversees the running of Hong Kong Government's Mainland offices.

As the province closest to Hong Kong, Guangdong has the most extensive ties with the HKSAR. Since 1982, the Cross-boundary Liaison System has provided an effective mechanism for Hong Kong and Guangdong to discuss and resolve issues of mutual concern, such as cross-boundary crime and observance of Shenzhen River regulations.

In August, Hong Kong and Guangdong reviewed progress made under the Hong Kong/Guangdong Co-operation Joint Conference (Joint Conference) and discussed the way forward. They agreed to further enhance co-operation in matters closely related to people's livelihood, such as cross-boundary infrastructure and boundary control points, the environment, food safety, tourism, culture, sports and social welfare.

Hong Kong and Shenzhen too, attach great importance to working closely with each other. The two sides agreed at the co-operation meeting in November to press ahead developing the boundary area, improving airport facilities, encouraging innovation and technology and other matters beneficial to people of both sides. Recent examples include the construction of a new boundary control point at Liantang/Heung Yuen Wai and the development of the Lok Ma Chau Loop, as well as provision of assistance at municipal level to Hong Kong companies having difficulty running their businesses in Shenzhen. Moreover, the Hong Kong airport authorities and their counterparts in Shenzhen have been working closely with each other. All these co-operation initiatives have been carried out smoothly, facilitating people and cargo flow between the two cities.

The Greater Pearl River Delta Business Council is a platform for the private sector to discuss issues related to Hong Kong/Guangdong co-operation and to foster closer economic co-operation within the Greater Pearl River Delta region. The Council has maintained close liaison with the China Council for the Promotion of International Trade Guangdong Sub Council (its counterpart in Guangdong) for exchanging views and collaboration on matters of mutual concern.

The Government continues to promote strongly the restructuring, upgrading and relocation of Hong Kong-invested factories in the Pan-Pearl River Delta (PPRD) region. During the year, the Hong Kong Economic and Trade Offices in the Mainland

organised visits to the region for Hong Kong businessmen to enable them to learn at first hand the business opportunities in the PPRD. The Commerce and Economic Development Bureau and the Productivity Council also launched a programme called 'TURN' (Transformation, Upgrade and Relocation to Unveil a New Horizon for Processing Trade Industry) to provide Hong Kong factories with one-stop service.

The Financial Secretary and the Secretary for Commerce and Economic Development led trade delegations separately to Guangxi and Sichuan during the year to explore investment opportunities in the two provinces.

Hong Kong and Shanghai co-operate on such matters as airport and seaport management, logistics, the World Exposition 2010 Shanghai China, tourism and other mutually beneficial activities.

A Beijing-Hong Kong Symposium was held in November to promote further co-operation on town planning, tourism promotion, technology, financial services, health protection, product branding and such matters.

Working Relationship with Macao Special Administrative Region

To strengthen co-operation between Hong Kong and Macao, the two sides established a liaison officers' system under which representatives from the respective bureaux or departments would serve as liaison officers in various co-operation areas. In June, the Financial Secretary and the Macao Secretary for Economy and Finance co-chaired a meeting in Macao to discuss the latest progress and future direction of co-operation between the two places.

HKSAR's Offices in the Mainland

The Hong Kong Special Administrative Region (HKSAR) Government has four offices in the mainland of China: the Beijing Office and three Economic and Trade Offices (ETOs) in Guangdong, Shanghai and Chengdu³. They are mainly responsible for enhancing liaison and communications with the Central People's Government and other Mainland authorities; strengthening Hong Kong's economic and trade ties with the Mainland; promoting Hong Kong and encouraging and attracting investments to Hong Kong. The Beijing Office and Guangdong ETO have their own Immigration Divisions which provide practical assistance to Hong Kong residents in distress or seeking assistance in the Mainland and handle immigration matters. For details of the promotional activities organised by the Beijing Office and the three ETOs in the Mainland, please refer to Chapter 17 (Communications, the Media and Information Technology: section on Promoting Hong Kong Overseas and in the Mainland).

³ The Beijing Office covers Beijing, Tianjin, Hebei, Henan, Shandong, Shanxi, Liaoning, Jilin, Heilongjiang, Inner Mongolia, Xinjiang, Gansu, Ningxia, Qinghai and Tibet. The Guangdong ETO covers Guangdong, Guangxi, Fujian, Jiangxi and Hainan. The Shanghai ETO covers Shanghai, Jiangsu, Zhejiang, Anhui and Hubei. The Chengdu ETO covers Sichuan, Yunnan, Guizhou, Hunan, Shaanxi and Chongqing.

Advisory and Statutory Bodies

The network of advisory and statutory bodies is a distinctive feature of the system of government. Its purpose is to tap professional expertise present in the community and to encourage public participation in government decision-making.

Advisory bodies give advice to the Government through senior government officials such as Principal Officials, Permanent Secretaries of Bureaux or department heads. A few advisory bodies pass their advice directly to the Chief Executive. The boards' areas of activities are wide-ranging. Some, such as the Telecommunications Numbering Advisory Committee, deal with the interests of a particular industry. Others, such as the Transport Advisory Committee, advise on a particular area of government policy, while the District Councils deal with district affairs. Statutory bodies, such as the Hospital Authority, have legal powers and responsibilities to perform specific functions in accordance with the relevant legislations.

Over 4 000 members of the public are serving on about 400 advisory and statutory bodies. They include people who are representatives of the relevant professions or the community, and appointees by the Government mainly because of their expertise, knowledge or experience, and contribution to the work of the bodies concerned.

The Government oversees the running of the advisory and statutory bodies to make sure they operate efficiently and that they meet the needs of the community. The practice of bringing in a reasonable number of new members is maintained to ensure a continuing inflow of fresh and different ideas to these bodies. The Government will continue to broaden community participation in advisory and statutory bodies and make their operations more visible.

Structure of the Administration

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

There are currently 12 bureaux, each headed by a Director of Bureau. Together, they form the Government Secretariat. There are 58 departments whose heads are responsible to the Directors of Bureaux for the direction of their departments and the efficient implementation of approved policies. The Audit Commission, the Independent Commission Against Corruption (ICAC) and the Office of The Ombudsman report directly to the Chief Executive.

The Chief Secretary for Administration, the Financial Secretary, the Secretary for Justice and the 12 Directors of Bureaux (also known as Secretaries of Bureaux) are politically appointed Principal Officials. They are held accountable for matters falling within their respective portfolios.

Role of the Chief Secretary for Administration

The Chief Secretary for Administration is the leading Principal Official in the HKSAR Government. He is a member of the Executive Council and deputises for the Chief Executive when the latter is not able to discharge his duties for a short period.

The Chief Secretary for Administration supports the Chief Executive in administering Hong Kong and advises him on policy matters. He plays an important role in policy co-ordination, 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 Administration and the Legislative Council, and drawing up the Government's legislative programme. He also exercises statutory functions vested in him by law, such as those concerning the handling of appeals and certain public bodies.

Role of the 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 matters. He exercises control over the Exchange Fund with the assistance of the Monetary Authority. He is a member of the Executive Council.

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

Central Policy Unit

The Central Policy Unit provides advice on policy issues to meet the special requirements of the Chief Executive, the Chief Secretary for Administration and the Financial Secretary and submit reports directly to them.

The unit consults widely with business and professional circles, political organisations and concern groups, and the academic community. It undertakes in-depth examinations of complex policy issues, analyses options, conducts soundings of community feedback and recommends solutions for the Government's internal consideration. It also carries out research studies on various issues in Hong Kong and the Mainland, with particular emphasis on the Pan-Pearl River Delta Region. The unit is also responsible for co-ordinating the annual Policy Address exercise.

In addition, the unit provides secretariat support to the Commission on Strategic Development. The terms of reference of the commission are to advise the Chief Executive on Hong Kong's long-term development needs and goals with particular reference to the direction and strategy of social, economic and political developments for Hong Kong.

As a follow-up to the Economic Summit held in September 2006 to discuss how Hong Kong should respond to the challenges and opportunities arising from the National 11th Five-Year Plan, an Action Agenda setting out 50 strategic directions and 207 proposed specific measures to be taken by the Government was submitted to the Chief Executive in January 2007. As at the end of 2008, over 130 of those specific measures had been implemented.

Efficiency Unit

The Efficiency Unit reports directly to the Chief Secretary for Administration. It is tasked with pursuing public sector reform and serves as the management consultancy arm of the government. It advocates customer-centric services and provides strategic and implementable solutions for various bureaux and departments.

The unit operates an integrated call centre which provides a one-stop enquiry and complaint handling service for 20 departments and a 'Youth Portal' which provides an internet platform for young people to access government information and services easily. The call centre won various awards in 2008, including the Gold Award for the Contact Centre in the Annual Hong Kong Call Centre Association Awards. Nurturing a growing membership with its unique contents, the Youth Portal won the Silver Award of the e-Inclusion Campaign 2008.

The Civil Service

The civil service employs about 4 per cent of Hong Kong's labour force. It provides staff for all government departments and other units of the Administration. At December 31, 2008, the total strength of the civil service was 154 300 (excluding about 1 500 judges and judicial officers and ICAC officers).

Overall policy responsibility for the management of the civil service lies with the Civil Service Bureau of the Government Secretariat. The bureau's remit includes making policies on appointments, pay and conditions of service, staff management, manpower planning, training and development, conduct and discipline and use of official languages in the civil service. The bureau is also the focal point for consultation with major staff associations. It takes care of the management of Administrative Officer, Executive Officer, Official Languages Officer, Training Officer, Simultaneous Interpreter, Calligraphist as well as the clerical and secretarial grades staff. Management of the civil service is governed mainly by three important 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 Public Service Commission is an independent statutory body set up under the Public Service Commission Ordinance. Its fundamental role is to advise the Chief Executive on appointments, promotions and discipline in the civil service. 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 (directorate officers excluding judges and 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 (the disciplined services except the heads of disciplined services); and the Standing Commission on Civil Service Salaries and Conditions of Service (all other civil servants).

In accordance with the Basic Law, Principal Officials must be Chinese citizens who are permanent residents of the HKSAR with no right of abode in any foreign country and have ordinarily resided in Hong Kong for a continuous period of not less than 15 years. It is also a Basic Law requirement that new recruits to the civil service on or after July 1, 1997 should normally be permanent residents of the HKSAR, save for those who fall within the exceptions provided in Articles 99 and 101 of the Basic Law.

Subject to the above policy, appointment to the civil service is based on open and fair competition which aims to recruit the best person for the job. Promotion is performance-based and not a reward for long service. As the largest employer in Hong Kong, the Government takes the lead in employing people with disabilities to help them integrate into the community and to ensure that they are given equal opportunity in recruitment to the civil service.

The Government monitors closely the turnover in the civil service for manpower planning purposes to keep manpower at a level commensurate with service demand. Overall wastage in the civil service was about 3.2 per cent in 2007-08. Given the importance of continuity at the management level, the Government has a well-established staff planning mechanism to review the succession planning for senior staff, identify and groom officers with potential for advancement to senior management and develop a pool of talent for senior positions.

The Government values regular communication and consultation with staff. There are four consultative councils at the central level: the Senior Civil Service Council, the Model Scale 1 Staff Consultative Council, the Disciplined Services Consultative Council and the Police Force Council. More than 80 consultative committees operate at the departmental level. The Civil Service Newsletter is published regularly to provide an added link with serving and retired civil servants.

Civil Service Reform

To ensure that Hong Kong continues to maintain a world-class civil service which keeps pace with changes in society, the Government has introduced a number of reforms since it released its public consultation document in 1999. The reforms cover the following five main areas:

1. Maintaining a Lean and Efficient Civil Service Establishment

The civil service establishment has been reduced by about 18.7 per cent — from about 198 000 posts in early 2000 to about 161 000 at the end of March 2007 — through a process of re-engineering, organisational review and outsourcing. In accordance with the 'small government' principle, the Government continues to keep a watchful eye over the size of the civil service. New posts are only created when the need is fully justified and options are not feasible. On the other hand, due consideration is given to the need for additional manpower resources for delivering

new and improved services. The growth forecast for the civil service in 2008-09 is about 1 per cent.

2. Reviewing Civil Service Pay and Benefits

The policy for civil service pay is to offer sufficient remuneration to attract, retain, and motivate staff of a suitable calibre to provide the public with an effective, efficient and high quality service. In order that civil service pay can be 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.

Broad pay comparisons are achieved through periodic surveys. Under the current improved system, the Government conducts a pay level survey every six years; a starting salaries survey every three years; and a pay trend survey every year. The Government has invited the Standing Commission on Civil Service Salaries and Conditions of Service to conduct the next starting salaries survey, using April 1, 2009 as the reference date.

The improved system also includes an effective means for adjusting pay upwards or downwards. The Government is working out the details on this with the staff sides.

At the end 2007, the Government invited several advisory bodies to carry out three reviews: on the grade structure for officers at the directorate level; on the disciplined services; and a few non-directorate civilian grades having recruitment and retention difficulties. The three reviews have been completed, and their findings and recommendations were submitted to the Chief Executive in November. The Government is studying the reviews with the relevant stakeholders and will seek a decision on their recommendations from the Chief Executive-in-Council afterwards.

In addition to salaries, civil servants are eligible for fringe benefits depending on their terms of appointment, rank, salary point, length of service, and other eligibility rules. The Government has been taking steps over the years to modify the granting of fringe benefits to civil servants in line with present day conditions. These included scrapping or exercising stricter control of allowances to new recruits.

3. Improving the Entry and Exit System

The New Entry System for civil service recruits gives the Government greater flexibility in making appointments, while the new retirement benefits system, called the Civil Service Provident Fund Scheme, provides retirement benefits for officers appointed on New Entry terms.

The Management-initiated Retirement Scheme is now in place to allow the Government, for the purpose of organisational improvement, to initiate the early retirement of directorate officers.

4. *Providing Diversified Training*

The Civil Service Training and Development Institute, under the Civil Service Bureau, formulates training policies and gives support to bureaux/departments in training and development matters. The institute focuses on four core service areas: senior executive development, national studies programmes, human resource management consultancy service and promotion of a continuous learning culture in the civil service.

For senior executive development, a variety of leadership programmes led by world-class professionals and academics are offered to directorate and potential directorate officers. Advisory services for human resources development and directorate succession planning are provided to departments. Attachment and exchange programmes with the private sector and the Mainland's municipal and provincial governments, including Shanghai, Beijing, Hangzhou and Guangdong, have been arranged for senior civil servants to gain wider exposure.

National studies programmes include courses at Mainland institutes such as the National School of Administration, Foreign Affairs University, Tsinghua University, Peking University and Sun Yat-sen University. There are also local seminars on national affairs and the Basic Law for staff at different levels. In addition to local academics, officials and scholars from the Mainland have spoken at such seminars. Through the provision of advisory services to departments, the institute disseminates best practices in human resources development covering subjects including training needs analysis, learning strategies, development of competency profiles and performance management systems.

To promote a continuous learning culture among civil servants, the training resources available on the e-learning portal, Cyber Learning Centre (CLC) Plus, have been continuously enriched and updated. The number of registered users of the CLC Plus reached about 80 000 in 2008.

5. *Reinforcing Performance and Good Conduct*

Staff are given awards, commendation letters and other commendations for their commitment and contributions to the work they do. The Secretary for the Civil Service's Commendation Award Scheme commends civil servants for their consistently outstanding performance. The Outstanding Service Award Scheme recognises the efforts and achievements of bureaux and departments in their pursuit of service excellence and is an integral part of the government effort to provide a citizen-centric service to the public. Since the establishment of the Secretariat on Civil Service Discipline to centrally process disciplinary cases, the Government has introduced further measures to expedite case processing. It has also given heads of departments greater authority to deal with disciplinary matters.

The Civil Service Bureau and the Independent Commission Against Corruption jointly run an ethical leadership programme to entrench a culture of probity in the civil service. Under the programme, every bureau and department has a senior directorate officer, appointed as an ethics officer, to co-ordinate all activities related to promoting integrity management in his bureau or department. The officer is also

required to draw up a plan for the bureau/department to achieve the programme's aim. The ethics officers are assisted by the Civil Service Bureau and the Independent Commission Against Corruption who visit and hold seminars/workshops for them and help to prepare them to carry out their tasks as ethics officers. The officers also have access to a dedicated intranet and an online resource centre serving as a communication platform and repository on integrity-related matters.

Official Languages

Chinese and English are the official languages of Hong Kong. It is the Government's policy to develop and maintain a civil service that is proficient in both written Chinese and English and conversant in Cantonese, Putonghua and spoken English. While major documents of public interest issued by the Government are available in both official languages, correspondence with individual members of the public is always in the language appropriate to the recipient.

The Official Languages Division of the Civil Service Bureau monitors the implementation of the Government's language policy in the civil service. It offers a wide range of language support services to government bureaux and departments. Besides providing translation, interpretation, drafting and editing services, the division also facilitates the effective use of official languages in the civil service by providing language research and advisory support. This includes providing telephone hotlines on language use; producing writing aids and reference materials, such as guidebooks on official Chinese writing and glossaries of terms commonly used in government departments; and organising language-related activities like thematic talks and competitions. Furthermore, a quarterly publication on language and culture, entitled *Word Power*, is distributed to all departments. Some of the publications and reference materials produced by the division are available on the Civil Service Bureau website, www.csb.gov.hk.

Government Records Service

The Government Records Service (GRS) manages government records and provides a range of records and archival management services.

GRS develops and oversees the implementation of records management policies and systems. It gives guidance and provides training to government departments on best practices in records management. It operates two records centres for storage of inactive government records and an ISO 9001:2000 certified microfilm centre providing microfilming services for government departments.

With the growing need for proper management of electronic records, GRS is currently studying the feasibility of managing multi-media records and materials through electronic record-keeping systems.

GRS appraises, acquires, preserves and provides access to records of enduring value from public and private sources. Through its public programmes and reference services, it encourages understanding, use and protection of Hong Kong's documentary heritage. Its Central Preservation Library for Government Publications contains a wealth of printed materials for research and study of Hong Kong. Members of the public can visit the purpose-built archival facilities in the Hong Kong Public Records Building located in Kwun Tong or use its online service at www.grs.gov.hk

Office of The Ombudsman

The Office of The Ombudsman is an independent statutory authority, established in 1989 under the Ombudsman Ordinance, to redress grievances arising from maladministration in the public sector through independent and impartial investigations to improve the standard of public administration.

Since December 2001, the Office had severed its links with the Administration and had become a corporation sole. It has set up its own administrative system and now recruits contract staff on terms and conditions determined by The Ombudsman.

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

- 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 its quality, transparency and efficiency.

Two exceptions to the monitoring system are the Hong Kong Police Force and the Independent Commission Against Corruption, both of which have their own separate bodies for dealing with public complaints. The 19 major public organisations in the schedule are: the Airport Authority, Employees Retraining Board, Equal Opportunities Commission, Financial Reporting Council, Hong Kong Arts Development Council, Hong Kong Examinations and Assessment Authority, Hong Kong Housing Authority, Hong Kong Housing Society, Hong Kong Monetary Authority, Hong Kong Sports Institute Limited, Hospital Authority, Kowloon-Canton Railway Corporation, Legislative Council Secretariat, Mandatory Provident Fund Schemes Authority, Office of the Privacy Commissioner for Personal Data, Securities and Futures Commission, Urban Renewal Authority, Vocational Training Council and West Kowloon Cultural District Authority.

Apart from investigating complaints, The Ombudsman may initiate direct investigations of her own volition into matters of public interest and widespread concern, and publish the reports. This proactive and preventive approach aims at addressing problems affecting a broad spectrum of the community. The direct investigations are particularly useful in redressing administrative flaws of a systemic nature and addressing fundamental problems or underlying causes for complaint.

Since 1994, when The Ombudsman was empowered to undertake direct investigations, 63 such investigations have been completed — four of them in 2008. These four concern:

- Special examination arrangements for students with specific learning difficulties by the Education Bureau and the Hong Kong Examinations and Assessment Authority;
- Mechanism for handling conflict of interests in organisations subvented by the Leisure and Cultural Services Department;
- Alleged overcharging of water bills by the Water Supplies Department; and
- Handling of water seepage complaints.

The reports of all direct investigations have been published and are available for public scrutiny at the Office's Resource Centre.

The Ombudsman Ordinance also empowers The Ombudsman to investigate complaints of non-compliance with the Code on Access to Information against Government departments, including the Hong Kong Police Force and the Independent Commission Against Corruption. The Ombudsman is also empowered to act as an independent review body in respect of an alleged breach of the code.

The Office received 13 790 enquiries and 6 253 complaints in 2008, compared with 12 315 enquiries and 6 200 complaints in 2007. The areas attracting substantial numbers of complaints were related to error, wrong advice or decision, failure to follow procedures or delay, negligence or omission, disparity in treatment, lack of response to complaints, staff attitude and ineffective control.

Although The Ombudsman has no authority to enforce her recommendations, over 89 per cent of the recommendations made have been accepted by the organisations concerned.

Office of the Director of Audit

The Audit Commission is established under the Basic Law, which provides that it shall function independently and be accountable to the Chief Executive of the HKSAR. The Audit Commission is one of Hong Kong's oldest departments; the first Auditor-General was appointed in 1844.

The Audit Ordinance, enacted in 1971, provides for the audit of the Government's accounts by the Director of Audit and for the submission of his 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 statutory and non-statutory funds and other public bodies. In addition, the director reviews the financial aspects of the operations of the multifarious government-subsidised organisations.

The Director of Audit carries out two types of audit: regularity audits and value-for-money audits. Regularity audits are intended 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 Audit Ordinance gives the director statutory authority to conduct regularity audits.

Value-for-money audits are intended to provide independent information, advice and assurance about the economy, efficiency and effectiveness with which any bureau of the Government Secretariat, department, agency, other public body, public office or audited organisation has discharged its functions. Except for some public organisations where the Director of Audit has obtained statutory authority to conduct value-for-money audits, these audits are carried out according to a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee in 1998.

After the Director of Audit's report has been submitted to the President of the Legislative Council and laid before the council, it is considered by the Public Accounts Committee.

In 2008, 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. 50 of March 2008 and Report No. 51 of October 2008).

Report No. 50 contained seven subjects, two of which were selected by the Public Accounts Committee for public hearing:

- Commercialisation and utilisation of government properties; and
- The Society for the Aid and Rehabilitation of Drug Abusers.

Report No. 51 contained 12 subjects, four of which were selected by the Public Accounts Committee for public hearing:

- Administration of the DesignSmart Initiatives;
- Emergency ambulance service;
- Management of public markets; and
- Reduction and recovery of municipal solid waste.

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

The Director of Audit's reports on the accounts of other public bodies are submitted to the relevant authority in accordance with the legislation governing the operation of these bodies.

Websites

Administration Wing, Chief Secretary for Administration's Office:

www.admwing.gov.hk

Civil Service Bureau: www.csb.gov.hk

Constitutional and Mainland Affairs Bureau: www.cmab.gov.hk

Home Affairs Bureau: www.hab.gov.hk

Legislative Council: www.legco.gov.hk

Office of The Ombudsman: www.ombudsman.gov.hk

Audit Commission: www.aud.gov.hk