

Chapter 1

Constitution and Administration

Thirteen years after the establishment of the Special Administrative Region, 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 relevant 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 37 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 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 fourth term (i.e. from October 1, 2008 to September 30, 2012) is 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 election for the Fourth Legislative Council was held on September 7, 2008. The President of the Legislative Council is elected by and from among members of the council.

Meetings of the Legislative Council

The Legislative Council normally meets on Wednesdays in the Chamber of the Legislative Council Building. During the 2009-2010 Legislative Council session (from October 2009 to July 2010), the council held 36 meetings, four of which were the Chief Executive's Question and Answer Sessions.

The business of the Legislative Council at its regular meetings includes the tabling of subsidiary legislation, 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 meetings of the council 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 2009-2010 session, members asked 163 oral questions on the work of the Government with 916 supplementary questions, and another 457 written questions. The council also passed 23 bills. On subsidiary legislation subject to the negative vetting procedure, the council completed the scrutiny of 32 items which had been tabled in council in the 2008-2009 session, with six of them amended by resolutions of the council. Of the 141 items tabled in the 2009-2010 session, the

council completed the scrutiny of 124 items, with three of them amended by resolutions of the council. The scrutiny of the remaining 17 items will continue in the 2010-2011 session. The Government moved a total of 15 motions under the positive vetting procedure to seek the council's approval to make or amend subsidiary legislation, and all were passed.

The Secretary for Constitutional and Mainland Affairs moved two motions during the 2009-2010 session to amend Annexes I and II to the Basic Law to implement proposals for the methods for selecting the Chief Executive and forming the Legislative Council in 2012. Both motions were passed. The council also passed two motions moved by the Chief Secretary for Administration under Article 73(7) of the Basic Law to endorse the appointment of the Chief Justice and three non-permanent Hong Kong judges of the Hong Kong Court of Final Appeal in the same session.

A motion under Rule 49B(1A) of the Rules of Procedure was moved, for the first time, at the council meeting on December 9, 2009 to censure a member for misbehaviour under Article 79(7) of the Basic Law. Pursuant to Rule 49B(2A) of the Rules of Procedure, debate on this motion was adjourned, with the matter stated therein referred to an investigation committee. Debate on the motion shall resume upon the tabling of the investigation committee's report and if the motion is passed by a two-thirds majority vote of the members present, then the member concerned will be disqualified from holding office under Article 79(7) of the Basic Law.

In addition, two members' motions were passed to amend the council's Rules of Procedure during the 2009-2010 session. Another two members' motions to invoke the council's powers under the Legislative Council (Powers and Privileges) Ordinance were negated.

Furthermore, the council debated 55 members' motions not intended to have legislative effect in the 2009-2010 session. In addition, three adjournment debates were held to discuss issues of urgent public importance or to raise issues concerning public interest to elicit replies from designated public officers.

Meeting for Urgent Business

A special meeting of the Legislative Council was held, under Rule 15(2) of the Rules of Procedure, on September 2, 2010 when the council was in recess to enable members to debate the motion entitled 'The incident of a Hong Kong tour group being taken hostage in the Philippines'.

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 2009-2010 session, the Finance Committee held 41 meetings (including seven special meetings to examine the Estimates of Expenditure 2010-2011) and examined a total of 54 items of proposals, including 14 items containing 53 proposals which had been considered and supported by its two subcommittees.

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 2009-2010 session, the subcommittee held seven meetings and examined 16 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 2009-2010 session, the subcommittee held 11 meetings and examined 38 proposals, 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 2009-2010 session, the committee examined the Director of Audit's Report on the Accounts of the Government for the year ended March 31, 2009 and the reports on the results of Value-for-Money Audits (reports Nos. 53 and 54). The committee held 10 public hearings and 20 internal meetings during the period. The conclusions and recommendations of the committee are contained in the committee's reports Nos. 53, 53A and 54, which were tabled in the council on February 3, 2010, June 2, 2010 and July 14, 2010 respectively.

Committee on Members' Interests

The Committee on Members' Interests consists of 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.

During the 2009-2010 session, the committee held one open meeting to consider the advisory guidelines on matters of ethics in relation to the conduct of members in their capacity as such, as well as the procedure for handling complaints received in relation to the registration or declaration of members' interests or claims for the reimbursement of operating expenses or applications for an advance of operating funds. The committee also held 12 closed meetings to consider complaints against several members. At the council meeting of May 26, 2010, the committee presented a report on its deliberations on a complaint against a member in relation to his conduct in claims for reimbursement of operating expenses.

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 2009-2010 session, the House Committee held 31 regular meetings.

The House Committee also holds special meetings to discuss issues of public concern. During the 2009-2010 session, 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 for proposing to the council any amendments or changes 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 2009-2010 session, the committee held five meetings to study a number of issues relating to the procedural arrangements for council meetings and the procedures of committees of the council.

The Committee on Rules of Procedure presented three papers to the House Committee recommending changes to current procedures. It also presented a report to the council on July 14, 2010 setting out its deliberations on specific issues during the period under report.

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 2009-2010 session, the House Committee set up 17 bills committees to scrutinise bills introduced into the council, including the Buildings Energy Efficiency Bill, Buildings (Amendment) Bill 2010, Motor Vehicle Idling (Fixed Penalty) Bill, Road Traffic (Amendment) Bill 2010, Food Safety Bill, Residential Care Homes (Persons with Disabilities) Bill, Communications Authority Bill and Competition Bill. A total of 30 bills committees, including 13 carried forward from the previous session, were in operation during the 2009-2010 session.

Subcommittees on Subsidiary Legislation

During the 2009-2010 session, the House Committee formed 19 subcommittees to consider 22 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 policy issues and any other matters relating to the business of the council. In April 2010, the House Committee appointed two subcommittees to consider proposed senior judicial appointments and to study a package of proposals on the methods for selecting the Chief Executive and for forming the Legislative Council in 2012 respectively. In addition, three subcommittees on policy issues appointed in the previous session continued to be in operation during the 2009-2010 session, including the 'Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products', which was authorised by the council on November 12, 2008 to exercise the powers conferred by section 9(1) of the Legislative Council (Powers and Privileges) Ordinance for the purpose of performing its function.

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.

Panels may appoint subcommittees or joint subcommittees to study specific issues and to report to the panels. During the 2009-2010 session, two such subcommittees were set up under panels, including the Subcommittee on Building Safety and Related Issues and the Subcommittee on Residential and Community Care Services for Persons with Disabilities and the Elderly. Eight such subcommittees were set up during the 2008-2009 session and were still in operation during the 2009-2010 session, including the Subcommittee on Matters Relating to Railways,

Subcommittee on Police's Handling of Sex Workers and Searches of Detainees, Subcommittee on Improving Air Quality, Subcommittee on Harbourfront Planning, Subcommittee on Poverty Alleviation, Subcommittee on Combating Fly-tipping, Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project and Joint Subcommittee on Amendments to Land Titles Ordinance.

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 considering such matters or bills. The Select Committee to Inquire into Matters Relating to the Post-service Work of Mr Leung Chin-man, which was appointed by the council on December 10, 2008, completed taking evidence from witnesses and published its report on December 8, 2010. Based on the results of its inquiry, the Select Committee's report made recommendations on the policies and arrangements governing the post-service work of directorate civil servants and other related matters.

Investigation Committee established under Rule 49B(2A) of the Rules of Procedure in respect of the Motion to censure Honourable Kam Nai-wai

The Investigation Committee established under Rule 49B(2A) of the Rules of Procedure in respect of the Motion to censure Honourable Kam Nai-wai is responsible for establishing the facts stated in the motion moved under Rule 49B(1A) (Disqualification of Member from Office) on December 9, 2009, and giving its views on whether or not the facts as established constitute grounds for the censure.

The Investigation Committee consisted of seven members who were elected by members in accordance with an election procedure determined by the House Committee, and appointed by the President.

During the 2009-2010 session, the Investigation Committee held 13 closed meetings and six hearings in private.

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 2009-2010 session, the commission comprised 12 members, including the chairman. The commission's main function is to provide administrative support and services to 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 community 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. There are a total of 534 members, including 405 elected members, 102 appointed members and 27 ex officio members (chairmen of rural committees in the New Territories), in the councils. The term of office of these council members is four years starting from January 2008.

The main function of the 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. The DCs carry out minor environmental improvements and community involvement projects.

The Government conducted a review of DC functions and composition in 2006 and launched in 2007 a pilot scheme that sought to strengthen the role of the DCs in managing some district facilities. A series of measures to improve district work was implemented by the Government in January 2008 in partnership with all 18 DCs. In addition, the Government has allocated annual provision of \$300 million for DCs to carry out community involvement activities and another \$300 million for district minor works projects.

Also in January 2010, a one-off funding of \$180 million was approved for a 'Vibrant People, Harmonious Community Activities' programme, of which \$108 million was allocated to 18 District Councils to help local organisations, launch a wide variety of community activities with themes such as 'Sports for All', 'Arts for All', 'Cultural/Ecological Tourism for All' and 'Care for All'. The remaining funds were allocated to Government departments to co-ordinate the launching of cross-district or cross-sector community activities, to employ contract staff to help the

councils carry out those tasks and for publicity. Over 700 activities were organised under the programme, and community response was positive.

To foster regular dialogue between senior government officials and the DCs, 22 heads of departments, who have direct interface with the public, started attending meetings with DCs separately since January 2007, giving briefings on territory-wide planning, development and matters of interest to the DCs.

Since 2008, the Summits on District Administration have been held periodically to provide a platform for senior Government officials and DC members to share best practices and exchange views on district administration. The first summit was held smoothly in May 2008. The second summit, including four regional forums and a reporting session, was held successfully in June and July 2010 and was attended by the Chief Executive, bureau directors and department heads concerned and DC members. In all, 600 people attended the meetings.

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 matters. 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.

There are 63 Area Committees set up in districts to help organise community involvement activities and to advise on local issues to promote public participation in district affairs.

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 and administering declarations.

The Public Enquiry Service Centres are also referral agencies of the Free Legal Advice Scheme administered by Duty Lawyer Services. Members of the public wishing to seek free legal advice under the scheme can go to any of them to make appointments to see voluntary lawyers.

Rent Officers from the Rating and Valuation Department are also available at five designated Public Enquiry Service Centres on specified days of the week to advise on tenancy matters. The Public Enquiry Service Centres and the Central Telephone Enquiry Centre served a total of 1.9 million clients in 2010.

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.

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 3.43 million registered electors.

The HKSAR is divided into five geographical constituencies of four to eight seats in the fourth 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.

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 fourth-term Legislative Council, these are: (1) Heung Yee Kuk²; (2) agriculture and fisheries; (3) insurance; (4) transport; (5)

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 the Legislative Council as required by the Basic Law.

² A statutory advisory body on New Territories affairs.

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 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.

To become a candidate in the functional constituencies, one must satisfy the same age and residential requirements as in a geographical constituency election, be 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 current term 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-term Chief Executive, with his term of office commencing on July 1, 2007.

Timetable for Universal Suffrage and Amendments to Methods for Selecting the Chief Executive and Forming the Legislative Council in 2012

There is now a clear timetable for attaining universal suffrage in Hong Kong. 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 the 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. As reflected in opinion polls conducted by universities, the NPCSC decision was well received by the community. The NPCSC 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.

Hong Kong took a critical step forward in moving towards universal suffrage in its constitutional development in the summer of 2010. The proposed package for the 2012 elections put forth by the HKSAR Government was passed by a two-thirds majority of all the members of the Legislative Council, given consent by the Chief Executive and endorsed by the NPCSC.

For the first time since the establishment of the HKSAR, Hong Kong has managed to complete the 'five-step mechanism'³ as set out in the Basic Law and the 'Interpretation by the NPCSC of Article 7 of Annex I and Article III of Annex II to the Basic Law of the HKSAR of the PRC of April 2004' to amend the electoral methods for the Chief Executive and the Legislative Council. This will give the Hong Kong community greater confidence in and a stronger basis for forging consensus on constitutional development in future and pave the way for implementing universal suffrage for the Chief Executive and the Legislative Council in 2017 and 2020 respectively. To take forward this package, the HKSAR Government has presented the proposed amendments to the local legislation for consideration by the Legislative Council.

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

³ Step One: The Chief Executive shall make a report to the NPCSC as to whether there is a need to amend the two electoral methods;
Step Two: A determination shall be made by the NPCSC that the two electoral methods may be amended;
Step Three: The motions concerning the (Draft) Amendments to the two electoral methods shall be put forth by the HKSAR Government to the Legislative Council, and be passed by a two-thirds majority of all Legislative Council Members;
Step Four: Consent shall be given by the Chief Executive to the (Draft) Amendments endorsed by the Legislative Council; and
Step Five: The (Draft) Amendments shall be reported by the Chief Executive to the NPCSC for approval or for the record.

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. In accordance with the District Councils Ordinance (Amendment of Schedule 3) Order 2010 approved by the Legislative Council on December 3, 2010, the number of constituencies will be increased to 412 for the fourth-term District Councils (2012-2015).

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 2010, representatives of the HKSAR Government, as members of the PRC delegation, took part in over 120 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 over 820 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 over 20 agreements with foreign states in 2010 on matters such as economic and financial co-operation, maritime technical co-operation, postal co-operation and co-operation on wine-related businesses. With the authorisation of the Central People's Government (CPG), the HKSAR also concluded 12 bilateral agreements with foreign states on air services, investment promotion and protection, mutual legal assistance and visa abolition during the year.

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.

There is a large foreign representation in the HKSAR, including 58 consulates-general, 61 consulates and five officially recognised international bodies.

Working Relationship of the HKSAR Government with the Office of the Commissioner of the Ministry of Foreign Affairs (MFA Office)

The HKSAR Government continues to work closely with the 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 maintain a cordial working relationship with the CPG and other Mainland authorities. This is enhanced through visits, meetings, seminars and other exchanges.

The Hong Kong and Macao Affairs Office of the State Council (HKMAO) assists the HKSAR Government in developing contacts with the Mainland authorities. The Government also liaises closely with the HKMAO on matters of mutual concern 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 which the HKSAR administers on its own in accordance with the Basic Law.

The Constitutional Affairs Bureau was retitled Constitutional and Mainland Affairs Bureau with effect from July 1, 2007 to reflect more clearly one of the bureau's key functions: co-ordinating and promoting closer 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 HKSAR Government's Mainland Offices.

Over the past year, the HKSAR Government liaised closely with the relevant central government authorities to take forward HKSAR's work in complementing the National 12th Five-Year Plan (Five-Year Plan) under the established working and

liaison mechanism. The objective is to ensure that Hong Kong's unique roles and functions in pushing forward national and regional developments during the Five-Year Plan period will be suitably reflected in the relevant plans.

As the province closest to Hong Kong, Guangdong has the most extensive ties with the HKSAR. Since the establishment of the Cross-boundary Liaison System in 1982, the two sides have maintained close liaison to discuss and resolve issues of mutual concern, such as cross-boundary crime and the regulation of the Shenzhen River.

With the promulgation of the 'Outline of the Plan for the Reform and Development of the Pearl River Delta' by the National Development and Reform Commission in January 2009, co-operation between Hong Kong and Guangdong has been elevated to the national strategic level. To translate the macro policies in the outline into concrete measures, Hong Kong and Guangdong signed the Framework Agreement on Hong Kong/Guangdong Co-operation in the presence of the State Leaders in April 2010. This is the first agenda on Hong Kong/Guangdong Co-operation ever endorsed by the State Council. The HKSAR Government and Guangdong Provincial Government are implementing the Framework Agreement, and good progress has been made. In particular, compilation of the regional co-operation plans on 'building a quality living area' and on 'infrastructural construction' has progressed to the final stage.

At the Hong Kong/Guangdong Co-operation Joint Conference held in September 2010, the two sides discussed the way forward and agreed to enhance the overall competitiveness of the region through closer co-operation in various aspects, such as formulation of regional co-operation plans, financial services, commerce and trade, cross-boundary infrastructure, education, medical services, environmental protection and tourism.

Qianhai is one of the major co-operation areas under the Framework Agreement on Hong Kong/Guangdong Co-operation. The Overall Development Plan on Hong Kong/Shenzhen Co-operation on Modern Service Industries in Qianhai Area, as approved by the State Council in August 2010, designates Qianhai as a Hong Kong/Guangdong modern service industry innovation and co-operation exemplary zone. The Government has maintained close liaison with the Shenzhen Municipal Government on the study and formulation of policies related to development of Qianhai and will actively complement the publicity and promotional work of the Shenzhen authorities to introduce to Hong Kong enterprises, professional sectors and service suppliers the business opportunities arising from the Qianhai Development Plan.

At the annual Hong Kong/Shenzhen Co-operation Meeting held in December 2010, both sides reviewed the substantial progress in various projects such as development of the Lok Ma Chau Loop and new boundary crossing at Liantang/Heung Yuen Wai, and promotion of cleaner production. The two sides welcomed the expansion of the arrangement to allow non-Guangdong residents ordinarily residing in Shenzhen to apply for Individual Visit endorsements in Shenzhen to visit

Hong Kong, and agreed to play a more active role in promoting the enhancement of industrial structure in the Pearl River Delta Region, and to push for early completion of specific projects such as the launch of a two-in-one electronic card for retail payments in Hong Kong and Shenzhen.

The Greater Pearl River Delta Business Council is a platform for private sector to discuss issues related to regional co-operation in the Greater Pearl River Delta. The council maintains close contact with the Guangdong branch of the China Council for the Promotion of International Trade, and Guangdong's Association for Promotion of Co-operation between Guangdong, Hong Kong and Macao to exchange views on matters of mutual concern.

In June 2010, the council co-organised with the HKSAR Government and Guangdong Provincial Government a forum to promote the public's understanding of the Framework Agreement on Hong Kong/Guangdong Co-operation. In September 2010, the council published its study report on 'Hong Kong's Roles and Positioning in the Economic Development of the Nation', which sets out the council's recommendations on Hong Kong-related content to be incorporated in the National 12th Five-Year Plan. The report was provided to relevant authorities in Hong Kong and in the Mainland for reference.

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 Economic and Trade Offices (ETOs) organised visits to the region for Hong Kong businessmen to enable them to learn at first hand the business opportunities in the PPRD. Hong Kong adopted focused strategies in taking forward co-operation with the PPRD region, including tourism, upgrading and transformation of the manufacturing industries, as well as multi-dimensional co-operation, having regard to the discrepancies in economic development of the provinces concerned. Hong Kong continued to participate in the Pan Pearl River Delta Regional Co-operation and Development Forum and attended the Pan Pearl River Delta Regional Co-operation Chief Executives' Joint Conference which was held in August to foster Hong Kong's integration with the region.

During the year, Hong Kong and Shanghai co-operated on such matters as airport and seaport management, logistics, tourism and other mutually beneficial activities. Moreover, Hong Kong participated in the World Exposition 2010 Shanghai China (Shanghai Expo) which lasted for six months by constructing and operating the Hong Kong Pavilion under the theme of 'Hong Kong – Potential Unlimited'; taking part in the Urban Best Practices Area exhibition with 'Smart Card•Smart City•Smart Life' as the theme; organising a series of cultural activities, exhibitions and promotional activities, including 'Hong Kong Week', with a view to showcasing Hong Kong's various cultures and lifestyles and promoting exchanges among different service industries. Hong Kong's participation in the Shanghai Expo successfully promoted Hong Kong to the Mainland and overseas and leveraged new opportunities.

A Beijing-Hong Kong Symposium was held in October 2009 to promote further co-operation in areas such as town planning, tourism promotion, technology,

financial services, health protection, product branding, etc. Hong Kong and Beijing co-chaired the Third Plenary Session of the Hong Kong/Beijing Economic and Trade Co-operation Conference in November 2010 in Hong Kong. Both sides agreed to strengthen co-operation in four areas, namely, financial services; implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement; innovation and technology, creative and cultural industries; as well as joint promotion. Alongside with the Conference, a Beijing-Hong Kong Economic Co-operation Symposium was also held to enhance exchanges in areas such as tourism promotion, traffic and transportation management, financial services, health, and marketing of brand-name products.

To follow up and take forward the 191 projects led by the HKSAR Government and non-governmental organisations in support for the post-earthquake reconstruction works in Sichuan, the HKSAR Government and the Sichuan Provincial Government set up a liaison and co-ordination mechanism. The mechanism includes a high-level co-ordination group led by the Chief Secretary for Administration of the HKSAR Government and Vice-Governor of the Sichuan Provincial Government, a co-ordination group formed by representatives from the relevant bureaux and departments of the HKSAR Government and representatives from relevant departments of the Sichuan Provincial Government, and dedicated project groups for individual projects/areas of work (such as medical services, education and Wolong Natural Reserve Projects). In 2010, the Constitutional and Mainland Affairs Bureau continued to co-ordinate cross-bureaux efforts, closely communicate with the Sichuan Provincial Government, and liaise with the relevant Hong Kong professional and non-governmental organisations to ensure the timely implementation of reconstruction initiatives. As at end of 2010, fifteen of the 151 HKSAR Government-led projects had been completed.

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 July 2010, the Financial Secretary and Macao's 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 HKSAR Government has four offices in the Mainland: the Beijing Office and three Economic and Trade Offices (ETOs) in Guangdong, Shanghai and Chengdu⁴. These offices are mainly responsible for enhancing liaison and communications with the Central People's Government (CPG) and other Mainland authorities;

⁴ 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 Fujian, Jiangxi, Guangdong, Guangxi, and Hainan. The Shanghai ETO covers Zhejiang, Jiangsu, Anhui, Hubei and Shanghai. The Chengdu ETO covers Sichuan, Yunnan, Guizhou, Shaanxi, Hunan and Chongqing.

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 are seeking assistance in the Mainland. They also handle immigration matters. A Shenzhen Liaison Unit under the Guangdong ETO came into operation in August 2010 to enhance co-operation with Shenzhen. The unit also provides assistance to Hong Kong enterprises in Shenzhen. 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).

Exchanges with Taiwan

Over the years, Hong Kong has established close ties with Taiwan on the economic front and other areas. Taiwan is Hong Kong's fourth largest trading partner. In 2010, bilateral trade amounted to \$293 billion (around US\$37.7 billion). An average of over two million people from Taiwan visit Hong Kong annually.

To seize the opportunities brought by the enhanced cross-strait relations, the HKSAR Government continues to promote exchanges between Hong Kong and Taiwan in a proactive manner. Hong Kong has implemented various measures to build stronger ties with Taiwan.

To strengthen Hong Kong's trade relations with Taiwan, the Hong Kong Trade Development Council established an office in Taipei in October 2008. Hong Kong has also implemented various entry facilitation measures to encourage the flow of people between Hong Kong and Taiwan. Further, Hong Kong organised a 'Hong Kong-Taiwan Inter-City Forum' in Hong Kong with the Taichung City in April 2009 to foster exchanges with Taiwan at the municipal level.

In March 2010, the Secretary for Constitutional and Mainland Affairs and the Secretary for Commerce and Economic Development visited Taichung to promote tourism.

In April 2010, Hong Kong set up the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (ECCPC) while Taiwan established a counterpart, the Taiwan-Hong Kong Economic and Cultural Co-operation Council (THEC). The establishment of the ECCPC and THEC is a milestone in the relations between the two places which can use this platform to discuss public policies. Hong Kong has also set up the Hong Kong-Taiwan Business Co-operation Committee and the Hong Kong-Taiwan Cultural Co-operation Committee, which comprise members from the local business and cultural sectors. Hong Kong will work with its Taiwan counterparts under the THEC to foster economic ties and social exchanges between the two places.

In August 2010, the Financial Secretary led a delegation comprising ECCPC members to Taiwan. Besides attending the first joint meeting of the ECCPC and

THEC, Hong Kong also met personnel from the political, economic and trade, cultural sectors in Taiwan.

Consensus was reached on priority areas of co-operation, including tourism, financial supervision co-operation, air services, enhanced economic co-operation and establishment of a multi-functional office in Taiwan, an important starting point in institutionalising communication and liaison between Hong Kong and Taiwan.

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.

Through these bodies, a wide cross-section of the community and relevant organisations can participate in the initial stage of policy-making and public service planning.

The advisory bodies' 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.

About 4 900 members of the public are serving on over 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 57 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 (Bureau Secretaries responsible for different policy portfolios) are politically appointed Principal Officials. They are appointed for a five-year term which will not exceed the term of the Chief Executive who nominates them for appointment. They are all Members of the Executive Council (equivalent of Cabinet in Hong Kong). These Principal Officials 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 additional layers of politically appointed officials — Under Secretaries and Political Assistants — were created in 2008 to provide the Principal Officials with stronger support in carrying out political work. In all, there are 40 positions under the Political Appointment System.

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 submits reports directly to them.

The unit consults widely with business and professional circles, political organisations and concerned 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, as well as the Mainland and on regional co-operation. 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, which advises 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. The Chief Executive chairs the commission with 69 non-official members drawn from many fields, including the academia, the business sector, the professional sector, the media, think tanks, the welfare sector and political parties. The commission also comprises four official members: the Chief Secretary for Administration, the Financial Secretary, the Director of the Chief Executive's Office and the Head of the Central Policy Unit.

Efficiency Unit

The Efficiency Unit reports to the Chief Secretary for Administration. It supports Government's commitment to improving services to the community and to ensuring openness and accountability. It does this through identifying, securing support for and implementing public sector reform measures. The unit also provides internal management consultancy for the public service.

The unit operates the 1823 Call Centre. This provides a one-stop enquiry service on behalf of 21 departments and a complaint handling service for the whole of government. The call centre won various awards in 2010, including the Hong Kong Most Admired Knowledge Enterprises Award 2010 and The Ombudsman's Awards 2010 for Officers of Public Organisations. The unit also operates a 'Youth Portal' (www.youth.gov.hk) which provides a multi-media internet platform for young people to access government information and services easily. Its colourful and trendy look and feel gives the audience a totally different and brand-new user experience in surfing government websites. The portal was awarded the Hong Kong ICT Awards 2009: Best Public Service Application (Website) Gold Award.

The Civil Service

The civil service is responsible to the Chief Executive and supports the Government in formulating, explaining and implementing policies, conducting administrative affairs, delivering public services, and undertaking law enforcement and regulatory functions.

The civil service is a permanent, honest, meritocratic, professional and politically neutral institution. It 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, 2010, the total strength of the civil service was 156 700 (excluding about 1 500 judges and judicial officers and Independent Commission Against Corruption 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. These independent bodies are 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, 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 2009-10. 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. A Civil Service Newsletter is published regularly to provide an added link with serving and retired civil servants.

To ensure that Hong Kong continues to maintain a world-class civil service which keeps pace with changes in society, the Government introduced a number of reforms during the past 10 years. The reforms cover the following five main areas:

1. Maintaining a Lean and Efficient Civil Service

To help reduce the Government's operating expenditure, the civil service establishment has been downsized from its peak in early 2000 by about 18.7 per cent to about 161 000 at the end of March 2007. 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 other means of providing services are not feasible. On the other hand, due consideration is given to the need for additional manpower resources for delivering new and improved services. Since 2007-08, the civil service establishment has increased by about 1 per cent annually. The growth forecast for the civil service in 2010-11 is about 0.6 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 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 system also includes an effective means for adjusting pay upwards or downwards. The Government will continue to work out the details on this in consultation with the staff sides.

At the invitation of the Government, the Standing Commission on Civil Service Salaries and Conditions of Service conducted the 2009 starting salaries survey, using April 1, 2009 as the reference date. The Standing Commission tendered the findings of the survey and its recommendations to the Government in March 2010. After thorough consultation with the staff sides, the Chief Executive in Council accepted the recommendations of the Standing Commission, which included, among others, the revision of the starting salaries for degree and related grades to maintain broad

comparability with private sector pay. The revised starting salaries took effect on October 1, 2010.

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 introduced on June 1, 2000 and modified on July 1, 2010 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.

A 'Management-initiated Retirement Scheme' is 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 civil servants' development, national studies programmes, human resource management consultancy service and promotion of a continuous learning culture in the civil service.

Special programmes, conducted by professionals and academics, are offered to senior civil servants to help them develop as leaders. Programmes for attachment to, and exchange with, overseas organisations and the Mainland's municipal and provincial governments in Beijing, Shanghai, Hangzhou and Guangdong, have also been arranged for civil servants to gain wider exposure.

To give civil servants a fuller understanding of national affairs, the institute arranges national studies programmes at the Chinese Academy of Governance, Foreign Affairs University, Tsinghua University, Peking University and Sun Yat-sen University. Seminars on national affairs and the Basic Law are held in Hong Kong separately for civil servants at different levels.

The institute also gives advice to bureaux and departments on how to manage staff performance, develop competency profiles, enhance management capabilities and prepare officers for succession.

In addition, for promoting continuous learning among civil servants, the training resources available on the e-learning portal, Cyber Learning Centre (CLC) Plus, have been continuously enriched and updated.

5. Reinforcing Performance and Good Conduct

Staff are given commendation letters and other awards for their good work and dedication to duty. A Secretary for the Civil Service's Commendation Award Scheme commends civil servants for their consistently outstanding performance. A Civil Service 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. On the other hand, civil servants are liable to disciplinary action if they misconduct themselves in any matter. The Secretariat on Civil Service Discipline is the central body for processing disciplinary cases. It also reviews regularly the procedures for handling disciplinary matters to take present day needs into account.

The Civil Service Bureau and the Independent Commission Against Corruption run an ethical leadership programme jointly to instil a culture of probity in the civil service. Each bureau and department is required to appoint a senior directorate officer to co-ordinate effort to attain that goal.

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 conversant in Cantonese, Putonghua and spoken English. While important Government documents are written in both official languages, correspondence with individual members of the public is always done in the language appropriate to the recipient.

The Civil Service Bureau's Official Languages Division oversees the Government's language policy and provides bureaux and departments with a wide range of language support services.

Besides rendering translation, interpretation, drafting and editing services, the division assists civil servants in using the two languages effectively by operating telephone hotlines on language use; compiling reference materials such as guidebooks on official Chinese writing and glossaries of terms commonly used in the Government; and organising language-related activities like thematic talks and competitions. Furthermore, a quarterly publication on language and culture, entitled *Word Power*, is produced for service-wide distribution. 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) oversees the overall management of 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 9001:2008 certified microfilm centre providing microfilming services for government departments.

With the growing need for proper management of Government electronic records, the GRS is developing further an electronic recordkeeping system, following the completion of a feasibility study, for managing multi-media records.

GRS appraises, acquires, preserves and provides access to records of enduring value from public and private sources. Through its public programme and reference service, it 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 research and study of Hong Kong. Members of the public can visit the purpose-built archival facilities in the Hong Kong Public Records Building 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.

In December 2001, the office severed its links with the Administration and has since become a corporation sole. It has set up its own administrative system and now employs 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 23 major public organisations in the schedule are: the Airport Authority, Auxiliary Medical Service, Civil Aid Service, Consumer Council, Employees Retraining Board, Equal Opportunities Commission, Estate Agents Authority, 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.

Besides investigating complaints, The Ombudsman may initiate direct investigations of his 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, 76 such investigations have been completed — seven of them in the reporting year 2009-10. These seven investigations concerned:

- The system for developing question papers in public examinations;
- Procedures for processing chained-transactions involving transfer/retention of vehicle registration marks;
- The Housing Department's handling of complaints involving claims;
- The regulatory system of lifts;
- Granting of disability allowance and processing of appeals by the Social Welfare Department;
- Checking the eligibility of subsidised public hospital and health services; and
- The effectiveness of the administration of Code on Access to Information.

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 13 789 enquiries and 4 803 complaints in the reporting year 2009-10, compared with 14 005 enquiries and 5 386 complaints in the reporting year 2008-09. The areas attracting a substantial number 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 his recommendations, 96.1 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-subsented 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 2010, 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. 54 of March 2010 and Report No. 55 of October 2010).

Report No. 54 contained eight chapters, two of which were selected by the Public Accounts Committee for public hearing:

- Development of EcoPark; and
- Hong Kong Chinese Orchestra Limited.

Report No. 55 contained 11 chapters, four of which were selected by the Public Accounts Committee for public hearing:

- Administration of the Direct Subsidy Scheme;
- Governance and administration of Direct Subsidy Scheme schools;

- Residential treatment and rehabilitation services for drug abusers; and
- The Community Investment and Inclusion Fund.

The value-for-money audit reports attracted considerable public interest particularly on the subject of the Direct Subsidy Scheme. 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.

To strengthen the contact with international public sector audit institutions, the Director of Audit, as a member of the People's Republic of China Delegation, attended the 20th Congress of the International Organisation of Supreme Audit Institutions held in November 2010 in South Africa.

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