Legislative Council

of the

Hong Kong Special Administrative Region

Report on the Visit of the Delegation of the Legislative Council to Finland, Norway and Denmark

14 to 21 September 2014

TABLE OF CONTENTS

Chapter			Page
1	Introdu	ction	
	•	Purpose of the report	1
	•	Background of the visit	1
	•	Objectives of the visit	2
	•	Membership of the delegation	2
	•	Visit programme	3
2	Finland		
	•	Visit programme	4
	•	Constitutional and political development of Finland	4
	•	Electoral system and political parties	6
	•	Speaker's Council and rules of procedure	8
	•	Standing committees	10
	•	Parliamentary services	14
	•	Education system	17
	•	Innovation and technology	19
	•	Trade and other issues	21
3	Norway		
	•	Visit programme	24
	•	Constitutional and political development of Norway	24
	•	Constitution and electoral system	27
	•	Political parties representing the ruling coalition	30
	•	The Presidium and rules of procedure	33
	•	Standing committees	35
	•	Parliamentary services	37
	•	Government Pension Fund Global	39
	•	The Parliamentary Ombudsman	42
	•	Ministry of Foreign Affairs	45
4	Demark		
	•	Visit programme	46
	•	Constitutional and political development of Denmark	46
	•	Electoral system	49
	•	The Presidium	51
	•	Standing committees	52
	•	Parliamentary services	53
	•	Environmental Protection	57

TABLE OF CONTENTS

		Page
	 Creative industries 	58
	 Food processing industry 	61
5	Follow-up event in Hong Kong	
	• Exhibition	63
6	Observations and conclusions	
	 Observations 	66
	 Conclusions 	74
	Acknowledgements	75
	Acronyms and abbreviations	76
Aŗ	ppendix	
	Visit Programme	

Purpose of the report

1.1 This report presents the findings and observations of the visit of the delegation of the Legislative Council ("LegCo") to Helsinki of Finland, Oslo of Norway and Copenhagen of Denmark from 14 to 21 September 2014.

Background of the visit

- 1.2 Formed under the House Committee, the Parliamentary Liaison Subcommittee ("the Subcommittee") coordinates all parliamentary liaison activities between LegCo and other parliamentary organizations outside Hong Kong. In developing good relationship with parliamentary organizations, members of the Subcommittee participate, on a regular basis, in receiving parliamentarians and delegations visiting Hong Kong. The Subcommittee also makes recommendation to the House Committee on sending delegations of LegCo Members on visits outside Hong Kong and organizes such visits.
- 1.3 The Subcommittee considered different proposals for visit made by individual members, including countries in Northern Europe to which no past visit had been organized by the Subcommittee. Having made reference to the information prepared by the Research Office of the Secretariat, the Subcommittee considered it worthwhile to organize a visit to Northern European countries with unicameral legislature and a coalition government formed by parliamentary alliances. After deliberation, the Subcommittee decided to recommend the organization of a visit to Finland, Norway and Denmark in mid September 2014. The Subcommittee's recommendation was endorsed by the House Committee on 30 May 2014.
- Taking into account the increase of the number of Members from 60 to 70 in the Fifth LegCo, the House Committee endorsed the Subcommittee's recommendation to increase the size of a LegCo delegation on a visit organized by the Subcommittee to nine fully-sponsored Members while the self-financing Members should remain to be seven. The House Committee also endorsed the mechanism for selecting Members to join such delegations in the current term, so that the delegation undertaking the visit should comprise Members who were

representative of the groupings in LegCo.

Objectives of the visit

- 1.5 The objectives of the delegation's visit are as follows:
 - (a) to strengthen the ties with the various legislatures concerned, foster mutual understanding and keep them informed of the latest developments in Hong Kong;
 - (b) to gain information on the political landscape of these legislatures and to draw on their experiences in constitutional development, including the development of electoral system and unicameral system with a coalition government formed by parliamentary alliances;
 - (c) to gain a better understanding of the structure and the operation of the legislatures concerned, including how they monitor the government, the way different parties in a legislature work together, and the challenges faced by these legislatures; and
 - (d) to understand more about the parliamentary services in these legislatures, including how the services are managed and provided to support the work of the legislatures.

Membership of the delegation

1.6 The delegation comprises the following ten Members:

Hon Emily LAU Wai-hing, JP (Leader of the delegation)
Hon CHUNG Kwok-pan (Deputy Leader of the delegation)
Hon Cyd HO Sau-lan, JP
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Charles Peter MOK, JP
Hon Alice MAK Mei-kuen, JP
Dr Hon Helena WONG Pik-wan

Hon IP Kin-yuen Hon James TO Kun-sun (Member joining the delegation on a self-financing basis)

1.7 Ms YUE Tin-po, Chief Council Secretary (4)3 and Clerk to the Subcommittee, Mr Joey LO, Senior Council Secretary (4)3, and Mr Raymond CHOW, Council Secretary (1)6, accompanied the delegation on the visit.

Visit programme

- 1.8 To prepare for the visit, the delegation held two meetings to discuss and decide on the organizations and persons to visit, the itinerary as well as logistical arrangements. It also held a working lunch with Mr Juri SINKARI, Consul-General of Finland in Hong Kong and Macao, to discuss the visit programme in Finland. In addition, the delegation sought assistance from the Norwegian Ministry of Foreign Affairs and the Royal Danish Embassy in Beijing in lining up the meetings for the delegation during its stay in Norway and Denmark.
- 1.9 Having regard to the objectives of the visit, the Research Office of the Secretariat conducted researches into the political development of the three countries. The Secretariat also collated background information on the organizations and persons whom the delegation would meet with during the visit. The thorough and relevant information enabled the delegation to have fruitful exchanges with the legislatures concerned and other persons in the three countries.
- 1.10 The delegation visited Helsinki of Finland, Oslo of Norway and Copenhagen of Denmark from 14 to 21 September 2014. During the 8-day visit, the delegation met with the President, Vice-Speaker, First Deputy Speaker, Chairs of committees as well as Members of Parliaments ("MPs") of these countries, their parliamentary staff, members of political parties, government officials, academics, school principal and representatives of public organizations/business association. The delegation also toured the historic parliament buildings of these countries. The detailed visit programme is in **Appendix**.

Visit programme

- 2.1 During its visit in Finland, the delegation met with Mr Pekka RAVI, Vice-Speaker of the Eduskunta, the Finnish Parliament, and attended a lunch hosted by Mr Seppo TIITINEN, Secretary General of the Eduskunta. The delegation also received briefings by Mr Johannes KOSKINEN, Chairman of the Constitutional Law Committee ("CLC") of the Eduskunta, Ms Päivi LIPPONEN, Chairman of the Committee for the Future ("CFTF") of the Eduskunta, and Mr Pertti RAUHIO, the Administrative Director of the Eduskunta.
- 2.2 In addition, the delegation visited the Pelimanni Primary School, the Tekes (the Finnish Funding Agency for Innovation) and held a meeting with Ms Eija ROTINEN, Deputy Director General of the Department for the Americas and Asia of the Finnish Ministry for Foreign Affairs. The delegation also met with Professor Anne HOLLI from the University of Helsinki and attended a lunch cum meeting with the Finland-Hong Kong Trade Association.
- 2.3 Through these meetings and briefings, the delegation gained an in-depth understanding of the constitutional and political developments in Finland, its electoral system and parliamentary services, as well as its education system and development of innovation and technology.

Constitutional and political development of Finland

Recent history of constitutional and political development

2.4 Finland was part of Sweden since 1155 but was conquered by Russia in 1809 when Sweden lost its status as a leading power at the beginning of the 19th century. While under Russian control, Finland became a state with its own assembly, elections, local administration, legislation, army, currency and post office. In 1916, Russia was in the grip of revolution. Finland subsequently declared its independence and broke away from Russia on 6 December 1917. The form of the Finnish government was confirmed in 1919 as a republic with the President as the head of state.

2.5 Finland became a member of the United Nations in 1955 and the Nordic Council (an inter-parliamentary body for the Nordic countries) in 1956. Finland joined the European Union ("EU") as a full member in 1995. At the beginning of January 2002, Finland and 11 other countries adopted the euro as their single currency.

Political and judicial system

- 2.6 Finland had a population of about 5.4 million at end-February 2013. Finland is a parliamentary democracy with a multi-party political system. The President is the head of state, while the Prime Minister is the head of government. The powers of the Executive, Legislative and Judicial Branches are set out in the *Constitution* adopted in 1919. In Finland, the executive power is divided between the President and the Prime Minister. Under the new *Constitution* that took effect in 2000 and was amended in 2012, the President directs foreign policy in co-operation with the Prime Minister and other government officials. He or she also carries out other statutory duties specified in the *Constitution*. For example, the President is the Commander-in-Chief of the Finnish armed forces and nominates the senior government officials and judges.
- 2.7 Meanwhile, the new *Constitution* has strengthened the role of the Prime Minister at the expense of the President. At present, the Prime Minister has primary responsibility for all other policy areas not reserved for the President, such as the European affairs. The Prime Minister is also responsible for directing the work of the Finnish government, which is the main decision-making body of the Executive Branch, and chairing the plenary sessions of the Finnish government.
- The Prime Minister is elected by the Eduskunta and appointed to office by the President. Usually the leader of a majority party or coalition winning the parliamentary election becomes the Prime Minister. Other Ministers are appointed by the President in accordance with the recommendations of the Prime Minister. Sauli NIINISTÖ has served as the President since March 2012 while Alexander STUBB has been the Prime Minister since June 2014. Both of them come from the National

In the past, the President was entrusted with supreme executive power. The new *Constitution* curbs the presidential powers, including the removal of his or her power to appoint the Prime Minister without the parliamentary consent.

Chapter 2 – Finland

Coalition Party.

- The Eduskunta is the unicameral legislature of Finland. Under the *Constitution*, the Eduskunta is the decision-making authority in Finland. It enacts legislation, approves the national budget, ratifies international treaties and oversees the Finnish government. It is also responsible for electing the Prime Minister and approving the programme of the Finnish government, which is a plan of actions agreed by the parties participating in the coalition government. The programme sets out the main tasks to be handled by the incoming administration. In addition to national decision-making, the Eduskunta participates actively in formulating the Finnish opinion in the EU affairs and changes in European legislation.
- 2.10 The Finnish judicial system is made up of a hierarchy of independent courts, comprising courts for regular civil and criminal jurisdiction (including the Supreme Court, six Courts of Appeal and 27 District Courts), administrative courts with jurisdiction over litigation between individuals and the public administration, and specialized courts such as the Labour Court and the Insurance Court.

Electoral system and political parties

- 2.11 During its visit in Finland, the delegation received a briefing by Professor Anne HOLLI from the University of Helsinki about the development of the electoral system and the unicameral system in Finland. The delegation has noted that the President is elected by a direct popular vote. He or she can serve for a maximum of two consecutive terms. If no candidate obtains more than half of the votes in the first round of election, the two candidates with the most votes take part in the second round. The candidate receiving more votes in the second round will be elected as the President. The presidential election is held once every six years. The last election was held in two rounds in January and February 2012 respectively. Sauli NIINISTÖ, nominated by the National Coalition Party, won 62.6% of votes in the second round of voting to become the President.
- 2.12 As regards the parliamentary election, the delegation has noted that the Eduskunta is composed of 200 Members returned from 15

constituencies under a proportional representation system. According to the Constitution, one representative is elected from the constituency of Åland (a Swedish-speaking autonomous region in Finland) by simple majority and the remaining 199 seats are allocated proportionally to the remaining 14 constituencies according to the size of their population. In each of the 14 constituencies other than Åland, open list is adopted such that parties cannot determine their candidate order beforehand. Voters are presented with unordered or random list of candidates chosen in party primaries. Voters cannot vote for a party directly, but cast their votes for an individual candidate instead. This feature has led to a system where voting choices focus on the candidate, not just the party. The number of seats received by each party is determined by the total number of votes The order in which the party's candidates gained by its candidates. elected to these seats is determined by the number of individual votes they received. According to Professor HOLLI, the adoption of open list in the Finnish parliamentary elections tends to produce more competition within parties than between parties.

- 2.13 The delegation has also noted that the election of the Eduskunta is held once every four years unless it is dissolved earlier by a presidential order. The last election was held in April 2011. The National Coalition Party won 44 seats to become the largest party followed by the Social Democratic Party with 42 seats. The Finns Party emerged as the third largest party with currently 38 seats in the Eduskunta. The composition of the Eduskunta by political party is as follows:
 - (a) National Coalition Party (44 Members) which has the ideology of combining freedom with responsibility, democracy and equality;
 - (b) Social Democratic Party (42 Members) which favours a fair society, a supportive state and a sustainable future;
 - (c) Finns Party (38 Members) being a populist and nationalist party proposing a progressive taxation regime and opposing same-sex marriage;
 - (d) Centre Party (35 Members) which promotes the interests of the rural population, equality and decentralization;

- (e) Left Alliance (12 Members) as a left-wing party formed following the merger of a number of left parties supporting greater job security for workers and environmentally conscious Finland;
- (f) Green League (10 Members) which concerns the protection of the natural environment;
- (g) Swedish People's Party (10 Members) which represents the interests of the Swedish-speaking minority;
- (h) Christian Democrats (six Members) which upholds the value of human dignity, social responsibility and partnership between people and nature;
- (i) Left Faction (two Members) which emphasizes labour rights; and
- (j) Change 2011 (one Member) which advocates direct participation in democratic processes and free speech without restrictions.
- As advised by Professor HOLLI, the Finnish women were the first in the world to receive full political rights in 1906, including the right to stand for election as well as the right to vote. Currently, women make up 42.5% of the Members of the Eduskunta, which is the second-highest in the industrialized world and only behind the Parliament of Sweden.

Speaker's Council and rules of procedure

2.15 During its visit in Finland, the delegation exchanged views with Mr Pekka RAVI, Vice-Speaker of the Eduskunta, on issues relating to the parliamentary practices. The delegation has noted that the Speaker, together with the Speaker's Council, shall lead parliamentary activity in accordance with the *Constitution* and the Eduskunta's rules of procedure. The Speaker heads the Speaker's Council which plans and approves the agenda of the plenary session and other matters closely related to the work in the plenary session. The Speaker's Council is formed by the

Speaker, the two Vice-Speakers and the committee chairpersons. The Speaker and the Vice-Speakers form the presidency. The Speaker's Council also gives general directions on committee work and functions as an advisory organ to the Speaker on matters that he decides.

As informed by Mr RAVI, section 49 of the Eduskunta's rules of procedure governs the Speaker's duties in plenary session. The Speaker shall chair the plenary session and maintain order therein, as well as make the proposals for decisions and for voting. The Speaker shall make proposals only as is required for the implementation of the *Constitution*, the rules and the decisions of the Eduskunta. The Speaker shall see to it that those who have the floor keep to the issue under consideration. If a person who has the floor digresses, the Speaker shall exhort him or her to keep to the issue. If the exhortation is not heeded, the Speaker may deny the floor to the person in question. There are neither any rules governing filibuster nor any closure motion to curtail debates under the Eduskunta's rules of procedure.



Meeting with Mr Pekka RAVI, Vice-Speaker of the Eduskunta

Standing committees

2.17 The delegation has noted that there are 16 standing committees in the Eduskunta, namely, the Grand Committee and, as specialized Committees, the CLC, the Foreign Affairs Committee, the Finance Committee, the Audit Committee, the Administration Committee, the Legal Affairs Committee, the Transport and Communications Committee, the Agriculture and Forestry Committee, the Defence Committee, the Education and Culture Committee, the Social Affairs and Health Committee, the Commerce Committee, the CFTF, the Employment and Equality Committee, and the Environment Committee. The delegation held meetings to receiving briefings by members of the CLC and the CFTF.

Constitutional Law Committee

- 2.18 During the meeting with the CLC, Mr Johannes KOSKINEN, Chairman of the CLC, informed the delegation that the principal function of the CLC is to issue statements on bills sent to it for consideration and on the constitutionality of other matters and their bearing on international human rights instruments. The CLC drafts the *Constitution* as well as legislation closely connected to it, such as the legislation pertaining to autonomy of Åland, election, citizenship, language and defence. The CLC also deals with matters having to do with the alleged malfeasance of a minister, the reports of the Chancellor of Justice and the Parliamentary Ombudsman, and report of the Finnish government. Furthermore, the CLC conducts an assessment of those who have registered an interest in the position of Parliamentary Ombudsman and Deputy Parliamentary Ombudsman for purposes of the election of these officials that is held in a plenary session.
- 2.19 According to Mr KOSKINEN, Finland's proportional representation system encourages a multitude of political parties and the formation of many coalition governments. The Centre Party, the National Coalition Party, the Social Democratic Party, and the True Finns Party are the four major parties emerged to dominate the political arena in recent years, but none of them has a majority position. In Finland's multiparty system, it is impossible to build a functioning majority government without forming some kind of coalition.

Autonomy of Åland

When discussing the political system of Åland', the delegation has been informed that Aland is an autonomous, demilitarized. monolingually Swedish-speaking region of Finland with a population of about 28 000. Åland is an archipelago consisting of more than 6 700 islands and lies at the entrance to the Gulf of Bothnia in the Baltic Sea. Åland, along with Finland, was originally ruled by Sweden. In 1809, Sweden was forced to relinquish Finland and Aland to Russia. In 1917, when Finland gained its independence, the representatives of Åland's municipalities sought reunion with Sweden. However, Finland rejected the demand of Ålanders and the Eduskunta attempted to solve the issue by passing the Act on the Autonomy of Åland ("the Autonomy Act") in 1920. Åland refused to accept it, and the question of Åland's status was referred to the League of Nations for settlement (the predecessor of the United Nations). In 1921, the League of Nations granted Finland sovereignty over Åland. In return, Finland was placed under an obligation to guarantee Ålanders the right to preserve their Swedish language, culture, local customs and the system of self-government. The League of Nations also decided that a treaty governing Åland's demilitarization and neutralization should be drawn up to ensure military stability in the region.

As advised by members of the CLC, the 1920 Autonomy Act for Åland soon proved inadequate and was replaced by new legislation of the same name in 1951 and 1993. The new Autonomy Act enlarges the powers of the Parliament of Åland, delineates the right of domicile² and authorizes Swedish as the only official language in Åland. Åland's autonomy is safeguarded by the Autonomy Act passed by the Eduskunta and is secured by the Constitution. The Autonomy Act empowers Åland to legislate on internal affairs and vote on its own budget. Any amendment to the Autonomy Act must follow the same legislative procedure governing constitutional amendment and requires the consent of the Parliament of Åland. The division of power between Åland and Finland can thus only be changed on a consensual basis. In practice,

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The right of domicile is acquired at birth if it is possessed by either parent. Immigrants who have lived in Åland for five years are entitled to have the right of domicile, which is a prerequisite to vote and stand for parliamentary elections, own or be in possession of real property in Åland, and conduct a business in Åland.

Chapter 2 – Finland

Åland can veto any changes to the division of power between Åland and the central government of Finland.

- As regards the legislative autonomy of Åland, the delegation has noted that Ålanders are governed by the Parliament of Åland comprising 30 Members elected for a four-year term by proportional representation. The voting age is 18, but the right to vote and stand for election is also dependent on possession of right of domicile in Åland. The Parliament of Åland is empowered to pass legislation on a number of areas, including local government, education, culture and the preservation of ancient monuments, telecommunications and broadcasting, health services, environmental matters, promotion of industry, local transport, and internal security.
- 2.23 The delegation has also noted that Finnish state law only applies in the areas where the Parliament of Åland does not have legislative powers, including foreign affairs, most areas of civil and criminal law, court system, customs, and state taxation. The laws adopted by the Parliament of Åland are referred to the Finnish President for approval, who has a right of veto only if the Parliament of Åland has exceeded its legislative authority, and if the bill would affect Finland's internal or external security. The Finnish President bases his decision on the opinion of a body known as the Åland Delegation and occasionally also on the opinion expressed by the Supreme Court. Half of the members of the Åland Delegation are appointed by the Finnish government and the other half by the Parliament of Åland.



Meeting with the Constitutional Law Committee of the Eduskunta

Committee for the Future

- 2.24 During the meeting with the CFTF of the Eduskunta, Ms Päivi LIPPONEN, the Chairman, informed the delegation that the CFTF has 17 members who represent different political parties in the Eduskunta. The task of CFTF is to prepare parliamentary documents entrusted to it, such as Eduskunta's response to the "Finnish Government's Report on the Future", issue statements to other committees on matters related to the future when asked to do so, discuss issues pertaining to future development factors and development models, analyse research regarding the future, including methodology, and serve as the parliamentary body responsible for assessing technological development and its consequences for society. Unlike other committees, the CFTF does not generally deal with legislative proposals. It has a right to draft its own reports concerning the future which are then discussed in plenary session.
- 2.25 As advised by Ms Päivi LIPPONEN, the theme of the CFTF's report covering the parliamentary term 2007-2011 is climate and energy. The CFTF has made active use of its power of initiative in defining its own work. After every election, the agenda of each new committee takes

Chapter 2 – Finland

shape in the minds of the 17 parliamentarians elected onto it. The CFTF, which was formed after the elections in March 2007, has chosen to focus on three issues, namely "Finland renewing herself through learning – the challenge of metropolises and new general education", "Taboos of the welfare model – sacred misconceptions", and "Forests and the future of using them". In 2014, the CFTF published various papers, including "Crowdsourced off-road traffic law experiment in Finland - Report about idea crowdsourcing and evaluation", and "Chinese–Finnish Green Growth Cooperation".



Meeting with Ms Päivi LIPPONEN, Chairman of the Committee for the Future of the Eduskunta

Parliamentary services

Parliamentary Office

2.26 The delegation met with the staff of the Eduskunta to understand more about the parliamentary services in the legislature. According to the rules of procedure of the Eduskunta, the Office Commission is tasked with overseeing the administration of Eduskunta.

The Commission is made up of the Speaker, two Deputy Speakers and four Members. It supervises the Parliamentary Office established to provide administrative support to the legislature. The Eduskunta appoints a Secretary General in plenary session to lead the work of the Parliamentary Office. The Parliamentary Office is divided into the Central Office, the Committee Secretariat, the Information and Communication Department, the Administrative Department, the International Department and the Security Department. At present, there are about 460 staff members working in the Parliamentary Office.

2.27 informed by Mr Pertti RAUHIO, Director As Administration of the Eduskunta, the Parliamentary office provides necessary training for new MPs. The training includes the parliamentary work in the plenary sessions and committees, etc. and also the administrative matters. The delegation notes that an independent threemember remuneration committee decides MP's salaries. MP's salary starts from 6335 €month and reaches 6811 €month after 12 years. The chairmen of the committees as well as the chairmen of the parliamentary groups receive an additional monthly salary of 471 € to 1178 € minister who is also an MP receives 50% of MP's salary on top of his/her salary.

Tour of the Eduskunta building

- 2.28 Staff of the Parliamentary Office conducted a tour of the Eduskunta building for the delegation. As informed by the Parliamentary Office, the Eduskunta building was inaugurated in 1931 and was viewed as the pinnacle of the Finnish construction at the time. The rectangular building is laid out symmetrically around the circular Plenary Hall. The marble staircases at the southern and northern ends of the foyer lead to the main floor and the Hall of State bathed in green hues.
- 2.29 The delegation has noted that in need of more space, the Eduskunta set out an expansion project in the 1960s. As a result of changes in parliamentary work, each MP has a separate office and in view of growing personnel, supporting facilities for new committees, parliamentary groups, the Office of the Parliamentary Ombudsman and the Parliament Library have also been built. The Eduskunta building was given protected status in 1980 and a major renovation was conducted in the early 1980s. Preserving cultural values and modernizing building

Chapter 2 - Finland

technology have placed challenges on the renovation project launched in 2006. A new renovation project will start in 2015 and the Eduskunta will move to temporary facilities. The renovation of the Eduskunta building is scheduled for completion in time to celebrate the centennial of the independence of Finland in 2017.



Visit to the Eduskunta building



The delegation observed a debate of the Budget Plenary Session in the Chamber of the Eduskunta

Education system

- 2.30 The delegation paid a visit to the Pelimanni Primary School in Helsinki to learn about the education system in Finland, in particular the strategies of achieving high quality education and ensuring teaching quality without the need of standardized tests and school inspection system. The delegation has observed that the Pelimanni Primary School educates many students from grassroot families and emphasizes on small class teaching and inclusive education.
- 2.31 The delegation has noted that the Finnish education system is composed of: (i) nine-year basic education (comprehensive school) for the whole age group, preceded by one year of voluntary pre-primary education, (ii) upper secondary education, comprising general education and vocational education and training (vocational qualifications and further and specialist qualifications), and higher education, provided by universities and polytechnics. In Finland, pre-primary education, basic education and upper secondary education and training, complemented by early childhood education and before and after school activities, form a

coherent learning pathway that supports children's growth, development and well-being.

- As advised by Mrs Leena HIILLOS, Principal of the Pelimanni Primary School, the education system of Finland is characterized by free and equitable education at all levels. In order to provide people an equal access to schooling, the Finnish education features a free and equitable system under which free education is provided at all levels, including pre-primary and higher education. Hence, Finns are entitled to receive education irrespective of their age, domicile, sex, economic situation or mother tongue. The equity in schooling ensures that differences in educational outcome are not the results of differences in the students' socio-economic background.
- 2.33 According to the education system in Finland, the Finnish government is committed to providing students quality education in order to promote the well-being of children and maintain the competitiveness of the Finland's economy. As such, the Finnish schools offer not only education, but also affiliated services (e.g. daily meal, psychological counselling, health care and dental services) to address the nutrition, physical health and psychological needs of students. At comprehensive schools, the average class size is small with about 20 students and instruction is usually given by the same class teachers in most subjects in the first six-year classes and by subject specialists in the last three years. The supportive learning environment helps teachers better understand individual needs of students and provide them timely feedback. Finnish schools also provide extensive support for children with special educational needs.
- Unlike other places in the world, Finland does not consider standardized tests a key to raise students' achievement and hold teachers and school administrators accountable for their students' learning. The rationale is that teachers tend to give higher priority to those subjects that are tested and adjust teaching methods to drilling and memorizing information rather than understanding knowledge. Instead of external standardized tests, the Finnish system relies on the continuous classroom assessments conducted by teachers and school-based evaluation to ensure the teaching quality and accountability. The responsibility of teaching quality assurance is therefore collectively vested with teachers and school administrators.

2.35 The delegation is pleased to note that a professional teacher force is one of the determining factors attributing to the high level of students' performance across the Finnish schools. In Finland, teachers enjoy great respect and trust as the Finns regard teaching as a prestigious profession akin to medicine and law. Finnish teachers are renowned for their high qualifications: those in early childhood and pre-primary education must have a bachelor's degree while the entry requirement for comprehensive and upper secondary school teachers is a master's degree. The Finnish teacher training programme is also characterized by a research-based curriculum that prepares teachers in content, pedagogy and educational theory, and the capacity to conduct their own research and develop creative pedagogical solutions for teaching, as well as training for special education so that teachers have the basic knowledge and skills to handle students with special educational needs.



Visit to the Pelimanni Primary School in Helsinki, Finland

Innovation and technology

2.36 The delegation also visited Tekes, the Finnish Funding Agency for Innovation. Tekes is the most important publicly funded

expert organization for financing research, development and innovation in Finland. It is responsible for providing public funds for research and development ("R&D") activities in private companies, research activities conducted in universities and research institutes that create new business opportunities for the Finnish companies, and public service providers to offer quality services. Under the Ministry of Employment and the Economy, Tekes promotes a broad-based view on innovation. Besides funding technological breakthroughs, Tekes emphasizes the significance of service-related, design, business, and social innovations. Tekes also works with the top innovative companies and research units in Finland. Every year, Tekes finances some 1,500 business research and development projects, and almost 600 public research projects at universities, research institutes and universities of applied sciences.

- 2.37 The delegation has been informed that the research, development and innovation funding of Tekes is targeted to projects that create the greatest benefits for the economy and society in the long-term. Tekes does not derive any financial profit from its activities, nor claim any intellectual proprietary rights. Tekes is part of the Team Finland network which promotes Finland and its interests abroad. At the heart of the Team Finland network are three Ministries (i.e. the Ministry of Employment and the Economy, the Ministry for Foreign Affairs and the Ministry of Education and Culture) together with publicly funded bodies and Finnish offices abroad. In the Team Finland network, Tekes offers innovation funding and services to internationalizing companies, promotes the internationalization of companies and supports efforts to attract foreign investment in Finland. Tekes maintains close cooperation with other members of Team Finland and creates networks for Finnish companies and research organizations both in Finland and internationally.
- 2.38 The delegation has also been informed that Tekes has partly funded 65% of well-known Finnish innovations from 1985 to 2009. In 2012, projects that were completed generated 1,260 products, services or processes, and resulted in 980 patents or patent applications. 47 of the 50 fastest-growing technology companies in Finland were Tekes customers. In small and medium enterprises, an investment of one euro by Tekes produces 21 euros of turnover annually. For every euro invested by Tekes, companies increase their own R&D expenditure by 2 euros. For every 14,000 euros of Tekes funding, one permanent job is created in the private sector. Over 80% of Tekes customers take that Tekes funding is a

significant factor in their success. Moreover, one euro invested by Tekes has generated \in 17 under the Tekes Global Access Programme, which has increased the Gross Domestic Product ("GDP") by more than \in 20 million.

2.39 The delegation is impressed by the fact that R&D expenditure made up 3.6% of Finland's GDP in 2012, which was high by international standards. In 2014, Finland government's total R&D subvention amounted to the equivalent of HK\$20 billion, of which 26% was allocated to Tekes.



Briefing by the representatives of Tekes

Trade and other issues

2.40 The delegation has also exchanged views on various issues with Ms Eija ROTINEN, Deputy Director General of the Department for Americas and Asia of the Finnish Ministry of Foreign Affairs. These issues ranged from Finland's effort in enhancing cooperation with the Nordic region and Russia and supporting the security of Europe, strengthening external relations of the EU, promoting economic relations between Finland and other emerging economies in Asia, Latin America

and Africa, reducing poverty and promoting sustainable development and human rights around the world to the Ukrainian issue. The delegation has urged the Finnish Ministry of Foreign Affairs to put more effort in fostering trade and business cooperation with China.

2.41 The delegation has also met with representatives of the Finland-Hong Kong Trade Association to exchange views on foreign trade policy. The delegation has noted that the mission of the Finland-Hong Kong Trade Association is to develop business relations between Finland and Hong Kong/the Southern China and to create a better awareness of existing possibilities to enhance business. Having noted from the Deputy Leader of the delegation about the networking platform in fashion events of Hong Kong, such as the Hong Kong Fashion Week, the world's second largest and Asia's largest fashion event organized by the Hong Kong Trade Development Council, the Finland-Hong Kong Trade Association subsequently took part in the opening of #INLAND Section in Hong Kong Fashion Week which opened on 19 January 2015 at the Hong Kong Convention and Exhibition Centre. Section's Hong Kong fashion project in its scale is one of the biggest introductions of Finnish Designers in the fast-growing Asian fashion markets.



The delegation attended a lunch cum meeting with the Finland-Hong Kong Trade Association. Ms Annikki ARPONEN (eighth left), former Consul-General of Finland in Hong Kong and Macao, took part in a number of meetings showing her continued interest and concern for Hong Kong.

Visit programme

- 3.1 During its visit in Norway, the delegation met with Mr Olemic THOMMESSEN, President of the Storting, the Norwegian Parliament, and held a joint meeting with members of the Standing Committee on Local Government and Public Administration ("SCLGPA") and the Standing Committee on Scrutiny and Constitutional Affairs ("SCSCA") of the Storting. The delegation also met with the parliamentarians representing the ruling coalition.
- 3.2 The delegation hosted a working lunch with Mr Bjørn Geir FROM, the representative of the Norwegian Ministry of Finance, and attended a dinner hosted by the Norwegian Ministry of Foreign Affairs. The delegation also visited the Office of Parliamentary Ombudsman ("OPO") and met with Mr Aage Thor FALKANGER, Parliamentary Ombudsman. In addition, the delegation visited the University of Oslo to meet with Professor Eivind SMITH, renowned academic of constitutional and administrative law in Norway.
- 3.3 Through the meetings and briefings, the delegation gained an in-depth understanding of the rules of procedure of the Storting, the political landscape, the constitutional development and electoral system in Norway. The delegation also gained an understanding of the relationship among political parties in a coalition government, the operation of the Norwegian sovereign wealth fund, the historical background and legal framework of the Ombudsman system, as well as the Ombudsman's work in practice.

Constitutional and political development of Norway

Recent history of constitutional and political development

Norway, officially the Kingdom of Norway, has a history closely linked to that of its immediate neighbours, Sweden and Denmark. Norway had been an independent kingdom in its early period, but lost its independence in 1380 when it entered into a political union with Denmark through royal intermarriage. Subsequently both Norway and Denmark formed the Kalmar Union with Sweden in 1397, with Denmark as the dominant power. Following the withdrawal of Sweden from the

Union in 1523, Norway was reduced to a dependency of Denmark in 1536 under the Danish-Norwegian Realm.

- 3.5 The Danish-Norwegian Realm was dissolved in January 1814, when Denmark ceded Norway to Sweden as part of the *Kiel Peace Agreement* which ended the hostilities between Denmark and Sweden during the Napoleonic Wars. In the same year, Norway, which was tired of forced unions, drafted and adopted its own *Constitution*. Norway's struggle for independence was subsequently quelled by a Swedish invasion. In the end, Norwegians were allowed to keep their new *Constitution*, but were forced to accept the Norway-Sweden Union under a Swedish king.
- 3.6 The Sweden-Norway Union was dissolved in 1905, after the Norwegians voted overwhelmingly for independence in a national referendum. Norway became a constitutional monarchy, with a Danish prince elected and crowned by Norwegians as King Haakon VII. Norway stayed neutral during both World Wars but was occupied by the Nazis in 1940. King Haakon VII fled to Britain and set up a government-in-exile. In May 1945, German forces in Norway surrendered and Haakon returned to Norway in June. In the early years after World War II, Norway encompassed extensive economic reconstruction. The discovery of significant oil deposits in the Norwegian North Sea in the 1960s facilitated a rapid economic development of the country.
- Norway held referenda on seeking entry into the European Community and its successor, the EU, in 1972 and 1994 respectively, with the population rejecting membership both times. Nevertheless, Norway has maintained close relationship with the EU through its membership in the European Economic Area. Established on 1 January 1994, the European Economic Area unites the EU member states, Iceland, Liechtenstein and Norway into an internal market governed by the same basic rules. These rules aim to enable goods, services, capital, and persons to move freely within these countries and the EU member states in an open and competitive manner.

Political and judicial system

Norway had a population of about 5.1 million at end of July 2014. It is a constitutional monarchy with a parliamentary democratic

system of governance. According to the *Constitution* adopted in 1814, the Norwegian government structure consists of the Executive Branch, the Legislative Branch and the Judicial Branch.

- In Norway, the king is the head of state and has a tangible influence as the symbol of national unity. The current monarch is King Harald V who was crowned on 17 January 1991. In practice, the king performs largely ceremonial functions and is empowered to appoint the Ministers of the Council of State (the Cabinet), preside over the Council of State, host official visits by foreign heads of state, pay state visits abroad, serve as the Commander-in-Chief, and sign acts into law. These acts shall be countersigned by the Prime Minister who is the head of government.
- 3.10 Although the *Constitution* grants the important executive powers to the monarch, these are almost always exercised by the Council of State in the name of the king. The Council of State consists of the Prime Minister and at least seven other Ministers. The current Prime Minister is Erna SOLBERG, the second woman to hold the position. The Council of State has the main responsibilities of submitting budget proposals and government bills to the Storting for approval and signing the approved bills into law. The Council of State also appoints and dismisses higher office, pardons criminals and ratifys international treaties.
- 3.11 Norway's Legislative Branch consists of the Storting, the unicameral legislature. Its function is to enact legislation and approve the national budget. It also votes on the bills and proposals introduced by the Executive Branch. The Storting monitors the Executive Branch. It can call a vote of confidence in the ruling government. It can also call a vote of impeachment or set up sessions to directly question the ruling government.
- 3.12 The Judicial Branch comprises ordinary courts and special courts. There are three instances in the ordinary courts. District Courts are the courts of the first instance and handle all civil and criminal cases. The Courts of Appeal are the second instance courts adjudicating appeals against decisions from the District Courts. The Supreme Court is the highest and the final court of appeal with jurisdictions over disputes in all areas of law. The ordinary courts are supplemented by special courts and

special judicial institutions. These include the High Court of the Realm adjudicating charges against senior government officials, the Labour Court handling all matters concerning relations between employer and employee in both private and public sectors, and, in each community, a Conciliation Council to which most civil disputes are brought prior to formal legal action.

Constitution and electoral system

3.13 During its meeting with Professor Eivind SMITH from the University of Oslo, the delegation received a briefing on the constitution and electoral system of Norway. The delegation has learnt that the Norwegian Constitution distributes responsibilities and power between the different branches of the state and defines the limits of their power. The Norwegian *Constitution* is founded on democracy. In practice, this functions as representative democracy. The power to deal with individual matters and to make decisions is entrusted to elected representatives. The Constitution is based on a number of principles that were laid down in the original Constitution of 1814, i.e. sovereignty of the people, separation of powers and human rights. The Constitution divides the power into three branches, establishing that legislative, budgetary and supervisory power vested in the Storting, executive power vested in the king, and judicial power vested in the courts.

3.14 The delegation has noted that the election of the Storting is held once every four years. Under the *Constitution*, the Storting cannot be dissolved within the four-year period and thus no snap election is allowed. There are 169 Members in the Storting, of which 150 are elected as constituency representatives and 19 as "Members at-large". Norway is divided into 19 constituencies corresponding to the counties, and the number of Members to be returned from each constituency varies from four to 19, determined by the population and area of the county. In each county, voters vote for a party list and the votes cast for each party determine the number of seats the party wins. Norway caps the number of county-based seats at 150.

Norway's electoral system is open list proportional representation, under which voters may reorder or cross out candidates on a party list.

- 3.15 According to the parliamentary election in Norway, after the 150 county-based seats are filled, the remaining 19 "at-large" seats (one for each county) are allocated to party lists based on their national share of the vote and the number of seats they have already filled. Only parties that get at least 4% of the national vote can be awarded "at-large" seats. The above arrangement is to ensure that the entire 169 seats are eventually allocated to parties as proportionately as possible according to their share of the national votes cast. The current composition of the Storting by political party is as follows:
 - (a) Labour Party (55 Members) which advocates a welfare state and an equitable distribution of wealth;
 - (b) Conservative Party (48 Members) which emphasizes personal rights and social responsibility;
 - (c) Progress Party (29 Members) which believes laissezfaire principle;
 - (d) Centre Party (10 Members) which supports social equality and environmental protection;
 - (e) Christian Democratic Party (10 Members) which has conservative opinions (e.g. opposing euthanasia, abortion and same-sex marriage);
 - (f) Liberal Party (nine Members) which focuses on environmental issues, education, small-business and social issues;
 - (g) Socialist Left Party (seven Members) which favours a welfare state and taxation of the wealthy; and
 - (h) Green Party (one Member) which focuses on environmental protection and ecological sustainability.

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Parties that obtain fewer constituency seats than their national share of the vote are allotted "atlarge" seats to make up the difference. In each county, the "at-large" seat is allocated to the party which is the closest to winning a constituency seat.



Meeting with Professor Eivind SMITH from the University of Oslo

- Norwegian politics for much of the last 80 years. In the 1981 election, the Labour Party lost its majority, which paved the way for the first postwar Conservative government ruling on its own. Since 1981, Norway was ruled by a succession of minority governments alternating among Labour minority government, Christian Democratic-led government and Conservative-led government. In the run-up to the 2005 election, the Labour Party reached out to the Socialist Left Party and the Centre Party to form the "Red-Green Coalition", which won a total of 87 out of 169 seats and formed the government. The "Red-Green Coalition" was reelected in the 2009 election and became the first ruling government to win a second consecutive term in 16 years. The coalition retained its narrow majority in the Storting with 86 seats and the Progress Party trailed at 41 seats.
- 3.17 In the 2013 election, the ruling coalition was subsequently defeated by the centre-right coalition comprising the Conservative Party, the Progress Party, the Christian Democratic Party and the Liberal Party. This coalition, led by the Conservative Party, took a total of 96 seats in the Storting. Both the Conservative Party and the Progress Party

subsequently formed a government with the support of their allies under the premiership of Erna SOLBERG from the Conservative Party. The Labour Party, which won the largest share in the election, became the major opposition party.

Political parties representing the ruling coalition

- 3.18 During its visit in Norway, the delegation met with the parliamentarians representing the ruling coalition. These parliamentarians include members of the Progress Party, the Conservative Party and the Christian Democratic Party.
- 3.19 According to Mr Christian Tybring GJEDDE, member of the Progress Party, the political system of Norway is grounded on the objectives of the parliamentary form of representative democracy. Within this framework, the ruling monarch is the head of the state, while the Prime Minister enjoys the title of the head of the government. Also, Norway has a multi-party system that often results in coalition governments. The existence of the many parties with competition and oppositions that arise among them helps better functioning of the political system of Norway.



Meeting with parliamentarians from the Progress Party

As advised by Mr Erik SKUTLE, member of the Conservative Party, Norway is considered to be one of the most gender equal countries in the world. Women in Norway were given the right to vote in 1913, and since then women's participation in democratic processes has increased progressively. From then onwards, campaigns have been held to increase the proportion of women in politics. According to Mr SKUTLE, some political parties have introduced gender quotas in the parliamentary election. For example, the Labour Party, the Socialist Left Party, the Centre Party and the Christian Democratic Party have introduced voluntary quotas ranging from 40% to 50% for both sexes on electoral lists. As regards the Labour Party, there must be a 50% quota for both sexes which shall be represented in the first two positions. In 2013, women gained 39.6% of the seats in the Storting.



Meeting with parliamentarians from the Conservative Party

3.21 The delegation has been informed by Mr Hans Olav SYVERSEN, member of the Christian Democratic Party, that Norway has for many years developed family friendly policies, notably for improving the conditions for families with small children. Norway offers paid parental leave for approximately one year following childbirth with earnings-related benefits. Parents can choose how to divide parental leave between them, but mothers use most of the leave. In order to strengthen fathers' relationships with their children and to signal the need for fathers to participate in childcare, 10 weeks of the total allocated period of parental leave are reserved for the father. It is also largely women who make use of the cash benefit arrangement, in which the government makes payments to parents who choose not to use public day care facilities.



Meeting with Mr Hans Olav SYVERSEN, member of the Christian Democratic Party

The Presidium and rules of procedure

- 3.22 During its meeting with Mr Olemic THOMMESSEN, President of the Storting, the delegation exchanged views on issues relating to the parliamentary practices. The delegation has been informed that the Presidium is responsible for planning and administering the business of the Storting in accordance with the *Constitution* and the rules of procedures. The Presidium consists of six members and chaired by the President of the Storting who is second in precedence after the king. Additional members of the Presidium are the five vice-presidents of the Storting. Political parties are represented proportionately in the Storting's Presidium.
- 3.23 As advised by Mr THOMMESSEN, the Presidium's responsibilities include determining the Storting's order of business, establishing the time limits for the working schedule, ensuring that constitutional rules are upheld in all matters, including during committee meetings, ascertaining that issues are dealt with in accordance with constitutional rules, safeguarding constitutional principles regulating the

relationship between the Norwegian government and the national assembly. The Storting's Presidium would, as far as possible, attempt to avoid taking a stand on purely political issues upon which there are divergent opinions. The Presidium generally consults the parties' parliamentary leaders if such a situation arises.

- The delegation has noted that the President conducts the proceedings of the Storting on behalf of the Presidium. Under section 51 of the rules of procedure of the Storting, the assembly may, at the proposal of the President, decide to limit the duration of the debate and allocate speaking time between the parliamentary party groups at the opening of a debate. As a consequence of this decision, the individual speaker may be given less speaking time than the general limits as stipulated in section 52, i.e. speaking time must not exceed 30 minutes in the first speech, ten minutes in the second speech and three minutes in any subsequent speeches. A brief remark is nevertheless restricted to one minute. An oral statement by a member of the government may not exceed one hour.
- 3.25 The delegation has also noted that at the proposal of the President, the Storting may consent to extend speaking time. Storting may decide to terminate its proceedings before all enrolled speakers have spoken in the debate. Proposals to this effect must be put forward by the President or by ten Members, as for proposals to limit the The proposal must obtain a two-third majority to be speaking time. adopted. A vote is taken after one speaker has spoken in favour and one against the proposal to terminate the proceedings. At the proposal of the President or a written proposal by at least ten Members, the Storting may consent to reduce speaking time which must not be set at less than three minutes. The President may propose exceptions for speaking time for committee spokespersons, leaders of the parliamentary party group and members of the government. According to Mr THOMMESSEN, there are no specific rules governing filibuster in the Storting's rules of procedure.



Meeting with Mr Olemic THOMMESSEN, President of the Storting

Standing committees

As regards the standing committees of the Storting, the delegation has noted that all Members of the Storting, except the President, shall be assigned to one of these committees, namely, the Standing Committee on Labour and Social Affairs, the Standing Committee on Energy and the Environment, the Standing Committee on Family and Cultural Affairs, the Standing Committee on Finance and Economic Affairs, the Standing Committee on Health and Care Services, the Standing Committee on Justice, the Standing Committee on Education, Research and Church Affairs, the SCLGPA, the SCSCA, the Standing Committee on Business and Industry, the Standing Committee on Transport and Communications, and the Standing Committee on Foreign Affairs and Defence.

3.27 According to the rules of procedures of the Storting, immediately after the Storting has been constituted, an Election Committee of 37 members is elected. The Election Committee decides the composition of the permanent committees of the Storting and makes a recommendation concerning all the elections which the Storting assigns it

to prepare. As soon as the Election Committee has been elected, it appoints the members of the standing committees of the Storting. All parliamentary party groups shall be represented in the SCSCA. In addition, the groups should, as far as possible, be proportionally represented on the other committees.

- 3.28 During the joint meeting with members of the SCLGPA and the SCCSA, the delegation has learnt that the SCLGPA is responsible for matters relating to local government, regional and rural policy, immigration policy, housing policy, building and construction, national minorities, Sami issues, matters relating to the organization and operation of state administration, government administration, personnel policy for state employees including pay and pensions, and support for political parties.
- 3.29 The delegation has been informed that the SCSCA deals with two key areas, i.e. matters relating to the Storting's supervisory authority and constitutional matters. It is responsible for legislation relating to elections, appropriations to the Storting and to the Royal Household, matters relating to the Storting's scrutiny of the public administration, matters in which the Storting shall consider the extent to which constitutional responsibility shall be asserted, including whether the Storting's Accountability Select Committee shall be requested to make the necessary enquiries to determine the basis for such responsibility.
- The delegation has also been informed that the SCSCA shall 3.30 also review and submit recommendations to the Storting on records of proceedings of the Council of State, the annual report from the government concerning the follow up of resolutions of the Storting containing petitions to the government and concerning private Members' bills submitted by the Storting to the government for consideration and comments, documents from the Office of the Auditor General, and other matters concerning the Office of the Auditor General's activities, reports from the Parliamentary Ombudsman for Public Administration and other matters concerning the Ombudsman's activities, reports from the Parliamentary Ombudsman's Committee for the Armed Forces, reports from the Storting's Committee for the Monitoring of Intelligence, Surveillance and Security Services and other matters concerning the committee's activities, and reports from the Storting's Accountability Select Committee and commissions of inquiry appointed by the Storting.



Joint meeting with the Standing Committee on Local Government and Public Administration and the Standing Committee on Scrutiny and Constitutional Affairs of the Storting

Parliamentary services

Administration office

3.31 The delegation has noted that there are over 450 employees working in the Storting's administration office. The head of the Storting's administration is the Secretary General who serves as the secretary to the Presidium. The Storting's administration is divided into five departments, namely the Constitutional Department, the International Department, the Information and Documentation Department, the Administrative Affairs Department and the General Services Department. These departments are subdivided into a number of section/secretariats such as the Standing Committees Secretariat and the International Secretariat.

Tour of the Storting building

3.32 Staff of the Storting's administration office conducted a tour of the Storting building for the delegation. As advised, the Storting building

is designed by the Swedish architect Emil Victor LANGLET. It is the seat of the Storting located in central Oslo and was taken into use on 5 March 1866. From 1951 to 1959, a four-story office building was built at the back of the Storting building. The courtyard was filled in and the Chamber was expanded.

3.33 The delegation has been told that the Storting building is constructed in yellow brick with details and basement in light gray granite. It is a combination of several styles, including inspirations from France and Italy. A characteristic feature of the Storting building is the location of the plenary chamber in the semi-circular section in the front part of the building, as opposed to the building's centre. The back side of the building mirrors the facade of the front. The interior of the building is also designed by LANGLET.



Visit to the Storting building



Visit to the Chamber of the Storting building

Government Pension Fund Global

- 3.34 During the working lunch with the Norwegian Ministry of Finance, the delegation received a briefing on the Government Pension Fund Global ("GPFG"), including the management of petroleum revenues and fund mechanism, governance, investment strategy, performance and strategy for responsible investment practices for GPFG.
- 3.35 According to Mr Bjørn Geir FROM, Investment Director, who is responsible for managing the Norwegian sovereign wealth fund, monitoring and analyzing economic trends in Norway and overseas, and advising on economic policy of Norway, the Government Pension Fund was established in 2006 to facilitate government savings to finance rising public pension expenditures, and to support long-term considerations in the spending of government petroleum revenue. The Government Pension Fund comprises GPFG, which is a sovereign fund where Norway's petroleum revenue is deposited, and the Government Pension Fund Norway, the capital base of which originates primarily from surpluses in the national insurance scheme between its introduction in 1967 and the late 1970s.

- 3.36 The delegation has noted that following the discovery of petroleum on the Norwegian Continental Shelf in the Ekofisk field in 1969, the Government Petroleum Fund was established in 1990 and subsequently renamed as GPFG in 2006 as a fiscal policy tool to underpin long-term considerations in the phasing in of petroleum revenues into the Norwegian economy. The purpose of GPFG is to provide a long-term source of wealth to benefit future generations, particularly financing the expected rising social security expenditures in future years as a result of population ageing, and to smooth out fluctuations in government receipts caused by changes in oil prices and production. GPFG is deposited in an account at Norges Bank, the Central Bank of Norway, and managed under the mandates set by the Ministry of Finance.
- As advised by Mr FROM, a key feature of GPFG has been the continued evolution in its investment strategy. Initially, the fund assets were invested exclusively in bonds. However, approximately 40% of the fund's investments have been transferred to equities from 1998 onwards. Currently, the fund has a target investment allocation of 60% in equities, 35% to 40% in fixed income securities and up to 5% in real estate. The overarching objective for the investments of GPFG is to achieve the highest possible long-term return with moderate risk as laid down by the Ministry of Finance. As an indication of its performance, GPFG achieved an average annual return of 5.7% between January 1998 and December 2013. After accounting for inflation and management cost, this is equivalent to an average net return of about 3.6%, which is slightly below the 4% real rate of return expected in the long run.
- 3.38 As further advised by Mr FROM, the established principles for management of GPFG set out that the asset management shall be premised on transparency and ethical awareness. In particular, a system for responsible investment practices has been established, with companies that violate certain ethical criteria⁵ being excluded from the investment universe of GPFG.
- 3.39 As regards the size of GPFG, the delegation has noted that the first transfer to GPFG of just under NOK2 billion (HK\$2.5 billion) was made in May 1996. Since then GPFG has grown rapidly to become the

These include serious human rights violations, gross corruption and severe environmental damage.

largest sovereign wealth fund in the world. At end-2013, the market value of GPFG was NOK5,032 billion (HK\$6,332 billion)⁶, representing about 167% of GPD or 56.8 months of government expenditure. In 2014, the total market value of GPFG was NOK5,478 billion (HK5,526 billion).

3.40 The delegation has also noted that GPFG is an integrated part of the Norwegian Government's annual budget. The government can draw on the fund to boost its annual budget, but the annual withdrawal from GPFG is capped at 4% of the fund's value. The withdrawal corresponds to the expected annual real return of the fund's investments, and is accompanied by a fiscal rule that over time the structural, non-oil budget deficit shall correspond to the real return on the fund. As a result, the annual income generated by GPFG and the government's non-petroleum revenue should be sufficient to achieve an overall budget balance.



Briefing by the Norwegian Ministry of Finance on the Government Pension Fund Global

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In comparison, the asset value of Hong Kong's Exchange Fund totalled HK\$3,030 billion at end-2013. See Hong Kong Monetary Authority (2014).

The Parliamentary Ombudsman

- During the meeting with Mr Aage Thor FALKANGER, Parliamentary Ombudsman, the delegation has noted that after each general election, the Storting elects a Parliamentary Ombudsman for Public Administration, the Parliamentary Ombudsman. The Ombudsman is elected for a term of four years reckoned from 1 January of the year following the general election. The Ombudsman must satisfy the conditions for appointment as a Supreme Court Judge. He must not be a member of the Storting. If the Ombudsman dies or becomes unable to discharge his duties, the Storting will elect a new Ombudsman for the remainder of the term of office. The same applies if the Ombudsman relinquishes his office, or if the Storting decides by a majority of at least two thirds of the votes cast to deprive him of his office. Ombudsman is temporarily unable to discharge his duties because of illness or for other reasons, the Storting may elect a person to act in his place during his absence. In the event of absence for a period of up to three months, the Ombudsman may authorize the Head of Division to act in his place. If the Presidium of the Storting finds that the Ombudsman is disqualified to deal with a particular matter, it will elect a substitute Ombudsman to deal with the matter in question.
- 3.42 The delegation has also noted that under Section 3 of the *Ombudsman Act*, the Ombudsman is the Storting's representative who is tasked with ensuring that "injustice is not committed against the individual citizen" by the public administration, and to help ensure that the administration "respects and safeguards human rights". Section 10 states that the Ombudsman may "express his opinion on matters which come within his jurisdiction." The Ombudsman may point out that errors have been made in the processing of a case or the application of the law, and state that a decision must be regarded as invalid, clearly unreasonable or in contravention of good administrative practice.
- 3.43 According to the OPO, the Ombudsman's mandate covers almost all parts of the public administration. Normally, investigations focus on individual administrative decisions. The Ombudsman does not conduct general supervision of the administration. However, the Ombudsman has power to launch investigations on his own initiative, and such investigations may examine the activities of the authorities at a more general level. The Ombudsman also has a wider objective in the form of

a preventive function. Through his consideration of individual cases, the Ombudsman can issue warnings and influence attitudes and practice. The relevance of the Ombudsman to citizens and his effectiveness vis-à-vis the administration is highly dependent on his highlighting important matters of principle that may prevent injustice being done to many individuals. Among other things, this means focusing on the rule of law and general administrative law.

- 3.44 As advised by the OPO, the sphere of responsibility of the Ombudsman in the Constitution encompasses the public administration and all persons engaged in its service. It also encompasses the conditions of detention for persons deprived of their liberty in private institutions when the deprivation of liberty is based on an order given by a public authority or takes place at the instigation of a public authority or with its consent or acquiescence. The delegation notes that the sphere of responsibility of the Ombudsman does not include matters on which the Storting has reached a decision, decisions adopted by the King in Council, the activities of the courts of law, the activities of the Auditor General, matters that, as prescribed by the Storting, come under the Ombudsman's Committee or the Parliamentary Ombudsman for the Norwegian Armed Forces. In addition, the sphere of responsibility of the Ombudsman does not include decisions that as provided by statute may only be made by a municipal council, county council or cooperative municipal council itself, unless the decision is made by a municipal executive board, a county executive board, a standing committee, or a city or county government concerning municipalities and county authorities. The Ombudsman may nevertheless investigate any such decision on his own initiative if he considers that it is required in the interests of due process of law or for other special reasons.
- 3.45 The delegation has noted that in its instructions for the Ombudsman, the Storting may establish whether specific public institutions or enterprises shall be regarded as belonging to the public administration or a part of the services of the state, the municipalities or the county authorities under the *Ombudsman Act*, and that certain parts of the activity of a public agency or a public institution shall fall outside the sphere of the Ombudsman's responsibility.



Visit to the Office of Parliamentary Ombudsman

- 3.46 The delegation has also noted that at the end of 2013, the OPO had 38 legal case workers, spread across the five divisions that dealt with complaints, and an administrative support apparatus totaling 13 persons. In 2013, 2,942 cases were submitted to the OPO. In addition, 45 cases were initiated on the Ombudsman's own initiative. Following a period of significant year-on-year growth in the number of new cases, the influx of new cases has remained stable at around 3,000 per year in the period 2010 to 2013, with a small decline in 2013 compared to the previous year. The number of own-initiative cases increased from 35 in 2012 to 45 in The time taken by the Ombudsman to deal with a case varies depending on the subject matter of the case, its scale and the kinds of investigations required to ensure that the matter is sufficiently clarified. In 2013, the case-processing time for closed cases was reduced after the issue was raised with the administration following a slight increase in case processing times in 2012.
- 3.47 As advised by the OPO, the outcomes of the cases processed by the Ombudsman can be divided into two main categories, cases dismissed and cases considered on their merits. In 2013, 51% of the enquiries submitted to the OPO were dismissed, and 49% were

considered on their merits. The distribution has remained stable for several years. All cases that are not dismissed – for example because the complainant has failed to exhaust the appeal opportunities offered by the administration or because the complaint falls outside the scope of the OPO's remit – are registered as cases considered on their merits. General enquiries unrelated to a complaint, and enquiries sent to the OPO for information purposes, are counted as dismissed cases. On the other hand, cases in which the complainant's problem has been solved, for example by placing a telephone call to the administrative body in question, are registered as having been considered on their merits. Cases are also categorized if the OPO has made a provisional enquiry as to whether there are "sufficient grounds" to consider the complaint, even if the case is later closed without further investigation. In such cases, limited consideration is given to the merits of the administrative case to which the complaint relates.

Ministry of Foreign Affairs

- 3.48 During the dinner with representatives of the Ministry of Foreign Affairs, the delegation has noted that the Ministry of Foreign Affairs is currently engaging in four policy areas, namely, supporting the Afghan authorities in their responsibility to ensure stability, security and social development, working at the international level to promote the removal of subsidies on fuels that are harmful to the environment, exacerbate climate change and undermine sustainable development, coworking with Russia and other Nordic countries to protect the environment and explore business opportunities in the Arctic, and enhancing scientific co-operation among several coastal States of the Arctic Ocean (i.e. Canada, Denmark, Greenland, the United States and Russia) in the field of environmental conservation and management of fish stocks.
- 3.49 The delegation has urged the Norwegian Ministry of Foreign Affairs to re-establish the Royal Norwegian Consulate General in Hong Kong since its closure in 2003.

Visit programme

- 4.1 During its visit in Denmark, the delegation met with Mr Bertel HAARDER, First Deputy Speaker of the Presidium of the Folketing, the Parliament of Denmark. At the Folketing, the delegation also met with Mr Jesper THINGHUUS, Committee Secretary in the Committee Secretariat, and Mr Flemming Kordt HANSEN, International Adviser in the International Secretariat.
- 4.2 The delegation attended a meeting with Ms Susanne HYLDELUND, Ambassador for the Trade Council of the Danish Ministry of Foreign Affairs, and visited the State of Green, a public-private partnership aiming at promoting green economic growth in Denmark and making Denmark as the first country in the world free from fossil fuel. The delegation also visited the Danish Design Center ("DDC") and a chocolate manufacturer, Peter Beier Chokolade in Copenhagen.
- 4.3 Through the meetings and briefings, the delegation gained an in-depth understanding of the political landscape of the Folketing, the powers and functions of the Presidium, the committee system and the work of the International Secretariat of the Folketing, the work of the State of Green, the support provided to the creative industries in Denmark and the latest development of food processing industry in Denmark, illustrated with the chocolate manufacturing industry.

Constitutional and political development of Denmark

Recent history of constitutional and political development

- 4.4 Denmark is one of the oldest monarchies in Europe. It began its constitutional development in 1282 when the nobility forced the king to grant a charter limiting the authority of the monarchy. In particular, the king was forced to share powers with a council of nobles.
- 4.5 Denmark became a constitutional monarchy on 5 June 1849 with the adoption of its first democratic Constitution, the *Constitutional Act of the Kingdom of Denmark* ("*Constitutional Act*"). The *Constitutional Act* defined the system of the Danish government as a constitutional monarchy with universal male suffrage. Also enshrined in

the *Constitutional Act* was the principle of the tripartition of powers into the Legislative, Executive and Judicial Branches. Under the *Constitutional Act*, executive authority is vested in the king. The Legislative Branch consisted of two chambers, namely, the directly-elected Folketing as the lower House and the indirectly-elected Landsting as the upper House. Denmark also established an independent judiciary.

- In the late 19th century, Denmark entered into decades of 4.6 constitutional struggle between the Conservatives and the Liberals concerning whether the government should be established on the basis of parliamentary government. At that time, the Liberal Party controlled the Folketing while the Conservative Party dominated the Landsting. The Liberals comprised mainly farmers and intellectuals, whereas the Conservatives consisted of landlords and the urban upper class. Although the Liberal Party had a majority in the Folketing, the king continued to form his Cabinet from the Conservative Party. This struggle was finally ended in 1901 with what is known as the "change of system". Under the "change of system", the king acknowledged for the first time that the majority party in the Folketing had the right to form a government. In addition, the ruling government should be responsible to the Folketing and no government may continue in office in the face of opposition majority. In 1953, Denmark revised its Constitutional Act to create a unicameral Folketing elected by proportional representation and permit female accession to the throne.
- 4.7 Denmark remained neutral during World War I. The country also declared its neutrality at the beginning of World War II. However, it was invaded by Germany in April 1940 and occupied until its liberation by the Allied forces in May 1945. Immediately after World War II, steps were taken to restore the prosperity of the Danish economy and revive the democratic machinery of government. Denmark also abandoned its policy of neutrality after the war. It became a charter-member of the United Nations in 1945 and one of the founding members of the North Atlantic Treaty Organization in 1949. Denmark also became a member of the European Economic Community, a forerunner of the EU, in 1973 and has actively involved in the European affairs since then.

Political and judicial system

4.8 Denmark had a population of about 5.6 million at end of

March 2014, comprising mainly Danes (about 90%) and other ethnic minority groups such as Turks, Iranians and Germans. Denmark is a constitutional monarchy with a representative parliamentary system. The monarch is the head of state and the Prime Minister is the head of government.

- 4.9 Queen Margrethe II is the incumbent monarch acceded to the throne on 14 January 1972. The power of the monarch is largely ceremonial which include appointing the Prime Minister and other Ministers, signing acts into law to be countersigned by a Minister, hearing regular reports from the Prime Minister and the Minister of Foreign Affairs regarding the latest political development, hosting official visits by foreign heads of state, paying state visits abroad, and receiving ambassadors of foreign countries.
- 4.10 While the *Constitutional Act* grants the executive power to the monarch, the Queen always exercises the power via the Ministers in the government. The Queen appoints an individual receiving a majority of support in the Folketing to be the Prime Minister, and appoints other Ministers as recommended by the Prime Minister. The Prime Minister and other Ministers together form the government, which is responsible for executing policies, submitting bills to the Folketing for approval and representing Denmark in international settings. Helle THORNING-SCHMIDT of the Social Democratic Party has been the Prime Minister since October 2011.
- 4.11 The Council of State is another institution of the Executive Branch established under the *Constitutional Act*, encompassing the monarch, successor to the throne and all Ministers. One of the major functions of the Council of State is to discuss all bills and important government measures. The ministries concerned have the ultimate powers to make decisions relating to their respective policy portfolios.
- 4.12 The unicameral Folketing is the Legislative Branch of Denmark. It is empowered to scrutinize and pass legislation, approve the national budget and monitor the work of the Executive Branch through questioning, debate and vote of no confidence. The Folketing also takes part in international co-operation such as exercising control over the government's policy on the EU and collaborating with inter-parliamentary assembles.

4.13 The Judicial Branch of Denmark is made up of ordinary courts and specialized courts. Ordinary courts comprise the Supreme Court, two high courts and 24 districts courts. The Supreme Court serves as the final court of appeal for civil and criminal cases from the subordinate courts. Since a decision cannot normally be appealed more than once, district court cases rarely reach the Supreme Court-level. The high courts function as civil and criminal courts of first instance, and civil and criminal appellate courts for cases from the district courts, which handle both civil and criminal cases. Under certain circumstances, the district courts may refer civil cases to the high courts, such as those involving consideration of general interest. Specialized courts include the Land Registration Court responsible for handling cases concerning land title registration, and the Labour Court tasked with adjudicating disputes between employers and employees.

Electoral system

4.14 The delegation has noted that the election of the Folketing is held once every four years unless it is dissolved earlier. The Folketing is made up of 179 Members elected by the proportional representation system, with 175 Members elected in Denmark, two in the Faroe Islands and two in Greenland. Of the 175 seats in Denmark, 135 are returned from 10 multi-member constituencies in the country. The remaining 40 seats are "compensatory seats" distributed on the basis of the number of votes obtained by the parties across the country to ensure that the seats are distributed to parties as equitably as possible according to the votes. In order to have a share in the "compensatory seats", a party must win at least one constituency seat, or obtain, in two of the three electoral provinces⁷, at least as many votes as the average number of valid votes cast per constituency seat in the province, or secure at least 2% of the votes cast nationwide.

4.15 The delegation has also noted that the last election was held in September 2011 with the Liberal Party securing 47 seats to remain the largest party in the Folketing. However, the Social Democratic Party managed to form a minority government coalition with the Social Liberal

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For electoral purpose, Denmark is divided into three electoral provinces which are further subdivided into 10 multi-member constituencies.

Party and the Socialist People's Party to rule Denmark. The Socialist People's Party subsequently left the coalition but continued to pledge its support to the ruling coalition. At present, the Folketing seats 179 elected Members who are equally divided between women and men from different parties. The current composition of the Folketing by political party is as follows:

- (a) Social Democratic Party (47 Members) which focuses on solidarity with the poorest and social welfare to those who need it;
- (b) Liberal Party (47 Members) which supports free trade and minimum state interference;
- (c) Danish People's Party (22 Members) as a right-wing populist party opposing multi-culturalism and the European integration;
- (d) Social Liberal Party (16 Members) which supports international co-operation and reduces social inequality;
- (e) Socialist People's Party (12 Members) which is a strong supporter of human rights, the rights of minorities and democracy;
- (f) Unity List-the Red-Green Alliance (12 Members) being an alliance of three left-wing parties placing great emphasis on combating social inequality and poverty;
- (g) Liberal Alliance (nine Members) as a centrist and pro-European party supporting a lower income tax rate and promoting green energy;
- (h) Conservative People's Party (eight Members) which focuses on social responsibility and advocates a free society;
- (i) Parties in the Faroe Islands and Greenland (four Members);

- (j) Independent (one Member); and
- (k) Vacancy (one seat).

The Presidium

- 4.16 During the visit in Denmark, the delegation had a meeting with Mr Bertel HAARDER, First Deputy Speaker of the Presidium of the Folketing. According to Mr HAARDER, the Presidium is the supreme authority of the Folketing. It comprises a Speaker and up to four Deputy Speakers, who are elected by the Folketing at the beginning of the parliamentary year or after a general election. Mogens LYKKETOFT of the Social Democratic Party has been the Speaker of the Folketing since October 2011.
- 4.17 As advised by Mr HAARDER, the chief task of the Presidium is to make sure that the work of the Folketing is organized and performed in a satisfactory manner. This includes ensuring that parliamentary regulations are complied with, both when it comes to political work in committees and in the Chamber and when the administrative work of the Folketing is concerned. The Presidium thus has overall responsibility for the 179 MPs and the 440 employees of the Administration of the Folketing.
- 4.18 The delegation has noted that members of the Presidium also act as representatives of the Folketing when the Presidium receives the Royal Family at the opening of Folketing in October, when Denmark receives foreign Heads of State and when the Presidium travels abroad to other parliaments to exchange experience.
- 4.19 According to Mr HAARDER, the post of Speaker of the Folketing is considered the most distinguished position a person can be elected to in Denmark, and it usually goes to a seasoned MP who enjoys the general respect of other MPs. The Deputy Speakers of the Presidium are elected by the four political parties who have most seats in the Folketing, excluding the Speaker's party. In proportion to their number of seats, the political parties then elect the first, second, third and fourth Deputy Speaker among their members. As a rule, the positions go to the most experienced MPs who have a long parliamentary career.



Meeting with Mr Bertel HAARDER, First Deputy Speaker of the Presidium of the Folketing

Standing committees

4.20 As advised by Mr Jesper THINGHUUS, Committee Secretary in the Committee Secretariat of the Folketing, there are 26 standing committees in the Folketing and 29 members in each committee. The committees are set up at the constituent session and defined in an appendix to the Standing Orders of the Folketing. Whilst government parties and the supportive party have 15 seats in each committee, the opposition parties have 14. The 26 Standing Committees are the Standing Orders Committee, the Scrutineers' Committee, the Employment Committee, the Housing and Urban Affairs Committee, the Children's and Education Committee, the Business, Growth and Export Committee, the European Affairs Committee, the Finance Committee, the Defence Committee, the Naturalization Committee, the Ecclesiastical Affairs Committee, the Climate, Energy and Building Committee, the Municipal Affairs Committee, the Cultural Affairs Committee, the Gender Equality Committee, the Environmental Committee, the Legal Affairs Committee, the Fiscal Affairs Committee, the Social Services Committee, the Health and Prevention Committee, the Transport Committee, the Foreign Affairs

Committee, the Science, Innovation and Further Education Committee, the Food, Agriculture and Fisheries Committee, the Rural Districts and Islands Committee, and the Immigration and Integration Affairs Committee.

- 4.21 The delegation has noted that the parties agree upon which committees shall be chaired by government parties and which by opposition parties. This is not a formal rule but the majority parties peacefully accept the opposition to chair a large number of the committees (10 at the moment). The role of the standing committees is advisory to the Folketing. The committees are mainly responsible for examining bills and proposals for parliamentary resolutions, and scrutinizing the government's work. A bill must pass three readings in the chamber to be adopted. The committees play an important role in the process between the readings. Two of the standing committees can make decisions on behalf of the Folketing. These are the Finance Committee and the European Affairs Committee.
- 4.22 The delegation has also noted that each committee has a fixed meeting time and usually meets once a week when the Folketing is in session. Committee meetings are usually closed to the public. However, consultations with ministers are very often accessible to the public and broadcast on television and website. Decisions are made by simple majority and the committee is a quorum when at least half of the committee members are present, but the "empty chairs" count. It is an informal rule that a party's spokesperson represents the other party members in the committee if they are not present. Often it is only 10 to 12 out of 29 members who attend the committee meeting.

Parliamentary services

The Administration of the Folketing

4.23 According to Mr THINGHUUS, the Administration of the Folketing is headed by a management board comprising the Secretary General and two Deputy Secretaries General, each with specific areas of responsibility. The Secretary General is responsible for ensuring that the Administration functions according to the guidelines laid down by the Presidium. The management team, which refers to the management

board, comprises 17 managers, with distinct areas of responsibility. The Administration of the Folketing is broadly classified into two major divisions, namely the Folketing Secretariat and the Service and Administration Department. They are further sub-divided into a number of offices and units such as the Library and the Security Section. In addition, there are two offices established under the direct supervision of the Secretary General for handling general management and personnel matters.

- As advised by Mr THINGHUUS, the Administration of the Folketing employs approximately 440 staff whose job is to ensure optimal working conditions for MPs by offering assistance and service. The Folketing services provide assistance and counselling to the MPs, and in so doing contribute to improving the quality of legislation, the access of the Folketing to control the government and the political debates. Moreover, the task of the services is to provide objective and impartial information on the work in the Folketing to the general public. Various categories of staff, ranging from secretaries, drivers, lawyers, managers and inspectors to officers of the Folketing, cleaners, tradesmen and librarians are employed at the Administration of the Folketing.
- 4.25 The delegation has noted that three of the committee secretariats service the standing committees of the Folketing and the inter-parliamentary delegations. The secretariats employ a number of committee clerks and clerical staff. One or more committee clerks assist the committees in the work of the reading of bills and proposals for parliamentary resolution, arranging hearings, planning committee trips, etc. The committee clerks also assist the MPs in drafting private Members' bills and proposals for parliamentary resolution. Moreover, the secretariats provide assistance to the various kinds of international cooperation in which the Folketing takes part, and they assist the committees in dealing with foreign policy and security policy and also assist the delegations sent to international parliamentary assemblies.
- 4.26 According to Mr Flemming Kordt HANSEN, International Adviser in the International Secretariat of the Folketing, the servicing of the European Affairs Committee is centered in the EU Secretariat which also comprises the Office of the EU Counsellor and the EU Information Centre. The EU Counsellor makes analyses of EU matters for the use of the European Affairs Committee and the standing committees while the

EU Information Centre is at the disposal of the general public and the MPs with information and documentation on EU questions. The Secretariat of the Danish Delegation to the Nordic Council services the Danish Members of the Nordic Council and to some extent the Faroese and Green landic Members. In cooperation with the Council's secretariats in the other Nordic countries, it also services the collective Nordic Council, carries out practical tasks in connection with the arrangements of the Nordic Council and informs the general public about the work of the Nordic Council.



Briefing by Mr Jesper THINGHUUS, Committee Secretary in the Committee Secretariat, and Mr Flemming Kordt HANSEN, International Adviser in the International Secretariat of the Folketing

Tour of the Christiansborg Palace, Folketing building

4.27 Staff of the Folketing's Administration conducted a tour of the Christiansborg Palace, Folketing building for the delegation. According to the Folketing's Administration, Folketing building is the Third Christiansborg Palace built in 1849. It is originally designed as the residential premises for the Royal Family. The Palace was inaugurated in

1928 and was redesigned to house the Folketing in the one wing of the building, while the rest of the building were reserved for the Royal Receptions Rooms, Supreme Court and the Prime Minister's office.

A.28 The delegation has observed that the Third Christiansborg Palace was built in Neo-Baroque style with the highest tower in the city which exceeded 106 meters. The present Christiansborg Palace is separated into two main wings. Half of the Palace houses the Folketing and offices for the MPs, including meeting rooms for the political parties at their disposal. The other half are reserved as residential premises for the Royal Family and Household. The Royal Reception Rooms at Christiansborg Palace are located on the first floor which includes the Great Hall, the Tower Room, the Throne Room, the Audience Chamber, the Council Room, the Fredensborg Room and the Queen's Library. The Folketing and government quarters are situated at the Christiansborg Palace on the south wing occupying three floors of the Palace.



Visit to Christiansborg Palace, Folketing building

Environmental protection

- During its visit to State of Green in Denmark, the delegation received a briefing by Ms Tanya JACOBSEN, Project Manager of State of Green. The delegation has been informed that State of Green is the organization behind the official green brand for Denmark. It is a public-private partnership founded by the Danish government, the Confederation of Danish Industry, the Danish Energy Association, the Danish Agriculture & Food Council and the Danish Wind Industry Association. As the first country in the world, Denmark has decided to lead the transition and become a green growth economy entirely independent of fossil fuels by 2050. As Denmark's official green brand, State of Green gathers all leading players in the fields of energy, climate, water and environment and fosters relations with international stakeholders interested in learning from the Danish experience. State of Green is also a gateway to learn more about the ambitious Danish plan and the innovative green solutions in Denmark.
- 4.30 The delegation has noted that Denmark's decision to become independent of fossil fuels by 2050 is backed by an ambitious policy framework as well as a multiple-solutions approach. The ambitious goal will be reached by increasing energy efficiency and resource optimization, by expanding the share of renewable energy from sources such as wind and biomass, and by driving the development of an intelligent energy system capable of managing the fluctuations of renewable energy. No single technology can ever do the trick all by itself, no matter how innovative and effective it is. Danish companies know that they have to complement each other. As a result, Denmark has become a global leader in producing integrated end-to-end solutions to match the growing needs internationally.



Visit to State of Green

Creative industries

- 4.31 During its visit in Denmark, the delegation received a briefing by Ms Susanne HYLDELUND, Ambassador for the Trade Council of the Danish Ministry of Foreign Affairs, on issues covering trade, creative industries and food safety. The delegation also received a briefing by Mr Iben Højer HANSEN, Senior Project Manager of the DDC, to learn about the support provided to the creative industries in Denmark.
- 4.32 The delegation has noted that DDC is an independent, government-funded organization established in 1978. DDC's focus in relation to the design community and business sector is on collecting, communicating and testing knowledge about the main factors that influence design and how design can continue to be a driver for innovation and growth in the future. Since 2012, DDC has been working to develop and communicate new design solutions resulting from cross-disciplinary processes involving close cooperation with businesses, designers, researchers, scientists, artists and authorities both nationally and internationally. The aim is to strengthen society's capacity through design and in a contemporary way to carry on, enhance and renew the

Danish design tradition. At the same time, DDC is collaborating on a number of international projects dealing with the future role of design in innovation and the developments in materials, technology and big data, sharing the results digitally across the globe.



Briefing by Ms Iben Højer HANSEN, Senior Project Manager of the Danish Design Centre

- 4.33 The delegation has also noted that DDC takes on the role of a forum between industry, the government, scientists, artists and the entire creative community and sees design as a platform that connects new technology, new materials and big data. DDC has always been active in keeping design on the Danish political agenda, earlier by creating knowledge and awareness of the value of design, today by measuring this omnipresent impact in concrete ways and bridging the innovation gap. DDC's mantra is "design that makes sense", and it strives to promote design activities in the intersection of design and innovation in order to provide solutions to very complex problems in meaningful and valuable ways.
- 4.34 As advised by Ms Susanne HYLDELUND, as a talented and creative workforce is crucial for the industry development, the Danish government has strengthened its education programmes and research

support, such as enriching the course content on innovation at all education levels, upgrading the design research capacity of universities and private companies, and boosting the international rankings of the Danish universities in the field of fine arts. To maintain Denmark as an international creative hub, the Danish government has also collaborated with the private sector to further enhance the competitiveness in sectors such as architecture, fashion and design. Measures implemented include forming partnership between Denmark's leading companies and creative design agencies, and attracting international companies to invest in the country.

4.35 As further advised by Ms HYLDELUND, in order to encourage the development of the small creative companies, the Danish government has introduced a number of support measures which include improving access to finance through avenues such as bringing together investors and companies in need of venture capital for growth via the so-called crowdfunding, coaching the creative entrepreneurs to acquire the necessary skills for business development, and offering overseas market intelligence to help the creative businesses expand into international markets.



Briefing by Ms Susanne HYLDELUND, Ambassador for the Trade Council of the Danish Ministry of Foreign Affairs

Food processing industry

The delegation has noted that Denmark has one of the world's most advanced food processing sectors. Some of Europe's major food and beverage companies are based in Denmark: well-known names include the two industry giants Arla Foods (dairy sector) and Danish Crown (meat processing) as well as Danisco (sugar) and Carlsberg (beer). In addition, Denmark boasts global leaders such as Novozymes (in enzymes), Christian Hansen (in food ingredients) and Royal Greenland (in fish and seafood production and processing). There are 4.3 million hectares of agricultural land in Denmark, of which approximately 62% has been cultivated for agricultural purposes. At present, there are about 130 000 people employed in the Danish agricultural sector, with 73 000 of them in farming and 58 000 in food processing industry. Denmark can produce enough food to feed 30 million people (six times its population). As such, Denmark is an exporter of food and its annual exports of agricultural and agri-food products currently accounts for about 20% of the Danish total annual exports.

4.37 As illustrated with the chocolate manufacturing industry during its visit to Peter Beier Chokolade, a chocolate manufacturer, the delegation has noted that a number of factors have contributed to the success of the Danish food processing industry in recent years. These include rigorous quality assurance and regulatory establishment of farmer co-operatives, investment in R&D and training of technical staff, and conducive research environment. To support the development of the food industry, the Danish government has helped establish a comprehensive food industry cluster in the Oresund region, a transitional metropolitan area consisting of Southern Sweden and Eastern The Oresund region is one of the fastest developing food clusters in Europe. It is also the bridge between eastern and western Denmark and close to Denmark's major export markets in Europe. The area is supported by the governments of the two countries regarding research, education and infrastructure. This, together with the combination of large international companies, small innovative companies, strong academic centres, professional research institutions and competitive support organizations in the Oresund food cluster, creates a combination of resources that can make the cluster a centre of excellence in food.



Briefing by Peter Beier Chokolade, a chocolate manufacturer in Copenhagen

Chapter 5 – Follow-up event in Hong Kong

Exhibition

5.1 Shortly after the visit to Finland, Norway and Denmark, the delegation held an exhibition of the photographs taken and the souvenirs and publications received in the Dinning Hall of the Legislative Council Complex from 29 to 31 October 2014. Members of the delegation briefed the media and other LegCo Members on their experience gained from the visit.







Photographs, souvenirs and publications displayed during exhibition

Chapter 5 – Follow-up event in Hong Kong





Media briefing by the delegation

Chapter 5 – Follow-up event in Hong Kong



Group photo taken after the media briefing

6.1 Having received briefings and exchanged views with the Chairs of committees, MPs, government officials, academics, political leaders, school principal and representatives of the relevant organizations, the delegation has the following observations.

Observations

Multi-party parliamentary system and consensus democracy

- 6.2 The delegation is of the view that the consensual nature of the political decision making process in the Nordic countries is a worthwhile model for Hong Kong to study. This model, being consensual and compromising, is in contrast to the competitive and confrontational nature of "winner takes all" competitive politics in other countries such as the United Kingdom. In fact, consensual politics has been described as one of the main features of the Nordic model of government. The delegation considers that this kind of politics based on compromise is what is lacking in Hong Kong in the relationship between the Executive Council and LegCo.
- The delegation has observed that while all of the three countries have parliamentary democratic system of governance, each has developed its particular parliamentary model. While Denmark and Norway (both parliamentary monarchies) have relied extensively on minority governments, Finland (semi-presidential system) has relied more on majority coalition cabinets. A vital element of consensus democracy is that all the parties concerned are given a chance to have their say and be heard. Decisions grow out of deliberations and consultations between the parties. Under the co-operative approach of consensus democracy, the countries are governed through the proportional representation system rather than a first-past-the-post approach.
- The delegation has learnt that the proportional representation system facilitates the election of a greater number of political parties to the three Parliaments, thus ensuring the maximum representation of constituents in each Parliament. It also increases the political clout of small political parties. In addition, parties that get at least 4% of the national vote can be awarded "at-large" seats for the election of the Storting, and at least 2% of the national vote can have a share in the

Chapter 6 – Observations and conclusions

"compensatory seats" for the election of the Folketing. These arrangements aim to ensure that the seats are distributed to parties as equitably as possible according to their share of the national votes cast. However, the proportional representation system is unable to produce one single political party that can command a majority in these Parliaments and form a government with a strong mandate. As a result, these countries are very often ruled by a coalition government with particular emphasis on consensus democracy.

- 6.5 The delegation has also learnt that in Finland, Norway and Denmark, multi-party governments become the norm as coalition governments which have to ensure that they represent citizens' views and necessitate a balance in the making of political decisions.
- In the case of Finland, the delegation has noted that the government has very strong practices in place for communicating its vision. It is also a leader in incorporating horizontal, government-wide priorities into its public administration steering system. This begins with a high-level strategic vision by communicating through the government programme based on collaboration of ideas among the elected parties. For each term, the government programme is primarily developed by the Cabinet and largely follows the political manifesto as agreed by the coalition partners with similar political ideologies and stances. The government programme is also negotiated by the parties represented in the Eduskunta before the Prime Minister is elected and prior to the appointment of government ministers and assignment of ministerial duties.
- 6.7 The delegation is of the view that while coalition-style governments can have the disadvantage of being hindered by compromise, they could be successful depending on how the parties concerned are willing to cooperate. They also have the benefit of more coherent policy agendas across different terms of government.
- As regards the prevalence of minority coalition governments, the delegation has noted that it is due to the fact that sustainable political decisions can hardly be made without parties consulting each other, creating mutual trust, and without government parties consulting opposition parties. Therefore, parties in opposition have considerable

Chapter 6 – Observations and conclusions

influence on decision-making, as coalition governments are obliged to engage in dialogue with parties in the opposition.

Support for political parties

- 6.9 The delegation has noted that the Finnish government grants annual subsidies to political parties to support their political activities in Finland. The subsidies are distributed in proportion to the number of seats allocated to each party in the most recent parliamentary elections. Parties represented in the Eduskunta and entered in the register of parties are eligible for party subsidies, which are granted by the Prime Minister's Office in line with the provisions of the *Political Parties Act*.
- 6.10 In the case of Norway, the delegation has noted that the funding of political parties is predominantly public. On average, parties receive about three-quarters of their revenues through state subventions (ranging from 60% to 80%). State support for parties is proportionate to the results of the last-held election. Parties not represented in the Storting are also eligible for such support.
- As regards Denmark, the delegation has noted that political parties that participate in parliamentary elections and received at least 1,000 votes in the most recent election have a right to receive financial support. In addition, party groups in the Folketing receive public financial support for their legislative work, including staff. Office space inside the Folketing building is also provided to MPs, including meeting rooms for the political parties at their disposal. The delegation is of the view that the Administration should learn from the experience of these countries to provide more support for the development of party politics in Hong Kong.

Women in politics

6.12 The delegation is impressed that for many years, Finland, Norway and Denmark have been world leaders in terms of women's representation. More than one-third of the representatives elected to parliament have been female (42.5% in Finland, 39.6% in Norway, and 38% in Denmark). The delegation is also impressed that women account for at least 40% of the members on the local municipal boards and other sub-national institutions in Finland. In addition, voluntary gender quotas

introduced by the political parties of Denmark and Norway in the 1970s consistently achieve higher numbers of women in parliaments compared to those of the EU. The delegation has learnt that in these three countries, a zipper system is adopted which means that every other position is reserved for male and female candidates. The zipper system is a principle of alternation, which entails that parties alternate between women and men on party lists so as to ensure that women are half of the candidates as well as possibly half of the representatives elected. The delegation is of the view that the gender quota and the zipper system provide useful reference for the future development of Hong Kong's electoral system.

The Presidium systems in Norway and Denmark

- 6.13 The delegation considers the Presidium systems in Norway and Denmark useful references for the operation of the legislature in Hong Kong, as well as for planning and administering the business of the legislature in accordance with the Rules of Procedure. These include determining the order of business in LegCo meeting, establishing the time limits for the working schedule, ensuring that all rules are upheld in all matters, safeguarding constitutional principles regulating the relationship between the Executive Council and LegCo, etc.
- 6.14 The delegation is of the view that the Presidium functions as a forum where the interests of different parties (including the opposition parties) are represented and coordinated, unlike in LegCo where most of the issues are determined by the President. The delegation considers that the possibility of introducing a similar mechanism of the Presidium in LegCo should be explored. This may involve amendments to the Rules of Procedure or simply administrative arrangements.

The experience of Åland

6.15 The delegation is also interested in the experience of Åland, the autonomous region of Finland. The delegation has observed that legislative powers are divided between the central government and Åland, and not delegated. The delegation is of the view that Åland's successful experience in autonomy serves as a good reference to the implementation of "one country, two systems" in Hong Kong.

Development of innovation and technology industry in Finland

- The delegation has observed that Tekes boasts wide-ranging innovation activities in research communities, industry and service sectors. Tekes promotes a broad-based view on innovation. Besides funding technological breakthroughs, Tekes emphasizes the significance of service-related, design, business and social innovations. Research, development and innovation funding is targeted to projects that create in the long-term the greatest benefits for the economy and society. Tekes does not derive any financial profit from its activities, nor claim any intellectual proprietary rights.
- 6.17 The delegation is highly impressed by Finland's innovation-To encourage R&D development, the Finnish driven economy. government provides substantial funds to support R&D activities, amounting to €1.96 billion (HK\$20 billion) in 2014. Against this background, the Finnish government has initiated measures to create a favourable business environment for private companies and ensure a successful interplay of private and public sectors. The delegation is of the view that the success of Finland is based on the following factors. Firstly, the Finland Government adopts a policy of encouraging the interactions among private companies, universities and academic institutes in R&D activities. Secondly, the innovation and technology industry in Finland is characterized by a high level of R&D intensity. Thirdly, the private sector takes a dominant role in innovation and technology development, accounting for 69% of the gross expenditure on R&D in 2012. delegation has noted that Tekes offers ordinary loans and subsidized capital loans. Subsidized loans are so-called soft loans with belowmarket interest rate and special conditions. For example, if the project turns out to be a commercial failure, loan may not have to be paid back. Last but not least, unlike Hong Kong, the public sector of Finland adopts a risk-taking approach to investing in R&D. The delegation is of the view that the Administration should step up its support in promoting the development of innovation and technology in Hong Kong.
- 6.18 The delegation is of the view that Hong Kong should learn from the experience of Finland in the development of innovation and technology. The delegation also considers that the Administration should strengthen its support to the innovation and technology industry by

streamlining the process of vetting and approval of the Innovation and Technology Fund.

Education system

- 6.19 The delegation is of the view that the education system in Finland is worth learning. It is an education system with no tuition fees and fully subsidized meals served to full-time students. The Finnish strategy for achieving equality and excellence in education has been based on constructing a publicly funded comprehensive school system without selecting, tracking, or streaming students during their common basic education. Part of the strategy has been to spread the school network so that pupils have a school near their homes whenever possible or, if this is not feasible, e.g. in rural areas, to provide free transportation to more widely dispersed schools. Inclusive special education within the classroom and instructional efforts to minimize low achievement are also typical of Nordic educational systems.
- 6.20 The delegation is impressed by the Finnish education system which is based on trust and collaboration. The delegation attributes the success of the Finnish education system to highly competent teachers, and the autonomy given to schools. Another merit of the system is that there are no high-stakes standardized tests. This is in stark contrast with Hong Kong's examination-oriented culture, which relies heavily on school-based assessment and public examinations.
- The delegation has noted that while Finland frequently tops international school rankings, Norway, the richest country in the region, performs much worse. Norwegian students have underperformed compared to students from other highly developed countries. This has resulted in several educational reforms by the Norwegian government.
- The delegation is of the view that in order to learn from Finland's success in education, the Administration should recognize the fact that education is an effective means to facilitate upward social mobility. The Administration should ensure that young people enjoy opportunities to quality education and training regardless of background. Moreover, the Administration should strengthen the support for students with special needs and ethnic minority students.

Environmental protection and creative industries in Denmark

- 6.23 The delegation attributes Denmark's success environmental policy to the collective will of its government, business and the public to pursue green technology. There is broad understanding in Denmark of global environment protection as an international issue and it is an area where civil society is very actively putting pressures on Starting from 1979, the Danish government began a determined programme of subsidies and loan guarantees to build up its nascent wind industry. The consistency in policy regardless of changes in the Danish government provides a sense of security for private enterprises in their decisions to invest in green technology. The delegation has observed that these enterprises are one of the key players in achieving sustainable development in Denmark. It is essential that companies take an active part in the efforts to improve the environment and contribute to green industrial development.
- 6.24 The delegation is of the view that the Administration should draw on the experience from Denmark where DCC is supported by the design and manufacturing industries, including design service providers and factories. As such, the Administration should support Hong Kong Design Centre in collaboration with the commercial sector.

Government Pension Fund of Norway

- The delegation is impressed by the GPFG's average annual return of 5.7% between January 1998 and December 2013. The delegation has noted that the average net return of GPFG is higher than the average return of 2.7% of the Exchange Fund of Hong Kong over the past three years. The delegation is of the view that the Exchange Fund of Hong Kong should learn from GPFG and adopt a more risk-taking approach in investment, i.e. by redistributing a larger share of its investment from bonds which make up the bulk of its investment to stocks and equities, so as to improve its return on investment.
- Some members of the delegation are of the view that at present, the investment strategy of the Exchange Fund is too conservative. Of the total assets of the Exchange Fund of over HK\$3,000 billion, two-thirds are bonds and only one-sixth is equities. The delegation is of the

view that the Hong Kong Monetary Authority should maximize the investment return of the Exchange Fund with limited risk exposure.

Family friendly policies

- 6.27 The delegation is equally inspired by the family friendly policies of the three countries which have a high participation rate of mothers in the workplace. The delegation has noted that Finland, Norway and Denmark are considered the forerunners in designing familyfriendly policies. Their lead in this aspect dates back decades ago when the states started intervening in trying to alleviate the conflicts between motherhood and work life. These countries have also considered the roles of leaders with respect to equal opportunity and women's position in society and the labor market. Whilst the family friendly policies in these countries typically include long paid parental leave period and public child care, another important aspect of the leave schemes is the flexibility of take-up, for instance by allowing part-time leave over a longer period instead of full time leave for a shorter period or by letting parents save part of the leave for later use. The price paid by parents for publicly provided child care is generally fairly low and quality is high in these countries because child care is heavily subsidized by the state or municipality.
- 6.28 The delegation is of the view that maternal and parental leave schemes and public child care services have been found to have positive effects on women's participation in the labour market. The high participation rate of women in these countries has implied that these women have become much more economically independent of their husband's income than in countries with lower female participation rates. The large coverage of family-friendly policies which have mainly been used by women would have a positive effect on women's status in the labor market and on reducing the gender wage gap and on increasing fertility rates.
- 6.29 The delegation also considers that there may be a number of other indirect gains for public sector budget from family friendly policies. For example, the potential gains related to increased labour force participation of mothers can lead to a reduction of the obsolescence of mothers' loss of earnings capacity during child care periods. Moreover, the resulting increased fertility has a positive effect on the future tax base.

The delegation considers that the family friendly policies of the three countries serve as valuable references for Hong Kong.

Conclusions

- 6.30 On the whole, the delegation considers the visit very enlightening and fruitful. While the experience of the three countries may not be directly relevant or readily transferable to Hong Kong because of the different political background and situation, their experiences in constitutional development, including the development of electoral system and unicameral system with a coalition government formed by parliamentary alliances are valuable and can serve as useful references for Hong Kong as it embarks on its own constitutional reform.
- 6.31 The delegation is delighted that the visit has strengthened the links between Legislative Council and the legislatures of the three countries. The delegation has been warmly received throughout the visit. Through the meetings and exchanges of views with Chairs of committees, MPs, government officials, academics, political leaders, school principal and representatives of the relevant organizations, better mutual understanding has been fostered and friendship enhanced.

Acknowledgements

The delegation wishes to thank Mr Pekka RAVI, Vice-Speaker of the Eduskunta, Mr Olemic THOMMESSEN, President of the Storting and Mr Bertel HAARDER, First Deputy Speaker of the Presidium of the Folketing for meeting with the delegation and sharing their views on the issues discussed. The delegation also wishes to thank all the Chairs of committees, MPs, government officials, academics, political leaders, school principal and representatives of business associations, as well as parliamentary staff whom the delegation met during its visit for their hospitality and useful briefings.

The delegation is grateful to the Eduskunta, the Storting, the Folketing, the Finnish Ministry for Foreign Affairs, the Norwegian Ministry of Foreign Affairs, the Danish Ministry of Foreign Affairs, Consul-General of Finland in Hong Kong and Macao, and the Royal Danish Embassy in Beijing for their assistance in drawing up a comprehensive visit programme and providing logistical support. The delegation also wishes to thank the Hong Kong Economic and Trade Office in London for its advice on logistical arrangements for the visit.

Acronyms and abbreviations

CFTF Committee for the Future

CLC Constitutional Law Committee

DDC Danish Design Centre

EU European Union

GDP Gross Domestic Product

GPFG Government Pension Fund Global

MPs Members of Parliaments

OPO Office of Parliamentary Ombudsman

R&D research and development

SCLGPA Standing Committee on Local

Government and Public Administration

SCSCA Standing Committee on Scrutiny

and Constitutional Affairs

the Subcommittee Parliamentary Liaison Subcommittee

Delegation of the Legislative Council to Finland, Norway and Denmark

Visit Programme in Helsinki, Finland

14 September 2014 (Sunday)		
Morning	Arrive at Helsinki, Finland	
15 September 2014 (Monday)		
Morning	Visit to Pelimanni Primary School	
Morning	Briefing by Mr Pertti RAUHIO, the Administrative Director of the Eduskunta (the Finnish Parliament)	
Noon	Lunch with Mr Seppo TIITINEN, Secretary General of the Eduskunta	
Afternoon	Tour of the Eduskunta building	
Afternoon	Meeting with Ms Eija ROTINEN, Deputy Director General of the Department for the Americas and Asia of the Finnish Ministry for Foreign Affairs	
Afternoon	Visit to Tekes, the Finnish Funding Agency for Innovation	
16 September 2014 (Tuesday)		
Morning	Meeting with Mr Johannes KOSKINEN, Chairman of the Constitutional Law Committee of the Eduskunta	
Morning	Meeting with Ms Päivi LIPPONEN, Chairman of the Committee for the Future of the Eduskunta	
Morning	Meeting with Mr Pekka RAVI, Vice-Speaker of the Eduskunta	

Morning	Meeting with Professor Anne HOLLI from the University of Helsinki
Morning	Observing Budget Plenary Session at the Eduskunta
Noon	Lunch meeting with the Finland-Hong Kong Trade Association
Afternoon	Depart for Oslo, Norway

Visit Programme in Oslo, Norway

16 September 2014 (Tuesday)		
Evening	Arrive at Oslo, Norway	
17 September 2014 (Wednesday)		
Morning	Meeting with members of the Progress Party, the Storting (the Norwegian Parliament)	
Morning	Meeting with members of the Conservative Party, the Storting	
Morning	Meeting with the member of the Christian Democratic, the Storting	
Noon	Working lunch with Mr Bjørn Geir FROM, representative of the Norwegian Ministry of Finance managing the Norwegian sovereign wealth fund	
Afternoon	Meeting with Mr Aage Thor FALKANGER, the Parliamentary Ombudsman	
Evening	Dinner hosted by the Norwegian Ministry of Foreign Affairs	
18 September 2014 (Thursday)		
Morning	Tour of the Storting building and introduction to the Storting and Norwegian politics by the Storting Secretariat	
Morning	Joint meeting with Ms Helga PEDERSEEN, First Vice Chairperson of the Standing Committee on Local Government and Public Administration and Mr Helge THORHEIM, member of the Standing Committee on Scrutiny and Constitutional Affairs of the Storting	
Afternoon	Meeting with Mr Olemic THOMMESSEN, President of the Storting	

Afternoon	Meeting with Prof. Eivind SMITH, academic of constitutional and administrative law, Faculty of Law, University of Oslo
Afternoon	Depart for Copenhagen, Denmark

Visit Programme in Copenhagen, Denmark

18 September 2014 (Thursday)		
Evening	Arrive at Copenhagen, Denmark	
19 September 2014 (Friday)		
Morning	Visit to the State of Green	
Morning	Meeting with Ms Susanne HYLDELUND, Ambassador and Under-Secretary for the Trade Council of the Danish Ministry of Foreign Affairs	
Afternoon	Meeting with Mr Bertel HAARDER, First Deputy Speaker of the Presidium of the Folketing (the Danish Parliament)	
Afternoon	Meeting with Mr Jesper THINGHUUS, Committee Secretary in the Committee Secretariat of the Folketing	
Afternoon	Meeting with Mr Flemming Kordt HANSEN, International Adviser in the International Secretariat of the Folketing	
Afternoon	Tour of the Folketing	
20 September 2014 (Saturday)		
Morning	Meeting with Ms Iben Højer HANSEN, Senior Project Manager, Danish Design Centre	
Afternoon	Visit to Peter Beier Chokolade (chocolate manufacturing company)	
21 September 2014 (Sunday)		
Afternoon	Arrive at Hong Kong	