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# **Chapter One**

## **Introduction**

### **District Administration Scheme**

1.1 In 1980, the Government published a Green Paper entitled ‘A Pattern of District Administration in Hong Kong’ and invited public views on the proposed District Administration Scheme. Following consultation, the District Administration Scheme was introduced in 1982 with the following objectives –

- (a) to achieve a more effective coordination of government activities in the provision of services and facilities at the district level;
- (b) to ensure that Government is responsive to district needs and problems; and
- (c) to promote public participation in district affairs.

1.2 Under the Scheme, District Boards (DBs) (renamed “District Councils” (DCs) in 2000) were set up in the 18 districts of Hong Kong. There were also 18 District Management Committees, chaired by District Officers, set up to coordinate the efforts of government departments in districts. Since their establishment in 1982, DCs have been playing an essential advisory role on district matters and territory-wide issues. Apart from reflecting public opinion and promoting community building, they have been playing an instrumental role in monitoring the delivery of public services at district level and promoting government initiatives.

### **Legal Provisions Relating to District Councils**

#### ***Basic Law***

1.3 Chapter IV of the Basic Law sets out the political structure of the Hong Kong Special Administrative Region. Section 5 of that Chapter contains two Articles on district organisations. Article 97 of the Basic Law provides –

*“District organizations which are not organs of political power may be established in the Hong Kong Special Administrative Region, to be consulted by the government of the Region on district administration and other affairs, or to be responsible for providing services in such fields as culture, recreation and environmental sanitation.”*

Article 98 provides –

*“The powers and functions of the district organizations and the method for their formation shall be prescribed by law.”*

1.4 In considering the role, functions and composition of DCs, it is necessary to bear in mind the framework laid down in the Basic Law on the establishment and functions of district organisations. Any changes in the role, functions or composition of DCs following this Review must be fully consistent with the Basic Law, including Articles 97 and 98.

### ***District Councils Ordinance***

1.5 The District Councils Ordinance (Cap. 547) provides for the number, composition and functions of DCs. Schedule 2 to the Ordinance specifies that there shall be 18 DCs. As regards the composition of DCs, section 9(1) of the Ordinance (Cap. 547) stipulates that a DC is to consist of –

- (a) elected members;
- (b) appointed members; and
- (c) ex-officio members, if it is a DC established for a District in which there is one or more Rural Committees, with the Chairman of each Rural Committee serving as ex-officio members of the DC while holding office as Chairman of Rural Committee.

1.6 The number of elected, appointed and ex-officio members on each DC is specified in Schedule 3 to the Ordinance.

1.7 According to section 61 of the Ordinance, the functions of a

DC are –

- (a) to advise the Government -
  - (i) on matters affecting the well-being of the people in the District;
  - (ii) on the provision and use of public facilities and services within the District;
  - (iii) on the adequacy and priorities of Government programmes for the District; and
  - (iv) on the use of public funds allocated to the District for local public works and community activities;
- (b) where funds are made available for the purpose, to undertake -
  - (i) environmental improvements within the District;
  - (ii) the promotion of recreational and cultural activities within the District; and
  - (iii) community activities within the District.

### **Reviews on District Boards/District Councils**

1.8 Over the years, the functions and composition of DBs/DCs have undergone a number of reviews and changes.

1.9 When DBs were first established in 1982, there were an equal number of elected members and appointed non-official members. There were also appointed official members on all DBs, ex-officio members on rural DBs, and Urban Council members on urban DBs. In 1984, following a review of the structure and composition of DBs, it was decided that, starting from the second term in 1985, Government officials would no longer serve on DBs as members. District Officers would cease to be the Chairmen of DBs; members would elect the Chairman from among themselves. The number of elected members was increased at the same time.

1.10 In 1987, a review of the District Administration Scheme recommended a number of administrative measures to improve the operation of DBs, including regular sessions for DBs to be briefed on government policies and progress of initiatives. With regard to the composition of DBs, the membership of Urban Council Members on urban DBs was abolished in 1991.

1.11 In the Policy Address of 1992, the then Governor announced the abolition of appointed seats on DBs starting from the Boards' new term in 1994. The ex-officio seats for Rural Committee Chairmen were retained.

1.12 On 1 July 1997, 18 Provisional DBs with appointed members were established to replace the former DBs as a transitional arrangement. A Review of District Organisations was conducted in 1998. Following the review, 18 DCs comprising elected and appointed members were established on 1 January 2000 to replace the Provisional DBs. For the nine DCs in the New Territories, there were also Rural Committee Chairmen serving as ex-officio members.

1.13 In 2001, the Government completed a further review of the role and functions of the new DCs, and put forward recommendations in five major areas to enhance the role and functions of DCs. The five major areas were –

- (a) enhancing the role and functions of DCs and providing additional funding for them;
- (b) enhancing communication between DCs and the Administration;
- (c) enhancing DC members' participation in the policy-making process;
- (d) strengthening support for DC Members; and
- (e) enhancing DCs' accountability and efficiency.

Following consultation with DCs, the Legislative Council and the public, the recommendations were implemented, incorporating where appropriate the feedback collected.

## **Existing Role and Functions of DCs**

1.14 While the role and functions of DCs have mainly been advisory, the Government sees the DCs as its key partners on district matters. Departments have been consulting DCs on major local matters as well as territory-wide issues that are likely to affect the livelihood, living environment or well-being of the residents in the district. Departments in general strive to develop a close working relationship with the DCs.

## **Further Review on District Councils**

1.15 In the 2004 Policy Address, the then Chief Executive undertook to strengthen further the cooperation between the Administration and DCs and to review the functions and composition of DCs at a suitable time. An inter-departmental working group was set up in January 2005 to make preparation for the review.

1.16 In his Policy Address of 2005-2006, the Chief Executive announced an initiative to allow DCs to participate in the management of some district facilities, such as libraries, community halls, leisure grounds, sports venues and swimming pools, within the limits of the framework of the existing statutory provisions and resources allocations. The Chief Executive also announced that the Administration would strengthen the role of District Officers and enhance the coordination function of District Management Committees. The package of measures aims to strengthen DCs' role in district administration and ensure that district needs are promptly met.

1.17 In working out an implementation plan for the above proposal and in taking forward the ongoing review of the functions of DCs, the following broad parameters should be taken into account –

- (a) existing legal provisions relating to DCs, including Article 97 of the Basic Law which provides that DCs shall not be organs of political power, and section 61 of the District Councils Ordinance which set out the functions of DCs (see paragraphs 1.3 - 1.7 for details);
- (b) existing powers and responsibilities of the relevant statutory authorities responsible for the delivery of district services;

- (c) the need for a prudent and gradual approach to ensure no disruption to the delivery of public services at the district level; and
- (d) the need for continued support to be provided by relevant government departments in taking forward the DCs' advice or decision in view of staffing implications.

1.18 The Government now issues this consultation document to seek the views of the public on –

- (a) enhancing DCs' role in district management;
- (b) the composition of DCs; and
- (c) DC election-related matters.

## **Chapter Two**

### **Management of District Facilities**

2.1 In his 2005-06 Policy Address, the Chief Executive states that –

“...the Government will allow each District Council to assume responsibility for the management of some district facilities, such as libraries, community halls, leisure grounds, sports venues and swimming pools. The executive departments will follow the decisions of the District Council in managing such facilities, within the limits of their existing statutory powers and resources available.”

This Chapter outlines the proposals for the DCs to assume such responsibility, the implementation approach and the related support measures.

#### **Existing Involvement of DCs in District Management**

2.2 DCs play a pivotal role in the District Administration Scheme. They monitor the provision and delivery of district services, and advise the Government on matters relating to the local community. They are also consulted on territory-wide issues. Through undertaking community involvement activities and minor environmental improvement projects implemented with DC funds, DCs encourage public participation in district activities aimed at promoting public hygiene and road safety, greening and clean Hong Kong campaigns and sports, arts and cultural development. Since the dissolution of the Municipal Councils, DCs have played an enhanced role in the areas of leisure, cultural and community building activities, improvement of the local environment, as well as giving advice on and monitoring the planning and implementation of district-based services and facilities. In more recent years, as a response to helping Hong Kong to come out of her economic doldrums and create job opportunities, DCs have also been involved in initiatives aiming at stimulating the local economy.

2.3 With a view to ensuring that district needs and aspirations are fully taken into account, Government departments are required to consult



DCs in advance on their proposals that may affect the well-being of people in the districts and to take on board their advice wherever possible. Such proposals may involve public works projects located in the respective districts, traffic management measures, planning matters, etc.

### **Proposed New Arrangements**

2.4 To achieve the objective of enhancing the role of DCs in district management, we are proposing to make available channels for DCs to participate in the management of some district facilities. These proposals are devised within the constitutional framework in respect of district organizations as stipulated under the Basic Law (Articles 97 and 98) and the legal provisions in the District Councils Ordinance (Cap. 547) and other relevant legislation governing the management of those facilities.

2.5 The arrangements proposed below seek to encourage the development of a more participatory model in managing district facilities and the adoption of district activities and programmes that will better meet specific district needs. Our proposal is to enable DCs to have greater involvement in the management of not only the “hardware” of the district facilities, but also the accompanying “software” for promoting the use of those facilities or making better use of the facilities to achieve wider social objectives.

### **Mode of Management of District Facilities – District Facilities Management Committee**

2.6 To actively involve DCs in the management of some district facilities, we **propose** to set up a District Facilities Management Committee (DFMC) under each DC to steer and oversee the work involved. The set-up and operation of the DFMCs may take the following form –

- (a) the DFMCs would operate in the same way as other committees under DCs. DC members would be free to join the respective DFMC and elect a Chairman and a Vice-chairman for the Committee;
- (b) district representatives of concerned departments will attend DFMC meetings to present their departmental plans and proposals for DC’s endorsement. Without prejudice to the statutory powers and obligations of the concerned departments

and subject to the financial authority of these departments, relevant international professional or safety standards, prevailing government policies on staff and resources management (including government fees and charges), they will follow the decisions of the DCs as far as possible. To help them in discharging their enhanced role, DFMC members are also expected to make regular visits to those district facilities and to receive feedback from staff and customers;

- (c) any issues discussed at DFMCs that require inter-departmental co-ordination by the District Officers may be put to the respective District Management Committees (DMC)<sup>1</sup> for discussion and resolution. To assist discussion, the DFMC Chairman should be invited to attend that meeting of the DMC; and
- (d) if a DFMC is not satisfied with the concerned department's response, it can put its case to the Steering Committee on District Administration (see Chapter Four).

2.7 We propose that the DFMCs may have the following terms of reference –

“In respect of those district facilities the management of which involves DCs and with a view to better meeting district needs and aspirations –

- (a) to consider and endorse proposals relating to the operation, management and maintenance of the facilities;
- (b) to initiate or endorse proposals on programmes and activities to be undertaken at the facilities; and
- (c) to prioritise works projects to improve and upgrade existing facilities or to establish new facilities to be

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<sup>1</sup> District Management Committees (DMC) are chaired by the District Officers. Membership comprises representatives of core departments, the DC Chairman and Vice-chairman. Chairmen of committees under the DC also attend the DMC to assist discussion. The DMC provides a platform for tackling and resolving district issues and co-ordinating of inter-departmental operations and services to ensure timely response to district needs.

funded from the district facility capital works block vote.”

## **Types of District Facilities**

2.8 The Chief Executive cites five examples of district facilities – libraries, community halls, leisure grounds, sports venues and swimming pools – for which DCs could assume management responsibility. At present, these five types of district facilities are managed by the Home Affairs Department (HAD) in respect of community halls, and the Leisure and Cultural Services Department (LCSD) for the rest. DC members already have a degree of familiarity with the operation of these facilities, which covers a wide spectrum of services delivered to residents in the districts. Separately, in order to closely monitor the implementation for evaluation purposes, we consider it appropriate to start on a modest scale. We therefore **propose** to involve DCs in the management of district libraries, community halls, leisure grounds, sports venues and swimming pools (including beaches). Details of the proposals in respect of the HAD and LCSD district facilities are set out below.

## **Management of Community Halls**

2.9 There are 84 community halls<sup>2</sup> in the territory. Most of the community halls are managed by the respective District Offices on the advice of management committees<sup>3</sup> appointed by District Officers. We **propose** that in future, District Offices should take advice and follow the decisions of the respective DFMCs in managing these community halls. Accordingly, the existing management committees appointed by District Officers would discontinue.

2.10 In practice, we propose that DFMCs should be invited to provide input, consider and endorse proposals from District Offices, subject to the approved departmental operational budget for the facilities

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<sup>2</sup> “Community halls” are premises designed for the holding of community activities. Some halls are stand-alone structures used solely for this purpose. Others are located inside community centres. Community centres are buildings that contain a hall for community activities and office space for use by the Government as well as the non-governmental organisations (NGOs) and local organisations, such as district arts and sports associations. These centres are owned by the Government Property Agency and managed by the Home Affairs Department.

<sup>3</sup> Management committees for community halls typically comprise DC members, Area Committee members, members of Mutual Aid Committees, tenants of the community centres, NGOs and local personalities.

concerned and the available DC funds, on the following –

- (a) management of the areas in the community halls that are available for community activities (i.e. the hall and other facilities designated for public use, such as conference room, activity room and dressing room);
- (b) booking arrangements and policies having regard to prevailing patterns of usage and existing Government policies;
- (c) prioritisation of facility enhancement projects; and
- (d) design and details of renovation projects and minor facility improvement projects, subject to the approved departmental operational budget for the district facilities concerned.

2.11 Examples of facility enhancement and renovation projects are improvement to air-conditioning and acoustics systems in the community halls to provide a better venue for the activities and conversion of part of the available space into a gymnastics studio to meet local needs. With DC members' intimate knowledge of the local community and frequent interactions with residents, they should be in a better position to steer such projects. DFMCs may also wish to advise the District Offices on ways to improve the utilisation of the community halls, subject to resource constraints, and to turn these into focal points to draw local residents together to enhance their sense of belonging.

### **Management of Leisure and Sports Facilities**

2.12 With regard to the four types of leisure and sports facilities of LCSD, we **propose** that all such facilities in the districts, except those planned and operated as regional or territory-wide facilities, should be brought under DFMC's purview. In other words, these include the management of all district libraries, swimming pools (and by extension, also public beaches), parks, local open space, sitting-out areas, indoor sports centres and sports grounds. Exclusions will mainly be museums, civic centres, regional/central libraries, regional/territory-wide parks, stadia, holiday camps, water sports centres, golf driving ranges and horse-riding schools, etc. We will work out a detailed list of district leisure and sports facilities for the reference of DFMCs before implementation of the arrangement.

2.13 In practice, we propose that DFMCs should be invited to

provide input, consider and endorse proposals from LCSD, subject to the approved departmental operational budget for the facilities concerned and the DC funds available, on the following –

- (a) annual plans on the district library extension activities, district sports programmes as well as district entertainment programmes;
- (b) booking arrangements of the relevant facilities having regard to the prevailing patterns of usage and sports promotion policies;
- (c) district library stock development programme;
- (d) location of mobile library stops;
- (e) district greening activities;
- (f) customer service improvement initiatives;
- (g) prioritisation of facility enhancement projects;
- (h) design and details of renovation projects and minor facility improvement projects; and
- (i) monitoring of service output and standards.

2.14 We believe that DCs, with their intimate knowledge of, and close contact with people in, their districts, will contribute valuable ideas to improving the management of district leisure and sports facilities and the programmes and activities to be organised in these venues. In drawing up the management and programme plans, we envisage that the relationship between DCs and departments will be much more interactive in future. LCSD will discuss these management matters with DFMCs and consult them at an early stage. DFMC members are also welcome to initiate ideas on new or innovative programmes in the light of the demographic characteristics in their districts. Examples may include –

- (a) organising library extension programmes to cultivate reading habits among different age groups and to encourage life-long learning;

- (b) initiating book acquisition requests to enhance the library collection and to better meet the taste and needs of the district readers;
- (c) fostering closer collaboration with local organisations in enhancing the library collection and in developing the community-based library scheme;
- (d) fostering closer co-operation with school liaison committees in organising extensive and in-depth reading promotion activities;
- (e) providing community input to the management of library premises so as to ensure that the design and configuration of the libraries better meet the local needs;
- (f) providing district input on the features to be included in district parks and open space to meet the needs of the community, e.g., walking trails and foot-massaging facilities for the elderly, children play areas and dog parks etc.;
- (g) deciding on the mix of sport development programmes to meet the demographic needs of the districts;
- (h) advising on the better use of beaches to serve community needs or to better harness such facilities into tourism drivers; and
- (i) deciding on the choice of district cultural entertainment programmes to better suit the taste of local communities and to develop district characteristics when implementing the cultural policy at large.

### **Funding Provision for the Management of District Facilities**

2.15 To ensure that DFMCs' decisions are readily and timely implemented by the departments, it is important for dedicated budgets to be made available for the purpose. At present, HAD and LCSD have to bid funds every year, along with all other bureaux and departments, to carry out renovation or improvement to such district facilities. In future, we propose to set aside funds for the concerned departments to undertake works projects not exceeding \$15 million each in relation to existing or

new district facilities that they will manage in accordance with the DFMCs' advice. Details are set out in Chapter Three.

2.16 In respect of programmes and activities to be organized in those district facilities placed under DC management, the DC funds included under Head 63 Home Affairs Department Subhead 000 Operational expenses for "environmental improvement and community involvement projects" (earmarked provision of \$173.5 million in 2006-07, with a roughly 15% : 85% split between environmental improvement and community involvement projects) will have its ambit expanded to cover activities and projects in leisure and sports facilities. With a new dedicated capital works vote for district improvement (mentioned above and further discussed in Chapter Three), we further **propose** that the DC funds should in future focus on non-works items, that is, leisure and sports programmes and community involvement projects. Taking account of the provision for programme expenses to be transferred to DC funds from LCSD's approved budget, we **propose** to increase the DC funds to an annual provision of \$300 million when these proposals are implemented in **all** districts. This represents a net increase of about \$84.5 million, or some 40%, for expanding and improving district programmes.

### **Pilot Implementation**

2.17 As the proposed arrangements will have a considerable impact on departmental operations, particularly in the case of LCSD, we consider it more prudent to start on a pilot basis. In the course of seeking views of DC members in taking forward these ideas, we received feedback that pioneering the new arrangements in a few districts might not be a bad idea. We are therefore **proposing** implementation on a pilot basis. Initially, we may select a few districts with a good mix of district facilities, including community halls, libraries, mobile libraries stops, parks, playgrounds, sports centres, swimming pools and sports grounds for implementation. Subject to public support in the consultation exercise, the normal resource allocation process within the Government and the necessary approval from the Legislative Council (LegCo) Finance Committee, the pilot may start in January 2007.

## **Chapter Three**

### **Capital Works Improvement to District Facilities and District Minor Works**

3.1 Local residents welcome the provision of district leisure and sports and community hall facilities and expect them to be of quality standards. They would also like to see minor environmental improvements in their districts to be carried out more promptly. A key area of the work of DFMCs is therefore to ensure that local aspirations relating to these district facilities and local environment are met in a timely manner. Also, in the course of our seeking DC members' views, we received feedback that we should allow for greater innovation and creativity as well as district characteristics in these local works. This Chapter explores how a more effective mechanism may be put in place.

#### **Present Situation and Problems**

3.2 Currently, there are three separate sources of funding for carrying out minor works and facility improvements in districts, with varying degrees of DC involvement in their planning and implementation. They are –

- (a) DC funds earmarked for “environment improvement and community involvement projects” under HAD;
- (b) a block vote under the Capital Works Reserve Fund (CWRF) for minor building works, fitting out works, refurbishment, etc. (i.e. Category D items each costing no more than \$15 million) with the Director of Architectural Services as the controlling officer; and
- (c) the Urban Minor Works (UMW) Programme block vote under CWRF for district-based works projects costing up to \$15 million each to improve local facilities, living environment and hygiene conditions of the urban areas. The controlling officers are the Permanent Secretary for Home Affairs (PSHA) and the Director of Home Affairs (DHA), with the latter responsible for projects costing up to \$10 million each.



The process and DC involvement in implementing works under each of these sources are described below.

## **DC Funds**

3.3 DCs are allocated funds each year to carry out community involvement (CI) and minor environmental improvement (MEI) projects. The allocation for 2006-07 is \$173.5 million.

3.4 Each DC has full discretion in apportioning the DC funds allocated to it for carrying out CI and MEI projects, having regard to the characteristics and needs of the district. According to past spending patterns, no more than 15% of DC funds are used for carrying out MEI projects. Examples of such works include: (i) beautification projects for newly developed areas; (ii) village beautifying projects/programmes; (iii) greening projects; and (iv) environmental and scenic enhancement projects to promote local tourism. The works are normally planned and carried out under the supervision of HAD's in-house works staff.

## **Minor Building Works Block Vote under Architectural Services Department (Arch SD)**

3.5 Every year, LCSD and HAD would, along with other policy bureaux and Government departments, submit bids to Arch SD to secure funds under the block vote to carry out upgrading and enhancement of building facilities under their management, including all the district facilities set out in Chapter Two that will come under the purview of DFMCs. Each project has to be justified on its own merits. Examples of such works include the installation of air-conditioning systems in indoor games halls and community halls, development of local open space, renovation to playgrounds, etc. All the bids, including those put up by LCSD and HAD, are vetted and prioritised by a Government group, and there is no guarantee that a particular project strongly supported by the Department or the DC would receive priority attention, given the competitive demands. The approved works items are carried out by Arch SD in the normal Public Works Programme procedure. In 2005-06, projects under LCSD and HAD accounted for \$134 million (\$131 million for LCSD and \$3 million for HAD) of the total approved provision of \$580 million.

## **Urban Minor Works Programme**

3.6 To cater for minor works improvements in the urban areas, an UMW Programme block vote is provided under CWRP to cater for district-based works projects costing up to \$15 million each. The funds are for use in the urban areas to improve local facilities, living environment and hygiene black spots, provision of recreational and leisure facilities, amenity planting, and construction of rain shelters in urbanised areas. These projects are undertaken with the advice of a district working group comprising DC chairmen/members and local people. The works are carried out by the contractors entrusted by HAD or other relevant works departments. The provision for 2005-06 was \$35 million.

3.7 In the case of rural minor works, the LegCo Finance Committee approved in 1999 the creation of the Rural Public Works (RPW) Programme block allocation under CWRP for DHA to implement small-scale works projects costing up to \$15 million each to upgrade the infrastructure and improve the living environment of the rural areas in the New Territories. This is intended as a continuation of the Government's commitment, formerly under the Rural Planning and Improvement Strategy, to make further efforts to upgrade and improve the rural infrastructure, particularly in the more remote areas. Since the policy objective of RPW is quite different from that of district administration, we do not propose to make any changes to this programme.

## **Problems**

3.8 These varied sources of funding each with their own process of planning and implementation are not effective in meeting district needs in a timely manner. Also, as constrained by their respective ambits, they do not cater for larger scale minor environmental improvement works<sup>1</sup> needed in the built-up areas of the New Territories. Those minor environment improvement projects initiated and carried out by DCs face the additional problem of the lack of professional department support and/or resources to cater for their subsequent management and maintenance.

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<sup>1</sup> MEI projects initiated by DCs may cater for minor environmental improvement works costing \$600,000 or below in the built-up areas of the New Territories.

## **Proposed New Arrangements**

3.9 To support greater involvement of DCs in initiating and implementing minor works in the districts, particularly those district facilities within the purview of DFMCs, we **propose** to create a dedicated capital works block vote under the CWRP for the concerned departments to implement the decisions of the DFMCs. This would replace the three separate sources of funding as mentioned above. The new block vote will have an ambit to cover building works relating to the district facilities under DFMCs' purview, viz. community halls, district libraries, leisure grounds, sports venues, swimming pools and public beaches as well as minor works in all districts, with the exception of rural area improvements which should continue to be catered for by the RPW Programme block vote. To ensure efficient delivery, we will devise a suitable hierarchy to differentiate projects of different scale so that very minor improvement items (for example, those costing less than \$1 million) may be carried out more promptly. The cost ceiling of each project initiated or endorsed by DCs should remain at \$15 million.

3.10 Currently, on the delivery of works, Arch SD serves as the works agent for projects funded by its block vote, while the other minor works are undertaken by works departments or contractors entrusted by HAD. To respond to some DC members' request for creativity and innovation in district improvement projects, we **propose** to explore ways and means to involve DCs in the design and execution of such works. For instance, DCs may wish to mount a design competition to develop a sitting-out area or participate in the process of considering and endorsing designs to renovate a district library or a children's play area to reflect district characteristics. They are also welcome to seek public input to the designs.

3.11 On the basis of implementing DC involvement in the management of the identified district facilities across **all** districts, and subject to the normal resource allocation process within Government in the light of the outcome of the public consultation, we propose to earmark an annual provision of \$300 million for the dedicated capital works block vote. Compared to the average annual expenditure under the three existing sources, this represents an increase of \$105 million, or 54%. To address the concern of recurrent management and maintenance of these DC-initiated and executed district projects, we will set aside \$10 to \$15 million in the budgets of HAD and LCSD for the purpose. Since the proposals were to be implemented first in several districts on a pilot basis, we would need to correspondingly adjust the annual provision in initial years under the new block vote.

## Chapter Four

### **Strengthening the Role of District Officers and Enhancing Communication with District Councils**

4.1 The Chief Executive states in his 2005-06 Policy Address –

“It is essential that public policies are effectively implemented at the district level. To better respond to the demands of the people, the Government will strengthen the role of District Officers. We will enhance the co-ordination function of District Management Committees to better provide cross-departmental services in districts.”

This Chapter sets out proposed measures to enhance Government’s work in districts and to strengthen communication between the Administration and DCs to ensure that district needs are better met.

#### **Co-ordination Role of District Officers**

4.2 The District Officer (DO) is the representative of Government at district level. He is responsible for overseeing directly the operation of the District Administration Scheme, co-ordinating the execution of various district programmes and ensuring that district problems are resolved promptly through inter-departmental consultation and co-operation.

4.3 The DO chairs the District Management Committee (DMC), which consists of representatives of core departments<sup>1</sup> in the district. Representatives of other departments may be invited to attend DMC meetings as and when necessary. The DMC serves as a forum for inter-departmental consultation on district matters and for co-ordinating the provision of public services and facilities to ensure that district needs are promptly met. To enhance communication between the DMC and the DC, the DC Chairman and Vice-chairman attend DMC meetings as

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<sup>1</sup> Core departments include departments that have frequent dealings with DCs, such as Hong Kong Police Force, Housing Department, Transport Department, Leisure and Cultural Services Department, Food and Environmental Hygiene Department and Civil Engineering and Development Department.

members. The chairmen of the DC committees also attend DMC meetings to assist discussions on particular issues, as and when needed.

4.4 From time to time, there may be issues that cannot be resolved by the DMC because of conflicting departmental positions. On other occasions, problems encountered in one or more districts require a cross-departmental solution or changes to departmental policies or practices that go beyond the ambit of an individual DMC. These issues are followed up by HAD with departments concerned at the senior directorate level.

### **Steering Committee on District Administration**

4.5 To institutionalise senior officers' support for DOs and DMCs, and to provide a forum for taking forward further stages of involving DCs in the management of district facilities, we **propose** to set up a high-level steering committee to oversee district administration.

4.6 The Steering Committee on District Administration (SCDA) will be chaired by the Secretary for Home Affairs (SHA) or the PSHA and attended by the Heads of Departments. Regular members would comprise those core departments with a major role in district management while other department heads may be invited to attend to address problems falling under their respective purview on an ad hoc basis. Its objectives are to provide a forum for top management in various departments to exchange views on issues of mutual concern and resolve inter-departmental district management issues. More importantly, it will formulate strategies and provide a steer to DOs and DMCs on enhancing district work.

4.7 Additionally, the SCDA may be tasked to consider and endorse the distribution of DC funds and the allocation of the capital works block vote funding to districts. It may also look into cases where DCs/DFMCs are not satisfied with the concerned departments' response in respect of the management of district facilities. If there are any significant issues that cannot be resolved by the SCDA, SHA/PSHA will escalate the matter to the Policy Committee<sup>2</sup> for the personal attention of

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<sup>2</sup> The Policy Committee is co-chaired by the Chief Secretary for Administration (CS) and the Financial Secretary (FS). Membership comprises the Secretary for Justice and all Heads of Bureaux. The CS and FS will use the Policy Committee as a main platform for policy co-ordination and initial clearance.

the Chief Secretary for Administration and the Principal Officials (POs).

4.8 The SCDA may operate with the following terms of reference –

- (a) to provide a steer to DOs and DMCs by formulating strategies and measures to enhance district work;
- (b) to oversee the implementation of the strategies and measures in (a);
- (c) to discuss and resolve district management issues that are referred from DOs and DMCs;
- (d) to refer district management issues that cannot be resolved among bureaux/departments to the Policy Committee;
- (e) to advise on the allocation of resources to DCs; and
- (f) to consider and decide on cases from DMCs.

### **Enhancing Communication with DCs**

4.9 Communication between senior Government officials and DCs has been enhanced in recent years. SHA and DHA completed four rounds of visits to DCs between 2002 and 2005. POs attended meetings with DC Chairmen and Vice-chairmen held on a regular basis to explain policy initiatives in their respective areas. These efforts are well received by the DCs and will continue.

4.10 To provide a regular dialogue between senior Government officials and DCs, and to ensure that Heads of Departments have a better feel of the sentiments of DC members on issues within their purview, we propose that Heads of Departments that have direct interface with the public should be required to attend one DC meeting every two to three months. SHA will draw up a roster in consultation with the departments concerned.

## **Annual District Administration Summit**

4.11 Building on the above, and to provide for more effective dialogue between DCs and senior Government officials dealing with matters affecting people's livelihood, we **propose** that the Chief Executive should host an annual District Administration Summit. Objectives of the Summit are –

- (a) to take stock of progress made in district administration;
- (b) to enhance communication between the Administration and DCs at the most senior level;
- (c) to facilitate exchange of views and sharing of best practices amongst DCs, particularly in their enhanced role in the management of district facilities;
- (d) to provide a forum for organisations entering into partnership with DCs to contribute views to the further development of district administration.

4.12 The Summit may take the form of a full-day forum, with an opening session officiated by the Chief Executive, break-out group discussions on selected themes and a plenary/concluding session. POs, Permanent Secretaries and Heads of Departments, DC members and representatives of partner organisations will be invited to attend.

## **DC Members on Advisory and Statutory Bodies**

4.13 Government relies on a wide range of Advisory and Statutory Bodies (ASBs) to provide advice on its policies, to resolve disputes between Government and persons aggrieved by Government's action or decisions, and to deliver public services. There are at present 402 ASBs in the public sector, with about 3 150 appointed members. As at 31 December 2005, 167 (31.6%) DC members served on 116 ASBs (excluding 18 DCs). They together took up 291 posts.

4.14 In making appointments to ASBs, Government aims to identify the most suitable persons to meet the requirements of the boards or committees concerned. Each appointment is made on the basis of the

merits of the candidate, taking into account the individual's ability, expertise, experience, integrity and commitment to public service, and having due regard to the functions and nature of business of the boards or committees concerned.

4.15 As a general principle, the composition of ASBs should broadly reflect the interests and views of the community. In this connection, it is Government's policy to appoint more persons with experience and interest in community affairs (including DC members) to boards and committees dealing with livelihood matters. Such appointments will also help to broaden DC members' horizons and exposure to policy-making at territory-wide level, and fulfil the objective of nurturing political talents. This policy will continue and we will reinforce to bureaux/departments the benefits of appointing more DC members to ASBs, particularly those dealing with livelihood issues.



## Chapter Five

### Enhancing District Partnership

5.1 In his 2005-06 Policy Address, the Chief Executive states that –

“to foster harmony in the community ... requires the concerted efforts of the Government and all sectors of the community... Many community organisations are striving to foster a harmonious society... On the basis of joint responsibility, the Government will strive to form partnerships with different organisations and sectors to engender a sense of friendship and mutual support.”

Over the years, DCs have played an active part in the Government’s community building efforts. Through their community involvement projects, DCs have helped promote public participation in district affairs. These efforts have contributed to the building of a caring, harmonious and supportive community.

5.2 On the other hand, we note that there is a growing interest in “volunteerism” across different sectors. Various district-based organisations and NGOs have devoted time and money to support community initiatives to complement the Government’s efforts. Others have begun to operate beyond their traditional boundaries. A strong sense of “corporate citizenship” is also evident in the growing involvement of the business enterprises in programmes which seek to benefit the community at large. The private sector has also been making headway in integrating the economic, social and environmental imperatives of their activities in fulfilling its “corporate social responsibility”.

5.3 Building on the solid basis, and with their enhanced function in the management of district facilities, we believe that DCs are well placed to proactively reach out to other organisations and sectors to take forward joint projects to address district needs. These sectors may include schools, welfare agencies, business groups, professional institutes and other voluntary groups. The ultimate objective is to create a people-based network of compassion, care, respect and mutual support

through a district-based approach.

### **Existing Cooperation between DCs and Other Organisations**

5.4 In the past few years, DCs have cooperated with other sectors in providing various worthwhile programmes for the local community. These include projects to help promote business opportunities while creating short-term employment; to facilitate integration of the new arrivals into the local community; to establish a more solid support network for the disadvantaged and people with disabilities; and to enhance public awareness of the importance of personal hygiene and environmental cleanliness.

5.5 Some examples of such effective collaboration are –

- (a) a few DCs have joined hands with business associations, NGOs and relevant Government departments in organising poverty alleviation programmes to enhance residents' knowledge of the support and employment services in the district. Some of these programmes also included visits to elderly singletons and families suffering from domestic violence in the district;
- (b) a few DCs launched local economic activities with district characteristics. These included local community bazaars in collaboration with NGOs to help provide short term jobs and training opportunities to the unemployed.
- (c) one DC organised computer festivals in collaboration with professional and business groups in the IT industry. The project had the added value of benefiting the needy in the district by sponsoring free computer classes for them;
- (d) one DC organised programmes jointly with the Tourism Commission, the Hong Kong Institute of Architects and an NGO on heritage preservation while promoting district features of historical value; and
- (e) a few DCs worked closely with hospitals, NGOs and voluntary groups in the district to implement "Healthy City" programmes which aim to raise health awareness amongst local residents and promote social harmony in the district.

## Next Steps

5.6 With the proposed increase in DC funds for community involvement projects and the district facilities placed under their management, we **propose** that DCs should draw up plans for collaboration with other sectors and initiate proposals with district characteristics aiming at a wide spectrum of social objectives. The latter may include –

- (a) enhancing Hong Kong's cityscape;
- (b) strengthening public hygiene and disease prevention efforts;
- (c) fostering inter-cultural understanding, mutual respect and volunteerism;
- (d) supporting cultural, sports, leisure, heritage and literary initiatives at district level;
- (e) building social capital and helping people to help themselves; and
- (f) developing programmes or social enterprises leading to job creation in the district targeted at the disadvantaged.

5.7 Regarding item (f), the Financial Secretary has earmarked an additional \$150 million over five years starting from 2006-07, or \$30 million annually, to strengthen district-based poverty alleviation work. We intend to invite DCs and district organisations to apply for funding to undertake such district-based projects. The guiding principles are that funding must be used to promote sustainable poverty prevention and alleviation efforts at the district level that will help enhance self-reliance. HAD, in consultation with the Commission on Poverty, is finalising details relating to the funding scheme.

5.8 Looking ahead, we envisage that individual DCs would find their own ways of partnership to best meet district needs. The proposed annual Summit on District Administration would provide the forum for experience sharing and exchange of valuable ideas amongst DCs.

## **Chapter Six**

### **Support for District Council Members**

6.1 Under our proposals, DC members will shoulder more responsibilities in the management of district facilities and are expected to spend more time in discharging their role. In order to provide steer for the management of district facilities, the organisation of leisure and sports programmes and community involvement activities and collaboration with other organisations in championing social objectives in their respective districts, DC members will have to pay regular visits to those district facilities, attend meetings with local residents to gauge their views, respond to their comments on services and reach out to the partner organisations. This Chapter sets out proposals to improve DC members' remuneration to enable them to effectively discharge their enhanced role. Some of the proposals also aim at addressing existing problems in administering the DC members' remuneration.

#### **Existing Remuneration Package for DC Members**

6.2 The existing remuneration package for DC members comprises –

- (a) a monthly honorarium of \$17,040, adjusted annually in accordance with the movement of Consumer Price Index (A) (CPI(A));
- (b) an annual provision of Operating Expenses Allowance (OEA) up to \$196,176 (i.e. \$16,348 per month), also adjusted annually in accordance with CPI(A); and
- (c) a one-off reimbursable Information Technology and Other Support Grant (ITOSG) of \$10,000 for each DC term.

#### **Honorarium**

6.3 The honorarium is provided to ensure that DC members do not suffer pecuniary embarrassment for the time they spent on community service. It was set at a rate of \$2,000 when first introduced in 1982 and subsequently increased to \$3,500 in 1985 and 6,000 in 1986

having regard to members' workload. Since then, the honorarium has been adjusted mainly for inflation or deflation. In other words, there has been no real increase to members' honorarium over the last two decades.

### **Operating Expenses Allowance**

6.4 The OEA is provided to assist DC members in operating ward offices to serve their constituents. It also covers other expenses related to DC business. The allowance is fully accountable and expenses, regardless of the amounts or purposes, are claimed on a reimbursement basis against receipts. At present, the 18 DC secretariats undertake considerable administrative work in processing reimbursement claims from DC members.

6.5 After a major review in 2001, LegCo approved the increase of OEA from \$10,000 to \$17,000 per month, allowing about \$7,000 for office rental, \$8,000 for salary and related expenses for employing personal assistants and \$2,000 for other claimable items.

6.6 In accordance with the movement of CPI(A), the OEA was reduced to \$16,010 per month in 2004. Although there have been subsequent upward adjustments in 2005 and 2006, the current level of \$16,348 is still lower than that of 2001.

### **Information Technology and Other Support Grant**

6.7 This one-off grant of \$10,000 helps DC members to equip their ward offices with basic IT facilities and is payable once every DC term of four years. Like OEA, ITOSG is fully accountable and expenses are claimed on a reimbursement basis.

### **Views of DC Members**

6.8 Over the years, DC members have expressed the view that carrying out DC duties demand a significant input of time and effort, and that the level of honorarium for DC members should be raised to reflect the increase in their workload over time.

6.9 As regards OEA and ITOSG, the common complaint is the

rigidity of the spending ambit and the procedures<sup>1</sup> for claiming reimbursement of expenses where these involve minor spending items. Some of the criteria are considered by DC members to be too restrictive. For example, DC members who do not operate a ward office will not be able to claim reimbursement for certain equipment on the approved list. Sometimes, DC members and HAD staff have different interpretations as to whether an item is fully reimbursable, e.g. whether part of the information provided on a leaflet or newsletter is directly related to the discharge of DC duties and hence reimbursable.

6.10 From HAD's point of view, the processing of large amounts of minor claims for reimbursement is not a good use of limited staffing resources in the DC secretariats. However, as long as the allowance remains a fully accountable one, the meticulous approach is necessary to forestall audit queries.

6.11 Many DC members have commented that the current remuneration package is inadequate to support them in carrying out DC duties effectively. For example, financial support is not provided to cover expenses associated with increased liaison work. Such expenses typically include refreshments for meetings with local residents and organisations, floral arrangements and wreaths sent on particular occasions in their capacity as DC members and other entertainment expenses.

6.12 Some DC members have also pointed out that the existing OEA and ITOSG are simply insufficient to cover the cost of setting up and operating their ward offices. Other members are voicing concern about expenses relating to winding up their ward offices when they choose not to seek re-election, particularly in making severance payments to their assistants.

### **Proposed Revisions to Remuneration Package**

6.13 Taken into account the views of DC members and the proposed strengthening of DCs' functions, we consider that there is a case for reviewing and improving DC members' remuneration package. In our review, we have taken reference from the principles underlying

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<sup>1</sup> HAD has issued a set of guidelines on reimbursement of OEA and ITOSG, which sets out the policy and rules governing the reimbursement of OEA and ITOSG, and procedures for making claims. The guidelines also provide a list of reimbursable items and the associated criteria for reimbursement.

the remuneration package of LegCo Members. We also seek to reduce administrative work of the DC secretariats, thus allowing manpower to be redeployed to support the enhanced work of DCs.

6.14 We **propose** –

- (a) to increase the level of honorarium (non-accountable) by 10% from \$17,040 per month to \$18,700 per month, taken into account the expanded role of DC members;
- (b) to increase the level of OEA (accountable) by 10% from \$16,348 per month to \$18,000 per month and to modify its ambit to cover only office rental and employment of assistants and related expenses, such as office insurance and rates for premises, Mandatory Provident Fund contributions, staff insurance and auditing expenses;
- (c) to introduce a new non-accountable Miscellaneous Expenses Allowance of \$4,000 per month to cover items like entertainment expenses, cost of printing and consumables, fees for self-development courses and minor purchases;
- (d) to introduce a new accountable Setting-up Allowance of \$100,000 per term to cover the cost of setting up a ward office, such as renovation of premises, purchase of furniture and equipment, IT equipment, and telephone installation. Re-elected members who have already set up a ward office with OEA before 2008 will be eligible for 50% of the allowance. Accordingly, the existing ITOSG of \$10,000 per term will be abolished; and
- (e) to introduce a new accountable Winding-up Allowance of \$72,000 per term to cover expenses required to wind up a ward office, including severance payments for staff.

6.15 Taking account of the views received during the public consultation, we will invite the Independent Commission on Remuneration for Members of DCs to consider the proposed remuneration package. Additional funding required will be subject to the normal resource allocation process within the Government. The revised remuneration package will also be subject to the approval of the Finance Committee of the LegCo.

## **Enhancing Accountability of DC Members in Use of Public Funds**

6.16 Pursuant to the Director of Audit's observations and recommendations in his Report No. 43 issued in November 2004, HAD promulgated clearer guidelines on the use of DC members' ward offices for discharging DC duties in March 2006. Separately, based on a recommendation of the Independent Commission Against Corruption in a report in October 2005, HAD issued a code of conduct for the staff of DC members. Particular emphasis is placed on assisting the staff of DC members to avoid potential conflict of interest, adhere to the principles of fairness, transparency and accountability, whilst upholding the high standard of conduct expected of them in carrying out their duties. We are also prepared to accept the suggestion that as a good practice, DC members should engage professional auditors to audit their expenses. These measures aim at increasing DC members' accountability in discharging their public duties and in the use of public funds.

6.17 HAD will monitor the implementation of these measures to see whether there is a need to revise or refine them further to meet public expectations for high ethical standards of DC members.



## Chapter Seven

### Composition of District Councils

7.1 The composition of District Councils (DCs) has evolved over the years<sup>1</sup>. A summary is at Appendix. Elections to District Boards (DBs) were first introduced in 1982. This Chapter sets out the development of the composition of DCs, the rationale behind the current composition, and views on possible changes.

#### Composition of DCs

7.2 The current term DCs (2004 – 2007) have altogether 529 members, comprising 400 elected members, 27 ex-officio members and 102 appointed members. The 27 ex-officio members are the Chairmen of Rural Committees and sit on the relevant New Territories DCs.

#### Elected Seats

7.3 When DBs were first established in 1982, the whole of Hong Kong was divided into 122 constituencies to return a total of 132 elected members (10 constituencies in the New Territories returned two members each).

7.4 As shown in the Appendix, the number of elected seats has increased over the years. In the first term DCs (2000 – 2003), there were 390 elected members. The number has been increased to 400 in the current term (2004 – 2007), in the light of population growth in a number of districts. In both terms, the population quota<sup>2</sup> is around 17,000 with a 25% permissible deviation<sup>3</sup>.

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<sup>1</sup> Before 2000, District Councils were known as District Boards. They were renamed starting from January 2000 to underline their important role in district administration.

<sup>2</sup> Derived by dividing the total population size by the number of elected seats.

<sup>3</sup> According to the Electoral Affairs Commission Ordinance, Cap. 541, the Electoral Affairs Commission (EAC) has the statutory authority to recommend on the boundaries of corresponding constituencies within the number of elected seats on each DC. Section 20 requires the population sizes of such constituencies should be as close to the territory-wide average (“the population quota”) as possible, and

7.5 For the coming election in 2007, we propose to increase the number of elected seats on the Islands DC by two from eight to ten, in the light of the population increase in the Tung Chung new town, and to increase the number of elected seats on the Sai Kung DC by three from 20 to 23, in the light of the population increase in the Tseung Kwan O new town. In order to allow adequate time for consultation and legislative amendments, and for the Electoral Affairs Commission to carry out its work on the delineation of constituency boundaries, the proposal is being handled separately from the review. We have consulted the LegCo Panel on Constitutional Affairs, as well as the Islands and the Sai Kung DCs on the proposed addition of seats. LegCo Members and DC members generally welcome the proposals. We will introduce the relevant legislative amendments later in the year.

7.6 While the Government has no plan to introduce drastic changes to the total number of elected DC seats for the next term DCs, the number of elected seats and the related question of the size of each DC constituency in the longer term are issues which may be discussed in the context of this review. In considering this issue, the following are relevant –

- (a) from time to time, there are views in the community that the population quota of 17,000 gives rise to small constituencies which result in some DC members putting emphasis on narrow parochial interests. On the other hand, many believe that the size of DC constituencies is appropriate as it facilitates the maintenance of close contacts between the elected members and their constituents;
- (b) raising the population quota marginally might not be very effective in enhancing the representativeness and recognition of elected DC members. On the other hand, increasing the quota substantially would cause a significant drop in the number of elected seats which would mean that there are less opportunities for budding talents; and
- (c) in examining any proposals which may result in drastic

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that deviation should be within 25%. However, if EAC considers a departure from the 25% rule to be necessary having regard to such factors as the preservation of local ties, community identities and physical features of the relevant areas, EAC is allowed to depart from the strict application of the rule.

changes to the composition of DCs, consideration has to be given to the implications for the role of DCs in ensuring effective and smooth delivery of district services.

### **Ex officio Members**

7.7 When DBs were formed in 1982, the 27 Chairmen of Rural Committees were included as ex-officio members of DBs in the New Territories. The thinking at the time was that Rural Committees could play their traditional and valuable role not only in the rural areas, but also as representatives of indigenous people of the New Territories living in the more developed areas, providing a means through which their particular interests in land, rural housing and rural tradition could be discussed with the Government. As ex-officio members of the DBs, the Rural Committee Chairmen in New Territories Districts would help ensure that progress would be tempered by tradition<sup>4</sup>.

7.8 Ever since the establishment of DBs in 1982, the 27 Rural Committee Chairmen have been sitting almost continuously on DBs (and DCs since 2000) as ex-officio members. The only break was between 1 July 1997 and 31 December 1999 during the time of Provisional District Boards (PDBs) when all members were appointed. All of the 27 ex-officio DB members serving before 1 July 1997 were appointed to PDBs. During the Review of District Organisations conducted in 1998, while there were suggestions that ex-officio membership should be abolished, there were others supporting the retention of the 27 Chairmen of the Rural Committees as ex-officio members on DBs in the New Territories to ensure that the interests of the indigenous inhabitants would continue to be represented adequately.

### **Appointed Members**

7.9 Appointed membership could provide a channel for community leaders and individuals with relevant expertise to serve the community. Before appointing a person to a DB/DC, the Government takes into account his ability, experience, professional qualifications and background, commitment to serve the public, integrity and public service record.

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<sup>4</sup> Source: "Green Paper: A Pattern of District Administration in Hong Kong" published in June 1980

7.10 When DBs were first established in 1982, the proportion of elected and appointed non-official members was around one to one. Following a review of the structure and composition of DBs in 1984, it was decided that starting from the second term DBs (1985-1988), the ratio of elected to appointed members should as far as practicable be two to one. The composition of DBs remained basically unchanged in the third term DBs (1988-1991), and the proportion of elected and appointed members remained at two to one. Another review of the District Administration Scheme was conducted in 1987. After the review, it was decided that DBs should continue to have appointed members to help achieve a more balanced representation. The overall ratio between elected and appointed members remained at two to one in the fourth term DBs (1991-1994).

7.11 The fifth term DBs (1994 – 1997) comprised only elected and ex-officio members, and the PDBs (1997 – 1999) comprised only appointed members. During the public consultation of the Review of District Organisations in 1998, while some people favoured totally elected DBs, there were others who saw justification to retain some appointed seats in DBs in order to enable professionals and community leaders with relevant expertise and experience to contribute to the work of DBs. After careful consideration of the views gathered, the Government proposed that the DCs should include appointed members, and that appointed membership would on average constitute about one-fifth of the total membership of a DC. In arriving at this proposal, the main considerations at the time were –

- (a) that appointed membership could provide an additional channel for capable and experienced individuals who were interested in district affairs to serve the community; and
- (b) that appointed members could help reflect the views of different sectors in the districts and could contribute to discussions in the DCs.

7.12 In both the first (2000-2003) and second term DCs (2004-2007), the ratio of elected to appointed members was set at four to one.

## **Views on Appointed and Ex-officio Seats**

7.13 During public discussion on the Fifth Report of the Constitutional Development Task Force, published in October 2005, an issue which was much discussed was whether appointed DC seats should be maintained. The Task Force put forth a package of proposals for the 2007 Chief Executive election and the 2008 LegCo election. As part of the package, the Task Force proposed including all DC members in the Election Committee which was to select the Chief Executive in 2007, and increasing the number of seats to be returned by the DC Functional Constituency in LegCo from one to six in 2008. There were views that appointed DC members should not take part in the two electoral processes. There were also views that the appointed seats system should be phased out or abolished. On the other hand, there were views that an appropriate proportion of appointed seats should be maintained because appointed members were able to contribute relevant expertise and experience to the work of DCs. There were also views that all DC members should be allowed to participate in the Chief Executive and the LegCo elections, without distinction as to their background (i.e. whether they were elected, appointed or ex-officio members).

7.14 To address the concern about DC appointed members' involvement in the 2007/08 electoral processes, the Government proposed in December 2005 that –

- (a) as part of the Government's overall package for the 2007/08 electoral arrangements –
  - (i) the maximum number of appointed DC seats be reduced from the existing 102 to 68 when the new term of DCs commences in January 2008; and
  - (ii) the Government will decide in the light of the prevailing situation, which would mainly be the reaction of the community and the operation of the DCs following the reduction in the appointed seats, before the end of 2011 whether the maximum number of appointed DC seats should be further reduced to zero in January 2012, or to 34 in January 2012 and then to zero in January 2016; but

- (b) that the proposal at (a) above was an integral part of the Government's package of proposals on the 2007/08 electoral arrangements and would only be implemented if the package of proposals were endorsed by LegCo.

7.15 In the event, the Government's package of proposals for the 2007/08 elections did not receive two-thirds majority support of all LegCo Members, as required by Annexes I and II of the Basic Law. The package therefore could not be pursued further. The proposed changes to the DC appointed seats will also not be implemented. However, the way forward for appointed seats is a subject which the community may continue to discuss in the context of this review.

7.16 In considering the future of appointed membership, the following considerations are relevant –

- (a) DCs have an important role in ensuring efficient delivery of services at district level. This consideration will be particularly relevant with the proposed enhancement in the role of DCs, and specifically the proposals to enable DCs to have greater involvement in the management of certain district facilities and to give DCs more funds to carry out their work (please see Chapters Two and Three for details). It may be desirable to continue to retain appointed seats for the next term DCs in 2008 to ensure the smooth delivery of district services;
- (b) during public discussion on the Fifth Report of the Constitutional Development Task Force, some people have suggested abolition of appointed seats mainly to address the concern of appointed members' involvement in the 2007/08 electoral processes. However, there is general agreement and recognition that appointed members have made important contribution to the work of DCs. As noted in paragraph 7.15 above, the Government's proposed package for the 2007/08 elections will not be pursued further; and
- (c) over the years, the appointment system has provided a channel for individuals to serve the community. Appointed members have made constructive and useful contribution to the work of DCs.

7.17 On the question of ex-officio seats, it should be noted that the ex-officio members are Chairmen of the 27 Rural Committees in the New Territories. They are elected in the respective Rural Committees which are mainly made up of village representatives, who are in turn elected by indigenous and non-indigenous residents under the Village Representative Election Ordinance (Cap. 576). These ex-officio DC members, as Chairmen of Rural Committees, have strong ties with the rural community. They provide a very effective channel of communication between the Government and the rural community. Over the years, ex-officio members have helped ensure that the interests of village inhabitants are adequately represented.

7.18 On the basis that there should continue to be appointed and ex-officio seats for DCs for the term commencing in 2008, views on the future composition of DCs are welcome.

## **Chapter Eight**

### **District Council Election-Related Matters**

8.1 This Chapter deals with two DC election-related matters. In the first part, we will explore ways to address the concern regarding the impact of the suspension of the operation of DCs from October to December in election years. In the second part, we will discuss whether a financial assistance scheme should be introduced for candidates taking part in DC elections.

#### **Suspension of the Operation of District Councils During October to December in Election Years**

##### ***Background***

8.2 Under section 28 of the District Councils Ordinance, DHA may suspend the operation of DCs until the commencement of the new term to facilitate the holding of a DC general election. The purpose of the suspension is to provide a level playing field for all candidates in the election, and to avoid giving undue advantage to incumbent DC members running for the new term. For the 2003 DC election, the suspension period started on 2 October 2003, which was the commencement date of the nomination period, and ended on 31 December 2003. (The polling date was 23 November 2003.)

8.3 Section 28(3) of the District Councils Ordinance provides that the operation of all DCs and their committees stand suspended during the suspension period specified by DHA. Under section 28(4) of the District Councils Ordinance, if the circumstances so warrant, DHA may permit or request a DC or a committee to hold one or more meetings during the period of suspension.

8.4 Before the start of the DC suspension period in 2003, HAD had issued to DC members a set of administrative guidelines on the activities that would be suspended or allowed during the suspension period. According to the guidelines, all business of DCs should cease, for example:



- (a) meetings of DCs, their committees and working groups;
- (b) activities, training courses and other functions organised or co-organised by DCs, their committees or working groups; and
- (c) Meet the Public Scheme.

8.5 On the other hand, district activities organised by local organisations and sponsored by DCs could continue to be held during the suspension period. DC members could attend or officiate at activities and functions organised by local organisations. They could also continue to operate their ward offices. Members of the public could approach individual DC members for assistance. In conducting the above activities, DC members who intended to run in the election were advised to observe the relevant electoral legislation and the guidelines on election-related activities issued by the Electoral Affairs Commission.

8.6 Some DC members expressed concern that the suspension period had affected the operation of DCs. They considered that the suspension of DCs had caused inconvenience to the local community as issues could not be brought to DCs for deliberation. Some DC members said that they had been criticised for not carrying out their duties but they continued to receive honoraria during the suspension. Others expressed worries that the suspension would prevent incumbent members from monitoring district affairs. Moreover, they were also concerned that DCs could not organise or co-organise celebration activities for Christmas and New Year's Eve during the suspension period, which overlapped with the festive season when the community would expect the active participation of DCs in the celebrations.

8.7 As mentioned in Chapter Two, we propose to enhance the role of DCs by enabling DCs to have greater involvement in the management of district facilities. If the proposal is adopted, the suspension arrangement may have impact on the work of DCs in managing the district facilities. We will have to consider ways to minimize the impact of the suspension arrangement on the delivery of district services.

### ***Conducting the Poll in Early December***

8.8 In previous DC election years, the suspension of DCs

commenced on the first day of the nomination period of the DC election. Section 9(3) of the Electoral Affairs Commission (Electoral Procedure) (District Councils) Regulation provides that the nomination period must end not less than 28 days and not more than 42 days before the election is to be held. The commencement date of the suspension period, therefore, depends on when the polling is to be held and when the nomination period starts.

8.9 Section 27 of the District Councils Ordinance stipulates that the polling day for holding a DC ordinary election must be not earlier than 60 days and not later than 15 days before the commencement of the new term of DCs. In other words, it will be in compliance with the statutory requirement as long as the polling day falls within 2 November and 16 December of the year preceding the commencement of the new term. Consideration may be given to conducting the polling in early December to reduce the length of the suspension period. If this proposal is adopted, polling should take place on a day not later than the first week of December, having regard to the need to provide a fallback polling date to cater for unforeseen circumstances.

8.10 The above proposal, if adopted, would strike a balance between providing a level playing field for all candidates and addressing concerns regarding the impact of the suspension on the operation of DCs.

### **Financial Assistance Scheme**

8.11 Financial assistance for election candidates was first introduced in the 2004 LegCo election with the aim of encouraging more public-spirited candidates to participate in the LegCo elections and cultivating an environment to facilitate the development of political talents in Hong Kong. Under the scheme, candidates who get elected, or those who received 5% of valid votes or more, are eligible for financial assistance. The subsidy rate is set at \$10 per vote, capped at 50% of the actual election expenses of the candidates, or the difference between their actual election expenses and election donations, whichever is the lower. For the 2004 LegCo election, the Registration and Electoral Office (REO) received 47 applications for financial assistance from the candidates. The total amount of subsidy provided was around \$14 million.

8.12 There have been calls to extend the financial assistance scheme to DC elections. We have given the matter careful

consideration. As an initiative to encourage participation in public elections and the development of political talents in Hong Kong, the Government announced on 28 March 2006 a proposal to provide financial support to candidates in DC elections to help them meet part of their election expenses. The details of our proposed scheme are set out in paragraphs 8.13 to 8.15 below.

## **Amount of Financial Assistance Provided to Candidates**

### ***Subsidy Rate***

8.13 The subsidy rate at \$10 per vote for the financial assistance scheme for LegCo election candidates was set with reference to the average election expense limit of five geographical constituencies and the number of votes received by the most popular geographical constituency candidates. The LegCo geographical constituency elections and the DC elections are both geographical in nature; the aggregate size of the electorate in both elections is also the same (i.e. a registered electorate of about 3 million). Further, past experience has shown that the nature and methods of electioneering activities conducted by the candidates in these two elections are more or less similar. Indeed, based on election expenses declared by candidates, the election expenses per vote in both the 2003 DC election and the 2004 LegCo election is around \$20. We, therefore, propose that the same level of financial assistance (i.e. \$10 per vote, capped at 50% of a candidate's actual election expenses) should be provided to candidates in the DC elections.

### ***Threshold of Valid Votes***

8.14 Under the financial assistance scheme for LegCo election candidates, only candidates who are elected or who receive votes surpassing the threshold (currently set at 5% of valid votes) are given financial support. For consistency, we propose to apply the same threshold (i.e. 5% of valid votes) to the proposed financial assistance scheme for DC election candidates.

### ***Amount Payable***

8.15 Similar to the financial assistance scheme for LegCo election candidates, we recommend that eligible applicants of the proposed scheme for DC elections will be given financial assistance to offset part of their election expenses as follows –

(a) in respect of candidates in a contested constituency, the amount payable is -

- (i) the amount obtained by multiplying the total number of valid votes cast for the candidate by the specified rate (i.e. \$10 per vote); or
- (ii) 50% of the declared election expenses of the candidate,

whichever is lower;

(b) in respect of uncontested constituencies, the amount payable is -

- (i) the amount obtained by multiplying 50% of the number of registered electors for the constituency by the specified rate (i.e. \$10 per vote); or
- (ii) 50% of the declared election expenses of the candidate,

whichever is lower.

We will set out details of the formula for calculating the amount payable to candidates in the amendment legislation to be introduced.

## **Chapter Nine**

### **Financial and Staffing Implications**

9.1 This Chapter provides a summary of the financial and staffing implications arising from the proposals set out in this consultation document which are subject to the normal resource allocation process within Government.

#### **Funds for District Minor Works**

9.2 We propose the creation of a dedicated capital works block vote of \$300 million per year under CWRF. The block vote is intended for DCs to initiate and undertake minor works projects to upgrade and improve district facilities under the purview of DFMCs and to carry out the usual environmental improvement projects. It will replace the existing block vote for Urban Minor Works under CWRF. It would obviate the need for LCSD and HAD to compete for funds from the centralised block vote for Minor Building Works under Arch SD in respect of those district facilities to be put under DCs' management. Also, DCs would be able to use their DC funds exclusively for community involvement projects, thus enhancing their capability to carry out community building work. Compared with the 2005-06 provision under the existing funding arrangements, this represents an increase of about \$105 million per year.

9.3 Separately, we plan to earmark an additional \$10 to \$15 million in the two departments' operational expenses for maintenance and management of district facilities.

#### **DC Funds**

9.4 LCSD is currently spending about \$68 million in running various programmes and activities in those district facilities to be put under DFMCs' purview in the 18 districts. In principle, we propose to transfer all these funds to DCs for deployment but the actual amount to be transferred in a year will take account of the phased implementation. Moreover, to ensure that DCs may initiate programmes and activities to respond to district aspirations, we propose to bring the total provision for DC funds to \$300 million per year, i.e. an increase of about \$84.5 million

for running of district programmes including leisure and sports programmes and community involvement projects.

### **Remuneration for DC Members**

9.5 We propose to introduce a new remuneration package with a 10% increase in both members' honorarium (from \$17,040 to \$18,700 per month) and the Operating Expenses Allowance (from \$16,348 to \$18,000 per month). We also propose to introduce a new non-accountable Miscellaneous Expenses Allowance of \$4,000 per month. The additional recurrent expenditure arising from these proposals to be implemented from the next DC term starting on 1 January 2008 is estimated at \$48.9 million.

9.6 DC members will also be assisted in the setting-up and winding-up of their ward offices, including severance payment to their staff. On the basis of the proposed \$100,000 for setting-up allowance and \$72,000 for winding-up allowance, this will cost additional expenditure of around \$41 million within one term of office of DC members (i.e. every four years).

### **Staffing Resources for Departments to Support DCs**

9.7 To strengthen support for the work of DCs, particularly in taking forward works projects and programmes/activities relating to the district facilities and to service the District Facilities Management Committees in the districts and the Steering Committee on District Administration chaired by SHA/PSHA, additional staff will be required in HAD and LCSD. To implement the proposals on a pilot basis, say in five districts, we estimate that 26 additional staff will be required.

### **Financial Assistance Scheme**

9.8 Using the actual figures in the 2003 DC election on relevant factors such as the number of candidates, the votes obtained and their actual election expenses, we expect the total amount of financial assistance payable would be around \$6.75 million if a subsidy of \$10 per vote were paid to the eligible candidates. This will be met through the existing provision for conducting the 2007 DC election.

## Chapter Ten

### Concluding Remarks : Views Sought

10.1 The success of District Administration depends on the support and input of all concerned. We welcome views from the public on the Government proposals set out in this document relating to enhancing the role of DCs in district management, DC composition and DC election-related matters. These proposals are summarised below –

#### Management of district facilities

- (a) to enable DCs to play an active role in the management of some district facilities, we **propose** to set up a District Facilities Management Committee (DFMC) under each DC to steer and oversee the work involved (paragraphs 2.6 to 2.7 of Chapter Two);
- (b) we **propose** to involve DCs in the management of district libraries, community halls, leisure grounds, sports venues and swimming pools (including beaches) (paragraph 2.8 of Chapter Two);
- (c) we **propose** that the DFMCs should be invited to provide input, consider and endorse proposals from HAD and LCSD regarding the management of the identified district facilities. Without prejudice to the statutory powers and obligations of the concerned departments and subject to the financial authority of these departments, relevant international professional or safety standards, prevailing government policies on staff and resources management (including government fees and charges), they will follow the decisions of the DCs as far as possible (paragraphs 2.6 to 2.14 of Chapter Two);
- (d) we **propose** that the DC funds should in future be reserved for leisure and sports programmes and community involvement projects. Taking account of the provision for programme expenses to be transferred to DC funds from

LCSD's approved budget, we propose to increase the DC funds to an annual provision of \$300 million (paragraphs 2.15 to 2.16 of Chapter Two);

- (e) we **propose** introducing a pilot scheme and implementing the proposals in say five districts with a good mix of district facilities on a pilot basis. Subject to the necessary approval, we **propose** that the first phase be implemented in January 2007 (paragraph 2.17 of Chapter Two); and

### **Capital works improvement to district facilities and district minor works**

- (f) we **propose** to create a dedicated capital works block vote with an annual provision of \$300 million under the CWRF, replacing three existing sources for district minor works, for DCs to initiate and implement minor works in the districts particularly those district facilities placed under their management (paragraphs 3.9 to 3.11 of Chapter Three);

### **Strengthening the role of District Officers and enhancing communication with DCs**

- (g) we **propose** to set up a Steering Committee on District Administration, to be chaired by the SHA or PSHA and attended by the Heads of Departments, to provide a forum for top management in various departments to exchange views on issues of mutual concern and resolve inter-departmental district management issues, as well as to formulate strategies on enhancing district work (paragraphs 4.5 to 4.8 of Chapter Four);
- (h) we **propose** that Heads of Departments that have direct interface with the public should aim to attend one DC meeting every two to three months (para. 4.10 of Chapter Four);
- (i) we **propose** that the Chief Executive should host an annual District Administration Summit to provide for more effective dialogue between DCs and senior Government officials dealing with matters affecting people's livelihood (paragraphs 4.11 to 4.12 of Chapter Four);



## **Enhancing District Partnership**

- (j) with the proposed increase in DC funds for community involvement projects and more active involvement of DCs in the management of some district facilities, we **propose** that DCs should draw up plans for collaboration with other sectors and initiate proposals with district characteristics aiming to achieve a wide spectrum of social objectives (paragraphs 5.6 to 5.8 of Chapter Five);

## **Support for DC members and DC election-related matters**

- (k) we **propose** to raise the level of members' honorarium (non-accountable) and Operating Expenses Allowance (accountable) by 10% and introduce a new non-accountable Miscellaneous Expenses Allowance and two new accountable allowances on the setting-up and winding-up of ward offices (paragraph 6.14 of Chapter Six);
- (l) we **propose** to conduct the poll in early December to minimise the impact of the suspension of the operation of DCs from October to December in election years (paragraphs 8.8 to 8.10 of Chapter Eight); and
- (m) we **propose** to introduce a financial assistance scheme for DC election candidates. Under the proposed scheme, candidates who get elected, or those who received 5% of valid votes or more, will be eligible for financial assistance. We **propose** that the subsidy rate be set at \$10 per vote, but capped at 50% of the actual election expenses of the candidates. (paragraphs 8.12 to 8.15 of Chapter Eight).

Members of the public are invited to take into account the broad parameters set out in paragraph 1.17 of Chapter One when putting forth their views on the above issues.

10.2 We would also welcome views on the following issues regarding the composition of DCs –

- (a) the number of elected seats and the related question of the size of each DC constituency in the longer term (paragraphs 7.3 to 7.6 of Chapter Seven); and

- (b) the future composition of DCs on the basis that there should continue to be appointed and ex-officio seats for DCs for the term commencing in 2008 (paragraphs 7.7 to 7.18 of Chapter Seven).

10.3 Please send us your views and comments by post, fax or e-mail on or before 31 July 2006:

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c/o Home Affairs Bureau  
31/F., Southorn Centre  
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10.4 Views received may be published in their entirety in future for public information. Please state your request clearly in your submission if you prefer your identity or views to remain confidential. All responses will be treated as public information unless otherwise specified.

**Composition of District Boards/Provisional District Board/District Councils**

Term of Office	Chairmen	Non-officials				Officials	Overall
		Elected Members	Appointed Members	Ex Officio Members (Rural Committee Chairmen)	Urban Council Members	Appointed Official Members	
1982-85 District Board (1.4.82 - 31.3.85)	District Officers	132	134	27	30	167	490
1985-88 District Board (1.4.85 - 31.3.88)	Elected from among DB members	237	132	27	30	—	426
1988-91 District Board (1.4.88 - 31.3.91)	Elected from among DB members	264	141	27	30	—	462
1991-94 District Board (1.4.91 - 30.9.94)	Elected from among DB members	274	140	27	—	—	441
1994-97 District Board (1.10.94 - 30.6.97)	Elected from among DB members	346	—	27	—	—	373
1997-99 Provisional District Board (1.7.97 - 31.12.99)	Elected from among PDB members	—	469	—	—	—	469
2000-03 District Council (1.1.00 - 31.12.03)	Elected from among DC members	390	102	27	—	—	519
2004-07 District Council (1.1.04 - 31.12.07)	Elected from among DC members	400	102	27	—	—	529