

Chapter 1

Constitution and Administration

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

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

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

Chief Executive

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

Executive Council

Article 56 of the Basic Law requires the Chief Executive to consult the Executive Council before making important policy decisions (except for the appointment, removal and disciplining of officials and the adoption of measures in emergencies), introducing bills to the Legislative Council, making subordinate legislation, or dissolving the Legislative Council. The Chief

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

As at 31 December, the Executive Council had 29 members, comprising 15 Principal Officials and 14 Non-Officials. As provided for in Article 55 of the Basic Law, the Chief Executive appoints members of the Executive Council from among the principal officials of the executive authorities, members of the Legislative Council and public figures. They must be Chinese citizens who are permanent residents of the HKSAR with no right of abode in any foreign country. The Chief Executive decides on the appointment or removal of Executive Council members, whose term of office shall not extend beyond the expiry of the term of office of the Chief Executive who appoints them.

The Chief Executive presides at Executive Council meetings, which are normally held once a week. Its proceedings are confidential, although many of its decisions are made public. The Executive Council held 44 meetings during 2014.

Legislative Council

Powers and Functions

Under Article 73 of the Basic Law, the Legislative Council of the HKSAR shall exercise the following powers and functions:

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

committee considers the evidence sufficient to substantiate such charges, the Legislative Council may pass a motion of impeachment by a two-thirds majority of all its members and report it to the Central People's Government for decision; and

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

Composition

According to the Basic Law, the Legislative Council of the HKSAR shall be constituted by election. The Fifth Legislative Council comprises 70 members, of whom 35 were returned by geographical constituencies through direct elections and 35 were returned by functional constituencies. The Fifth Legislative Council's term of office is four years from 1 October 2012 to 30 September 2016. The President of the Legislative Council is elected by and from among the council's members.

Meetings of the Legislative Council

The Legislative Council normally meets on Wednesdays. The business at its regular meetings includes introducing and considering bills and proposed resolutions; the tabling of subsidiary legislation, papers and reports for the Legislative Council's consideration; asking of questions for replies from the government; 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 and sign language interpretation provided. The proceedings are recorded verbatim in the Official Record of Proceedings of the Legislative Council.

During the 2013-2014 legislative session (from October 2013 to July 2014), the Legislative Council held 36 meetings, four of which were the Chief Executive's Question and Answer Sessions. Members asked 134 oral questions on the work of the government with 757 supplementary questions, and another 520 written questions. The council also passed 19 bills. All 14 motions moved by the government under the positive vetting procedure to seek the council's approval to either make or amend subsidiary legislation were passed. On subsidiary legislation subject to the negative vetting procedure, the council completed the scrutiny of seven items which had been tabled in council in the 2012-2013 session, with one of them amended by a resolution of the council. Of the 114 items of subsidiary legislation tabled in the 2013-2014 session, the council completed the scrutiny of 94 items, with three of them amended by resolutions of the council. The scrutiny of the remaining 20 items continued into the 2014-2015 session.

Finance Committee

The Finance Committee consists of all Legislative Council members except the President. The committee's Chairman and 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 to change the approved Estimates of Expenditure. The committee also holds special meetings to examine the annual Estimates of Expenditure presented by the Financial Secretary to the Legislative Council during the

proceedings relating to the Appropriation Bill, which sets out the government's expenditure proposals for the following financial year.

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

The Establishment Subcommittee examines and makes recommendations to the Finance Committee on the government's proposals for the creation, redeployment and deletion of directorate posts, and for changes to the structure of civil service grades and ranks.

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

During the 2013-2014 session, the Finance Committee held 35 regular meetings, and eight special meetings comprising 20 sessions to examine the Estimates of Expenditure. The committee approved 65 agenda items, including eight items comprising 32 staffing proposals, and eight items comprising 21 capital works projects recommended by its two subcommittees.

Public Accounts Committee

The Public Accounts Committee considers the Director of Audit's reports on the government's accounts and the results of the director's value for money audits of government departments and other organisations that are within the purview of public audit. It may invite government officials, representatives of public organisations or any other persons to attend public hearings to give explanations, evidence or information 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 House Committee.

During the 2013-2014 session, the committee held 14 public hearings and 20 internal meetings. It examined the Director of Audit's report on the government's accounts for the year ended 31 March 2013 and the reports on the results of value for money audits (reports numbers 60, 61 and 62). The committee's conclusions and recommendations are contained in the committee's reports numbers 60A, 61 and 62, which were tabled in the Legislative Council on 27 November 2013, 12 February 2014 and 9 July 2014 respectively. The Government Minutes in response to the three reports were tabled in the council on 19 February, 14 May and 22 October 2014 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 House Committee. It considers complaints made in relation to members' registration and declaration of interests and in relation to members' claims for the reimbursement of operating expenses or applications for advances of operating funds. It also examines arrangements for the compilation, maintenance and accessibility of the Register of Members' Interests, considers

matters of ethics in relation to members' conduct, and provides advice and issues guidelines on such matters.

During the 2013-2014 session, the committee held three open meetings and two closed meetings, the latter to consider two complaints against members in relation to allegations of failure to disclose and register interests.

Committee on Rules of Procedure

The Committee on Rules of Procedure is responsible for reviewing the Rules of Procedure of the Legislative Council and its 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 House Committee.

During the 2013-2014 session, the committee held six meetings.

Committee on Access to the Legislature's Documents and Records

The Legislative Council passed a resolution on 19 March 2014 to set out the policy on access to the legislature's documents and records and establish a committee to determine whether a document or record should be made available for access earlier than the expiry of the closure period specified in the policy. The Committee on Access to the Legislature's Documents and Records' other functions are to set guidelines for implementing the policy; consider any objection against the denial of access to a document or record by the Clerk to the Legislative Council; and consider any other matters relating to or arising from the policy.

During the 2013-2014 session, the committee approved eight requests and denied one for the disclosure of documents and records. Approved and denied access requests are listed on the Legislative Council website.

House Committee

The House Committee consists of all members except the President and normally meets on Friday afternoons. It is responsible for dealing with matters related to the work of the Legislative Council and making preparations 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 2013-2014 session, the House Committee held 34 meetings, including three special meetings with the Chief Secretary for Administration to discuss issues of public concern.

Bills Committees

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

During the 2013-2014 session, the House Committee set up 25 bills committees, in addition to nine set up in the previous session which continued in operation during the 2013-2014 session.

Subcommittees on Subsidiary Legislation

During the 2013-2014 session, the House Committee formed 28 subcommittees to consider 34 items of subsidiary legislation and five 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 council's business. Two subcommittees appointed in the previous session continued in operation during the 2013-2014 session and another was appointed in July 2014 to prepare for the operation of the select committee established pursuant to the referral of a petition presented at the council meeting of 25 June 2014.

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. Panels may appoint subcommittees or joint subcommittees to study specific issues and to report to the panels. During the 2013-2014 session, two such subcommittees were set up under panels. Of the 11 subcommittees set up under panels during the 2012-2013 session, four had completed their work and seven were still in operation by the end of the 2013-2014 session.

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 the consideration of such matters or bills. A Select Committee formed in 2013 to inquire into matters relating to Mr Timothy Tong when he was serving as Commissioner of the Independent Commission Against Corruption submitted its report to the council on 9 July 2014.

A select committee was formed in 2014 to inquire into the delay to the construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link.

Redress System

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

The Legislative Council Commission and Legislative Council Secretariat

The Legislative Council Commission is an independent statutory body, chaired by the President of the Legislative Council, with 12 other members. Its main function is to provide administrative support and services to the Legislative Council through the Legislative Council Secretariat. It employs the Legislative Council Secretariat's staff and oversees its work, determines the organisation and administration of support services and facilities, formulates and executes policies on their effective operation and expends funds in ways it sees fit to support these activities. The 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 public understanding of the council's work and ensure the effective operation of its redress system.

District Administration

Hong Kong comprises 18 districts, each with a District Office, a District Council (DC) and a District Management Committee (DMC).

The District Offices are each headed by a District Officer, who represents the HKSAR Government at the district level in overseeing district administration.

The 18 DCs have a total of 507 seats, comprising 412 elected seats, 68 appointed seats and 27 ex officio seats (the chairmen of rural committees in the New Territories). Their current term of office runs for four years from 1 January 2012. The DCs' main function is to advise the government on matters affecting the well-being of the people in the districts, and on the provision and use of public facilities and services there. The government also consults the DCs on a wide range of issues. The DCs carry out district minor works projects and community involvement projects, for which the government allocated \$340 million and \$340.8 million respectively in the 2014-15 financial year. The government has undertaken to increase the annual provision for district minor works projects progressively to \$400 million within the current and next DC term (ie by the end of 2019).

The DMCs are government committees chaired by the District Officers. Each DMC comprises the chairman, vice-chairman and committee chairmen of the DC and representatives of government departments providing essential services in the district. The DMC 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.

In 2014, the government introduced a pilot scheme in Sham Shui Po and Yuen Long, providing the DMCs with power to decide on and co-ordinate work to address certain management and environmental hygiene problems of some public areas, with the DC's advice on the work priorities. So far, the scheme has been well received by the local communities.

There are also 63 Area Committees (ACs). ACs are district-based advisory committees which help organise community involvement activities, advise on local issues and promote public

participation in district affairs. Their members are drawn from a wide spectrum of the community, including DC members of the areas concerned.

Twenty Public Enquiry Service Centres (PESCs), attached to the District Offices, provide a wide range of free services to the public, including answering general enquiries about government services, distributing government forms and disseminating information and administering declarations. Members of the public seeking legal advice can make appointments at the centres to see volunteer lawyers under the Free Legal Advice Scheme administered by the Duty Lawyer Service. Staff from the Rating and Valuation Department are also available at five designated centres on specified days to advise on tenancy matters. The PESCs and the Home Affairs Department's Central Telephone Enquiry Centre served a total of two million clients in 2014.

The Electoral System

Electoral System for the Legislative Council

The composition of the first to fifth terms of the Legislative Council is as follows:

Membership	First term (1998-2000)	Second term (2000-2004)	Third & Fourth terms (2004-2008 and 2008-2012)	Fifth term (2012-2016)
(a) elected by geographical constituencies through direct elections	20	24	30	35
(b) elected by functional constituencies	30	30	30	35
(c) elected by an election committee	10	6	—	—
	—	—	—	—
	60	60	60	70

Geographical Constituencies

All eligible persons aged 18 or above have the right to be registered as electors and to vote in the geographical constituency elections, which are held on the basis of universal suffrage. There are currently about 3.51 million registered electors.

The HKSAR is divided into five geographical constituencies, with each returning five to nine seats in the fifth-term Legislative Council. Electors choose lists of candidates, using the List Voting System which operates under the Largest Remainder formula, a form of proportional representation.

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

Functional Constituencies

For the fifth-term Legislative Council, the functional constituencies are: (1) Heung Yee Kuk¹; (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; (28) District Council (first) and (29) District Council (second). The labour functional constituency returns three Legislative Council members and the District Council (second) functional constituency returns five Legislative Council members, while the other 27 functional constituencies return one member each.

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

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

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

Over 1.83 million registered electors cast their votes at the election for the fifth-term Legislative Council on 9 September 2012, representing a turnout rate of 53 per cent.

¹ Heung Yee Kuk is a statutory advisory body on New Territories affairs.

Electoral System for the Chief Executive

In accordance with the Basic Law, the Chief Executive is elected by an Election Committee (EC). The EC for the term up to January 2017 consists of 1,200 members from four sectors composed of 38 subsectors:

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

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

Method for Selecting the Chief Executive by Universal Suffrage

On 31 August 2014, the Standing Committee of the NPC (NPCSC) adopted the Decision of the Standing Committee of the National People's Congress on Issues Relating to the Selection of the Chief Executive of the Hong Kong Special Administrative Region by Universal Suffrage and on the Method for Forming the Legislative Council of the Hong Kong Special Administrative Region in the Year 2016, formally determining that universal suffrage for the Chief Executive election through 'one person, one vote' could be implemented starting from 2017. The NPCSC decision also sets out a clear framework on the specific method for selecting the Chief Executive by universal suffrage.

The NPCSC decision is an important step forward in Hong Kong's constitutional development. By implementing universal suffrage for the Chief Executive election in 2017, five million eligible voters in Hong Kong will be able to elect the Chief Executive in 2017 through 'one person, one vote'. As the next step, the government will submit a resolution to the Legislative Council in the second quarter of 2015 to amend Annex I to the Basic Law on the method for selecting the Chief Executive. Endorsement by a two-thirds majority of all council members is a necessary step for the implementation of universal suffrage for the Chief Executive election in 2017 in accordance with the law.

Electoral System for the District Councils

The HKSAR's 18 District Councils (DCs) advise the government on district affairs, and promote recreational and cultural activities and environmental improvements within the districts. A DC is composed of elected members, appointed members, and, in the case of DCs in the New Territories, the chairmen of rural committees as ex officio members.

The simple majority voting system is adopted for the DC elections. For the fourth-term councils (2012-2015), there are 412 DC constituencies, each represented by one elected member.

From 1 January 2016, the system of appointing members to the DCs will be abolished, the number of elected seats will be increased by 19 to 431, and the boundaries of Eastern and Wan Chai Districts and the number of elected seats for these two DCs will be adjusted.

Electoral Affairs Commission

The Electoral Affairs Commission, an independent statutory body, is responsible for ensuring that elections in the HKSAR are conducted in an open, honest and fair manner and in accordance with the law. It comprises three politically neutral persons appointed by the Chief Executive. Headed by a High Court Judge, the commission is responsible for making recommendations to the Chief Executive on the delineation of Legislative Council 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 the Rural Representative election, 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.

Structure of the Administration

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

The Chief Secretary for Administration and the Financial Secretary together supervise the work of 12 policy bureaux, each headed by a Director of Bureau (usually referred to as the bureau's 'Secretary'), responsible for a different policy portfolio. Together, they form the Government Secretariat. There are 56 departments. The Audit Commission reports to the Chief Executive, the Hong Kong Monetary Authority reports to the Financial Secretary while the Department of Justice reports to the Secretary for Justice. The remaining 53 departments are responsible to the relevant bureau secretaries for the efficient implementation of approved policies.

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

The Chief Secretary for Administration, the Financial Secretary, the Secretary for Justice and the 12 Directors of Bureaus are politically appointed and defined as 'principal officials' in the Basic Law. They are appointed by the Central People's Government on the nomination of the Chief Executive 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 (the equivalent in Hong Kong of the Cabinet) and are accountable for matters falling within their respective portfolios. The Director of the Chief Executive's Office is also a politically appointed official, with the same terms of employment as those of a Director of Bureau.

There are two additional layers of politically appointed officials (Under Secretaries and Political Assistants) to support the principal officials in carrying out political work.

Role of the Chief Secretary for Administration

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

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

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. The Financial Secretary exercises control over the Exchange Fund with the assistance of the Monetary Authority and is a member of the Executive Council.

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

Central Policy Unit

The Central Policy Unit provides advice on policy issues to meet the 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 views and recommends solutions for the government's internal consideration. It also carries out policy research covering the social, political and economic spheres, and is responsible for coordinating the annual Policy Address exercise.

In addition, the unit provides secretariat support to the Commission on Strategic Development, which advises the Chief Executive on Hong Kong's long-term and overall development needs and goals with particular reference to the issues, direction and strategy related to Hong Kong's social, economic and political developments. The Chief Executive chairs the commission. In its current term, there are 32 non-official members drawn from a broad cross-section of the community comprising mainly professionals, academics, politicians and persons from the

business and labour sectors. The commission also includes three ex-officio members: the Chief Secretary for Administration, the Financial Secretary and the Head of the Central Policy Unit.

Efficiency Unit

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

The unit runs 1823 – a one stop call service for the public to obtain information about government services and report problems – and the Gov.HK website's youth portal. These projects provide insight into emerging public demands and trends that help the unit to develop ideas for adapting and improving services to meet community needs.

Advisory and Statutory Bodies

About 5,200 members of the public serve on the roughly 470 advisory and statutory bodies which are a distinctive feature of the system of government. These bodies tap professional expertise in the community and enable 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 government maintains a regular turnover of members to ensure wide participation and the inclusion of fresh perspectives.

The advisory bodies' areas of activities are wide-ranging. Some, such as the Advisory Committee on Agriculture and Fisheries, deal with the interests of a particular industry. Others, such as the Transport Advisory Committee, advise on a particular area of government policy. Statutory bodies, such as the Hospital Authority, have legal powers and responsibilities to perform specific functions in accordance with the relevant legislation.

The Civil Service

The civil service is a permanent, honest, meritocratic, professional and politically neutral institution, responsible to the Chief Executive. It supports the government in formulating, explaining and implementing policies, conducting administrative affairs, delivering public services, and undertaking law enforcement and regulatory functions. It provides staff for all government departments and other units of the administration. As at 31 December, the total strength of the civil service was 163,400 (excluding about 1,500 judges and judicial officers and Independent Commission Against Corruption officers), amounting to about 4.2 per cent of Hong Kong's labour force.

The Civil Service Bureau has overall policy responsibility for the management of the civil service, including appointments, pay and conditions of service, performance management, manpower planning, training and development, staff relations and conduct and discipline. The bureau is

also the focal point for consultation with major staff associations and manages a number of grades, including Administrative Officers, Executive Officers and clerical and secretarial staff. Management of the civil service is governed mainly by three instruments: the Public Service (Administration) Order, the Public Service (Disciplinary) Regulation and the Civil Service Regulations, all made with the authority of the Chief Executive.

The Chief Executive is advised on civil service appointments, promotions and discipline by the Public Service Commission, an independent statutory body set up under the Public Service Commission Ordinance. The government is also advised on civil service pay and conditions of service by three independent bodies: the Standing Committee on Directorate Salaries and Conditions of Service (directorates 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 the disciplined services); and the Standing Commission on Civil Service Salaries and Conditions of Service (SCCS) (all other civil servants).

The policy for civil service pay is to offer sufficient remuneration to attract, retain, and motivate staff of suitable calibre to provide the public with an effective, efficient and high quality service. In order that civil service pay 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. Pay comparisons are achieved through periodic surveys: a Pay Level Survey is conducted every six years; a Starting Salaries Survey every three years; and a Pay Trend Survey every year. In 2014, the SCCS completed the 2013 Pay Level Survey and submitted its recommendations to the Chief Executive.

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

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

The government monitors closely staff 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 4.2 per cent in 2013-2014. 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.

In accordance with the principle of prudent management of public resources, the government keeps a watchful eye over the size of the civil service. New posts are only created when the need is justified and other means of providing services are not feasible. At the same time, due

consideration is given to the need for additional manpower to deliver new and improved services. Since 2007-08, the civil service establishment has increased by about 1 per cent annually, and the estimated growth in 2014-15 is about 1.5 per cent.

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) and some 90 consultative committees at the departmental level. A Civil Service Newsletter is published regularly to provide an added link with serving and retired civil servants.

Staff commitment and performance are recognised through various commendation schemes to motivate the provision of high quality service to the public. Those schemes include the Secretary for the Civil Service's Commendation Award Scheme which commends individual civil servants with consistently outstanding performance, and the Civil Service Outstanding Service Award Scheme which commends achievements in service excellence on a department/team basis. On the other hand, staff misconduct is handled under the established disciplinary mechanism for punitive and deterrent purposes. To instil a culture of probity in the civil service, the Civil Service Bureau and the Independent Commission Against Corruption jointly run an ethical leadership programme, and each bureau and department is required to appoint a senior directorate officer to co-ordinate efforts to attain that goal.

The Civil Service Training and Development Institute (CSTD) formulates policies on training and development, and performance management. It organises various training programmes for civil servants, including leadership and management courses, language and communication courses, national studies programmes at institutions on the Mainland, and seminars in Hong Kong on national affairs and the Basic Law. In addition, the CSTD advises bureaus and departments on how to improve staff performance, develop competency profiles, enhance leadership capabilities and prepare officers for succession. The CSTD's e-learning portal, Cyber Learning Centre Plus, also provides ready access to training resources to promote continuous learning among civil servants.

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 issued in both official languages, correspondence with individual members of the public is always in the language appropriate to the recipient.

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

Government Records Service

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

GRS has successfully implemented an electronic record-keeping system to drive electronic records management in the government. GRS also provides records management support and assistance to bureaus and departments to develop or adopt an electronic record-keeping system.

GRS appraises, acquires, preserves and provides access to government records of enduring value. Through its public programme, reference service and online educational resources, GRS encourages understanding, use and protection of Hong Kong's documentary heritage. Its Central Preservation Library for Government Publications contains a wealth of government publications for research and study of Hong Kong. Members of the public can visit the Hong Kong Public Records Building in Kwun Tong or use its online service to search archival records or browse the online exhibitions and highlights of holdings, etc.

The Ombudsman

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

Directly responsible to the Chief Executive, the Ombudsman serves as the community's monitor on government departments and 24 major public bodies specified in a schedule to the ordinance to ensure:

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

The Hong Kong Police Force and the Independent Commission Against Corruption are two exceptions to this jurisdiction. However, the Ombudsman is empowered to investigate complaints of non-compliance with the Code on Access to Information against all government departments, including these two bodies.

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

The Ombudsman completed six direct investigations in 2013-2014, which concerned:

- Regulation of sale of chilled meat;
- Control of healthcare professions not subject to statutory regulation;
- ‘Special Procedures’ of Buildings Department for handling unauthorised building works cases involving celebrities;
- Mechanism of Transport Department for monitoring the frequencies of franchised bus services;
- The access to information regime in Hong Kong; and
- Public records management in Hong Kong.

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

The Office received 12,767 enquiries and 5,624 complaints in the reporting year 2013-2014. Areas attracting a substantial number of complaints related to error, wrong decision or advice, ineffective control, delay/inaction, lack of response to complaints/enquiries and staff attitude.

Although the Ombudsman has no authority to enforce recommendations, 87.6 per cent of the Ombudsman’s recommendations have been accepted by the organisations concerned.

Audit Commission

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

The Audit Ordinance provides for the audit of the government’s accounts by the Director of Audit and for the submission of the director’s report to the President of the Legislative Council. The director also audits the accounts of the Exchange Fund, the Hong Kong Housing Authority, five trading funds and more than 60 other funds. 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 government bureau, 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 statutory authority to conduct value for money audits, these audits are carried out according to a set of guidelines agreed by the Director of Audit, the Public Accounts Committee and the government and tabled in the Provisional Legislative Council 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 2014, 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 62 of April 2014 and Report No 63 of October 2014).

Three of Report No 62's eight chapters were selected by the Public Accounts Committee for public hearing:

- Planning, construction and redevelopment of public rental housing flats;
- Mega Events Fund; and
- Promoting the development of social enterprises.

Four of Report No 63's 10 chapters were selected by the Public Accounts Committee for public hearing:

- Provision of long-term care services for the elderly;
- Provision of health services for the elderly;
- New Civil Aviation Department Headquarters; and
- Administration of the air traffic control and related services

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

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 those bodies' operation.

HKSAR's External Affairs

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

In 2014, HKSAR Government representatives took part as members of the PRC delegation in over 90 international conferences limited to states². HKSAR Government representatives also took part in over 1,400 international conferences not limited to states³.

The HKSAR Government concluded 29 agreements with foreign states in 2014, dealing with double taxation avoidance, working holiday schemes, etc. In addition, a multilateral convention, the Agreement for the International Anti-Corruption Academy, became applicable to the HKSAR in 2014.

Foreign representation in the HKSAR includes 61 consulates-general and 59 consulates. Six international bodies⁴ have representative offices in Hong Kong.

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

The HKSAR Government continues to work closely with the MFA Office in Hong Kong in the following areas:

- (a) participation in international organisations and conferences, such as obtaining the Central People's Government's (CPG) 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 specific authorisation for the negotiation and conclusion of agreements with foreign states;
- (c) consular protection for Hong Kong people in distress overseas; and
- (d) matters relating to consular missions in the HKSAR.

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

³ Including those organised by the Asia-Pacific Economic Co-operation, the World Customs Organisation and the World Trade Organisation.

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

Working Relationship with the Mainland Authorities

The Constitutional and Mainland Affairs Bureau is responsible for co-ordinating contacts between the HKSAR Government and the Mainland authorities, promoting regional co-operation initiatives between Hong Kong and the Mainland, and overseeing the operation of the HKSAR Government's Mainland Offices.

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

Co-operation with Mainland provinces/municipalities

The Dedicated Chapter on Hong Kong and Macao in the National 12th Five-Year Plan emphasises the importance of deepening Hong Kong/Guangdong co-operation and implementing the Framework Agreement on Hong Kong/Guangdong Co-operation, further elevating Hong Kong/Guangdong co-operation to the national development strategy level.

At the Hong Kong/Guangdong Co-operation Joint Conference in November 2014, both sides agreed the key areas for further co-operation in 2015 and to further implement the liberalisation of trade in services on the basis of the early basic achievement of liberalisation of trade in services between Hong Kong and Guangdong in 2014. They also agreed to strengthen co-operation in areas such as financial and professional services, tourism, cross-boundary infrastructure, environmental protection, cultural exchange and further promoting the development of the key districts of Nansha, Hengqin and Qianhai.

In respect of regional co-operation, in February 2014 the State Council approved the establishment of the 'Inter-ministries Joint Conference on the Promotion of the Development of Qianhai, Nansha and Hengqin in Guangdong', led by the National Development and Reform Commission, to enhance co-ordination in developing the three districts. The first joint conference was held in Beijing in November.

Hong Kong and Nansha enhanced co-operation in financial and accounting services. Measures included allowing Guangzhou enterprises and financial institutions to issue Renminbi bonds in Hong Kong to finance Nansha's development, and allowing Hong Kong accounting professionals to become partners in accounting firms in Nansha.

As for Hengqin, the two sides enhanced support for industries associations and agencies from Hong Kong and Guangdong to practise and set up branch offices there; and encouraged Hong Kong enterprises to participate in the development of cultural and creative industries in Hengqin. The respective governments of Guangdong, HKSAR and Macao SAR pushed ahead with the study on cross-boundary transport policies for the Hong Kong-Zhuhai-Macao Bridge (HZMB) and discussed cross-boundary transport arrangements of HZMB.

Regarding Qianhai, as at December 2014, the Mainland authorities had implemented 18 of the 22 policies promulgated in the State Council's 'Policies for Development and Opening-up of Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone'. In addition, both

sides agreed in 2014 to identify pilot construction projects in Qianhai where Hong Kong accredited construction and engineering related professionals would be allowed to provide services directly.

In 2014, Hong Kong and Shenzhen also made progress on co-operation in various areas, including professional services, financial services, improving immigration clearance arrangements for cross-boundary students, education, environmental protection, and cross-boundary infrastructure.

In January 2014, the Chief Executive led a delegation to Fujian. Both sides agreed to enhance co-operation between Fujian and Hong Kong and in November they agreed to establish a Hong Kong-Fujian Co-operation Conference.

The Pan-Pearl River Delta (PPRD) Region comprises nine provinces/autonomous regions of the Mainland and the Hong Kong and Macao SARs. In October, the HKSAR co-hosted the 10th Pan-Pearl River Delta Region Co-operation and Development Forum and Trade Fair jointly with Guangdong Province and Macao SAR. This helped Hong Kong promote its advantages as a 'super-connector' for capital, talent and technology in the region.

The Consultative Committee on Economic and Trade Co-operation between Hong Kong and the Mainland was established in October 2013 to advise the HKSAR Government on strengthening co-operation with the Mainland in trade, economic and other relevant areas.

Working Relationship with Macao Special Administrative Region

The Seventh Hong Kong-Macao Co-operation High Level Meeting was held in July. Both sides agreed to strengthen co-operation in areas such as cross-boundary transport arrangements for the Hong Kong-Zhuhai-Macao Bridge, culture, food safety, e-government and tourism.

HKSAR's Offices in the Mainland

The HKSAR Government's fifth office in the Mainland, the Wuhan Economic and Trade Office (ETO), was set up in April 2014. The government's four other Mainland Offices are the Beijing Office (BJO), and three Hong Kong ETOs in Chengdu, Guangdong and Shanghai⁵. In addition, the Liaoning Liaison Unit was established under the BJO in December, the fourth HKSAR Government liaison unit in the Mainland. The other three liaison units are in Chongqing, Fujian and Shenzhen. These offices and units are responsible for enhancing liaison, communication, trade, commercial relations and investment promotion in the Mainland; and providing support to Hong Kong residents and enterprises in the Mainland. There are also Immigration Divisions in the BJO, the Chengdu and Guangdong ETOs to provide practical assistance to Hong Kong residents in distress or seeking assistance in the Mainland and to handle immigration matters.

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

Exchanges with Taiwan

Hong Kong and Taiwan have close economic, cultural and social ties. Taiwan is Hong Kong's fourth largest trading partner, with bilateral trade rising by 11.89 per cent to US\$48,952 million in 2014. With the launch of the online entry registration system for Taiwan visitors in September 2012, the number of visitors from Taiwan in 2014 amounted to some 2.03 million; while some 1.16 million people from Hong Kong visited Taiwan.

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

Key achievements in 2014 include:

- Tourism promotion organisations in Hong Kong and Taiwan signed an agreement to launch the Asia Cruise Fund, encouraging cruise lines to include Hong Kong and Taiwan in more cruise itineraries;
- Deposit protection agencies on both sides signed a memorandum of understanding to enhance information and experience sharing and co-operation in dealing with cross-region deposit matters;
- The Hong Kong Science and Technology Parks Corporation and Industrial Technology Research Institute in Taiwan signed a co-operation agreement to create a platform for matching investors and business partners for high-tech enterprises in Hong Kong and Taiwan, thus encouraging start-ups; and
- The leading Chinese orchestras in Hong Kong and Taiwan signed a co-operation agreement to enhance artistic exchange and resource sharing.

Websites

Administration Wing, Chief Secretary for Administration's Office: www.admwing.gov.hk

Audit Commission: www.aud.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

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

Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council:
www.eccpc.org.hk

Legislative Council: www.legco.gov.hk

Office of The Ombudsman: www.ombudsman.hk

Protocol Division Government Secretariat: www.protocol.gov.hk