LEGISLATIVE COUNCIL BRIEF

IMPROVING GOVERNANCE AT THE DISTRICT LEVEL

INTRODUCTION

At the meeting of the Executive Council on 2 May 2023, the Council advised and the Chief Executive (CE) ordered that:

- (1) District Councils (DCs) should be reformed by amending the relevant legislation and implementing administrative arrangements, including (please refer to paragraphs 15 to 42 below for details) to
 - (A) enhance the advisory and service functions of DCs;
 - (B) rationalise the division of labour and collaboration amongst DCs, the District Fight Crime Committees (DFCCs), the District Fire Safety Committees (DFSCs), the Area Committees (ACs) and the District Services and Community Care Teams (Care Teams);
 - (C) designate District Officers (DOs) as DC Chairmen, and empower them to lead the work of DCs;
 - (D) optimise the composition of DCs and set the corresponding methods of filling those seats. DCs will be composed of appointed, District Committees Constituency (DCC), District Council Geographical Constituency (DCGC) and ex-officio members; with appointed, DCC and DCGC members accounting for about 40%, 40% and 20% of the total number of members respectively, plus 27 ex-officio members. The total number of seats will be comparable to the current term (i.e. 479 seats). An eligibility review mechanism will be introduced to ensure that all candidates participating in the election, as well as appointed and ex-officio members, uphold the Basic Law and bear allegiance to the HKSAR of the People's Republic of China;
 - (E) generally maintain the remuneration package of DC members at the current level after the reform; and
 - (F) introduce a monitoring mechanism of DC members' performance, which includes investigating DC members whose behaviour falls short of the public expectation and imposing appropriate sanctions proportionate to the severity of the shortfalls.
- (2) the district governance structure should be strengthened, including (please refer to paragraphs 44 to 50 below for details) to –

- (A) establish a "Steering Committee on District Governance" to be chaired by the Chief Secretary for Administration (CS) to take a leading role in the overall strategies, policies and measures of district governance; and
- (B) reposition the "District Matters Co-ordination Task Force" chaired by the Deputy Chief Secretary for Administration (DCS) and rename it as the "Task Force on District Governance" to coordinate and steer district work of various policy bureaux and departments, in place of the existing "Steering Committee on District Administration".

JUSTIFICATIONS

I. Background

- (A) Existing District Consultation Structure
- 2. DC has been established in each of the 18 districts of Hong Kong since 1982 to enable the Government to have a better grasp of, and be responsive to, district problems and needs, and to promote public participation in district affairs.
- 3. Apart from DCs which serve as the major advisory bodies in districts, there are also other advisory committees, including one DFCC, one DFSC and one to several ACs (collectively known as "the three committees") in each district. The ACs, DFCCs and DFSCs have been in operation since 1972, 1976 and 1998 respectively and have more than 2 500 members in total at present in 18 districts. The DFCCs and DFSCs are responsible for advising on crime and law enforcement and fire safety matters in districts respectively, as well as assisting in organising related publicity and public education activities. Their services focus on their respective specified areas. The ACs mainly encourage public participation in district affairs, provide advice on district affairs affecting the area, and assist in organising community activities and publicity campaigns of the Government.

Legislative Provisions Relating to District Organisations and DCs

4. Articles 97 and 98 in Chapter IV of the Basic Law stipulate the following with regard to district organisations:

Article 97

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

Article 98

- "The powers and functions of the district organisations and the method for their formation shall be prescribed by law."
- 5. In accordance with section 61 of the District Councils Ordinance (Cap. 547) (DCO), the functions of DCs are:

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

(B) <u>Existing District Governance Work</u>

- 6. The Government spends a significant amount of resources on district governance work every year. At present, the departments providing services in the districts include the Home Affairs Department (HAD), the Food and Environmental Hygiene Department (FEHD), the Leisure and Cultural Services Department (LCSD) and the Social Welfare Department (SWD). Through their district representatives who attend DC meetings, these government departments directly listen and respond to the views of DC members on their services and take follow-up actions as appropriate.
- 7. At the same time, the Government has a multi-tiered collaboration mechanism to provide district facilities/services to the public and attend to district management issues. At present, a District Management Committee (DMC), chaired by the DO and comprising district representatives of major departments¹, is established in each district. It serves as a forum for consultation and coordination among departments to resolve inter-departmental district issues and to respond to district needs promptly. For district issues that cannot be resolved by the DMCs, the Steering Committee on District Administration, chaired by the Permanent Secretary for Home and Youth Affairs and comprising senior representatives of the relevant departments, serves as a platform for inter-departmental discussion and consultation for making concerted efforts to address district issues such as street management.
- 8. For better coordination of district affairs, the current-term Government has also established the District Matters Co-ordination Task Force (Task Force), headed by DCS, to steer and coordinate government efforts in dealing with "long-standing, big and difficult"

At present, a DMC comprises representatives of HAD, FEHD, LCSD, the Lands Department, the Transport Department, the Hong Kong Police Force, SWD, the Housing Department, the Education Bureau, the Civil Engineering and Development Department, the Planning Department, the Buildings Department, etc.

district environmental hygiene and cityscape problems. The Task Force has made good progress since rolling out its work in mid-August last year, with success in resolving a number of environmental hygiene problems that have been plaguing the districts for years. Its work is supported by the public.

II. Necessity and Principles of Improving Governance at the District Level

- 9. For many years, DCs have been serving the public in accordance with the Basic Law and under the principle of mutual respect with the Government. However, the situation has drastically changed after the Sixth DC Ordinary Election. During the blackclad violence, destructive forces, including people who advocated the so-called "independence" of Hong Kong and mutual annihilation, and objected to our country exercising sovereignty, joined the DCs through the DC election. DCs, whose original functions were to serve the districts, turned into a political battleground. Since the start of the sixth-term DCs in 2020, some DC members acted primarily out of personal political stances and turned DCs into a stage for promoting their personal political beliefs, undermining national security, supporting the black-clad violence, objecting to the National Security Law, whipping up confrontations, etc. There were DC members who ignored the livelihood of people, hijacked meetings and unscrupulously obstructed the administration of the Government, harming the well-being of Hong Kong people. There had been acts² in DCs going against and beyond their statutory functions as district advisory bodies. Such acts constituted a severe violation of the original nature and positioning of DCs as "district organisations which are not organs of political power", seriously destructing community harmony and hindering district development. Besides, DC chairmen elected from among DC members of the districts did not have a thorough understanding of and arbitrarily misinterpreted the nature, role and functions of DCs. Some DC Chairmen even misled the public based on their political stances. A large number of members subsequently resigned due to refusal to take oath or for other excuses, or were disqualified for making invalid oath. As of April 2023, only 146 out of the total 479 seats of the sixth-term DCs are still filled by serving members.
- 10. The appalling situation is unacceptable, indicating that the mechanism no longer functions, and reveals obvious loopholes and flaws of the relevant electoral system, which must be plugged and rectified to ensure that DCs can get back on the right track and perform their functions properly.
- 11. In addition to reforming DCs, the Government also has to review and streamline the district governance structure, so as to strengthen the leadership and coordination in district governance, enhance the utilisation of various departmental resources, improve the efficacy of district governance and respond to public demands.
- 12. The current term of DCs will end on 31 December 2023. In accordance with

The acts include: (i) challenging the order and/or acting against the functions of DCs; (ii) insulting officials; (iii) breaching the conduct of members by serving the public selectively; (iv) handling the funding applications for the Community Involvement Programme (CI Programme) with an unreasonably uncooperative and biased attitude; (v) delaying the approval of projects under the District Minor Works Programme (DMWP) or threatening to overturn the approval for works projects given by the previous-term DCs; (vi) raising discussion items beyond the purview of the District Facilities Management Committee and abusing district facilities; and (vii) committing acts suspected of crossing the red line of "One Country, Two Systems" and national security.

section 27 of the DCO, the DC ordinary election shall be held in late 2023³. The improvement of the electoral system in the HKSAR, completed earlier, has put into practice the principle of "patriots administering Hong Kong". That the Election Committee Subsector election, the CE election and the LegCo election were held successfully has symbolised a new chapter of Hong Kong governance moving from stability to prosperity. Reforming DCs will be a key part for the HKSAR to move from chaos to stability and further to prosperity.

- 13. Since district administration is part of the HKSAR governance structure, the following guiding principles should be adhered to in the review:
 - (1) according top priority to national security: We must fully, faithfully and steadfastly implement the principle of "One Country, Two Systems", as well as ensure the effective and sustained implementation of the systems prescribed by the Constitution and the Basic Law, including the district advisory bodies which are not organs of political power formed in accordance with Article 97 of the Basic Law:
 - (2) **fully implementing the principle of "patriots administering Hong Kong"**: Governance at the district level must be firmly placed in the hands of patriots to ensure effective governance of the HKSAR Government; and
 - (3) **fully practising executive-led governance**: The HKSAR Government must have firm control of governance at the district level and train up strong and abled service teams, so as to increase its capability to mobilise the community.
- 14. The entire system must be designed in such a way that the functions and the positioning of the future district governance structure are clearly defined to allow it to perform its functions well and enhance the efficacy of governance at the district level.

III. DC Reform

(A) Functions of DCs

15. The reformed DCs must revert to their positioning as district advisory bodies which are not organs of political power in accordance with Article 97 of the Basic Law, be depoliticised and fully practise the principle of executive-led governance, while enhancing their functions as an effective channel for gauging public views and serving the community in a pragmatic and practical manner. The improved advisory and services functions of the DCs are set out as follows –

- (1) to advise the Government on district affairs affecting the livelihood, living environment in the district and the well-being of the people in the district;
- (2) to collect the views of the people in the district in respect of issues specified by DC chairmen (i.e. the DOs, please refer to paragraph 19 below for details), to submit to the Government summaries of the views collected and propose corresponding measures;

As stipulated in section 27(4) of the DCO, the date for holding an ordinary DC election must be not earlier than 60 days and not later than 15 days before the new term of office of the elected members is to begin.

- (3) to establish a regular communication mechanism with the people in the district, to meet with them and listen to their views regularly;
- (4) to support and assist in the promotion and publicity of Government policies and laws in the district, and assist the Government in carrying out various consultation, publicity, and liaison activities such as district forums;
- (5) to assist in the smooth delivery of cultural, leisure, environmental hygiene and other services relating to the interests of people in the district under the coordination of the Government;
- (6) DCs and their committees/working groups may apply for funding for projects and activities for the purpose of promoting district sports, arts and culture; district major events and celebrations; greening, and volunteer work, etc. However, the authority to assess and approve the applications as well as to use the funding rest with the Government;
- (7) to provide services for people in the district, such as consultation or case referral services;
- (8) to cooperate with other consultation and service organisations in the district under the coordination of the Government to achieve the best results in serving people in the district; and
- (9) to undertake any other matters as commissioned by the Government.
- 16. Generally speaking, DCs should play the role of complementing the Government, assisting the Government in keeping its finger on the pulse of the community so that the Government can have more effective planning of district services. They should also help foster social cohesion. However, DCs, as advisory bodies, instead of organs of political power, should not have management role over district facilities, or have authority in approving funding⁴, in order not to violate the principle of executive-led governance.
- 17. We will amend the relevant provisions of section 61 of the DCO to reflect more accurately the enhanced functions mentioned above, in order to define clearly the role and operation of DCs.

(B) <u>Division of work among DCs, "the three committees" and Care Teams</u>

18. To provide stronger support for the Government's work at the district level and enhance the Government's capability to mobilise district networks, as well as to manifest executive-led governance, DCs, "the three committees" and Care Teams will all be led directly by the Government to perform their respective functions to achieve a flat and efficient organisation structure. The functions of DCs have been set out in paragraph 15

The role of DCs in implementing projects under the CI Programme and the DMWP has been suspended since October 2021. Under the revised arrangements, in respect of the CI Programme, the HAD/DOs and the LCSD will either allocate funds direct to relevant organisations, or organise projects featuring local characteristics and popular festive celebrations, as well as cultural, artistic and recreational activities to promote district harmony. In respect of the DMWP, DOs will collect views from the community through different channels with a view to identifying minor works projects for the benefit of the local community.

above. The services of DFCCs and DFSCs focus on crime fighting and fire safety respectively, whereas members of ACs advise DOs on area affairs on the basis of their respective backgrounds, expertise and knowledge of the district. Care Teams support the Government's work at the district level in areas such as assisting in the provision of support services during epidemics, typhoons, floods, etc., and organise caring activities regularly to help the needy and promote solidarity and mutual support, with a view to fostering community cohesion.

(C) Chairmen of DCs and Their Powers

19. To ensure executive-led governance, we propose that after the reform, the DC Chairmanship will be taken up by DOs⁵, instead of being elected by members among themselves. To implement the proposal, we will amend the DCO to stipulate the powers of DC Chairmen, which include requiring DC members to collect and relay the residents' views on designated issues, making standing orders for meetings, setting up specified committees (for example, on district facilities and works, food and environmental hygiene, culture and recreation, transportation, housing, social welfare, development and planning, youth, etc.), setting up other committees according to the circumstances of the district, appointing DC members in the district as the Chairmen of the relevant committees, appointing non-DC members as co-opted members of the committees, etc. These arrangements can ensure that the Government has control over consultation on district affairs, and can bring about DCs' support and assistance in promoting Government policies, to assist in handling problems and complaints in the districts, and to collaborate with "the three committees" and Care Teams under the Government's lead.

(D) Proposed Composition

- 20. In addition to the proposal that DOs will serve as DC Chairmen, we propose that the reformed DCs should be composed of appointed, DCC (the DCC of a district is composed of members of "the three committees" of that district), DCGC and ex-officio members⁶, with appointed, DCC and DCGC members accounting for about 40%, 40% and 20% respectively, plus 27 ex-officio members. After the reform, members returned at an election (i.e. in the DCC election and the DCGC election) will account for about 60% of the total number of members in each district (excluding ex-officio members). In order to effectively perform the various functions of DCs, we propose that the total number of seats in the new DC term should be comparable to the current term (i.e. 479 seats).
- 21. Under the arrangement, DCs will be broadly representative, composing of representatives from different sectors of the society, with different expertise and district experiences, and can attract capable persons of different professions and experiences to participate in district administration. This is conducive to reflecting the overall interest of each district. There have all along been views that currently, the constituency area represented by each elected DC member is too small, limiting the service scope. There are often situations where residents in the same estate seek help wrongly from the DC member of another constituency. The DC members often lacks holistic perspectives. Upon the reformed demarcation, the existing constituencies of DCs will be merged into 44 larger constituencies, with the adoption of the "Double Seats and Single Vote" system (refer to paragraph 28 below for details). The elected members will represent residents in a

In the absence of the DO, the acting DO, who is the Assistant District Officer according to the established practice, shall be the acting Chairman.

Ex-officio members are Chairmen of Rural Committees.

larger area, and hence will consider a bigger picture in discussions on district affairs and will attend to district issues at a more macro level.

- 22. The introduction of appointed and DCC members should effectively rectify the problems of politicisation and populism brought by DCGC members under the existing system, thereby overcoming silos of constituency interests and encouraging public policy discussions from a strategic perspective. DCs can also return to the livelihood-oriented positioning.
- 23. According to the proposal, there will be a total of 470 members, with the number of appointed, DCC and DCGC members accounting for about 40% (179 appointed members), 40% (176 DCC members) and 20% (88 DCGC members) respectively, in addition to 27 ex-officio members. The boundaries of the current 18 districts will remain unchanged to maintain their existing community ties. Under this premise, the distribution of seats in each district will be approximately determined in accordance with its population size and the ratio as proposed under the proposals on improving governance at the district level, as detailed at **Annex A**. In the future DC elections, the numbers of appointed, DCC and DCGC seats in each district will, in principle, be set at a ratio of approximately 4:4:2, and depending on the magnitude of population change, consideration will be given to whether they need to be increased or decreased.

(i) Eligibility Review Mechanism

To ensure that the principle of "patriots administering Hong Kong" is fully 24. implemented, we propose that candidates participating in the DCC election and the DCGC election must confirm their eligibility through an eligibility review mechanism. consistency, appointed and ex-officio members will also be subject to eligibility review before taking office. With reference to the relevant provisions of Annex I and Annex II to the Basic Law, we will amend the relevant legislation to stipulate the establishment of a "District Council Eligibility Review Committee" (DCERC) to review and confirm the eligibility of all election candidates, as well as appointed and ex-officio members⁷. DCERC will decide whether a candidate complies with the legal requirements and conditions of upholding the Basic Law and bearing allegiance to the HKSAR. When necessary, the DCERC may seek the opinion of the Committee for Safeguarding National Security of the HKSAR. The DCERC will be chaired by CS and consist of two to four official members and one to three non-official members. The Chairman and each DCERC member will be appointed by CE by notice in the Gazette. Regardless of the method for the selection, all DC members must take oath to uphold the Basic Law and bear allegiance to the HKSAR before taking office.

(ii) Appointed members

25. The number of appointed members will account for about 40% of the total number of seats (excluding ex-officio seats) in DCs, with a total of 179 seats. The merits of having appointed seats is to allow the Government to adhere to the principle of meritocracy, and appoint capable persons (such as professionals or important stakeholders in the district) who are patriotic and have an affection for Hong Kong to serve as appointed DC members, having regard to the situation and the actual development needs of each district. The appointments are to be made on a district basis, not by individual

Consistent with the arrangement of eligibility review for LegCo elections, the Returning Officers (i.e. DOs) are not to advise the DCERC on whether candidates uphold the Basic Law and bear allegiance to the HKSAR.

geographical constituencies, with the overall interest of the district taken into account. This does not only effectively enhance the public policy discussion and debate at DC meetings, but also allows some capable persons who will not participate in elections to join DCs. The legislation will stipulate that appointed members are to be appointed by CE.

(iii) DCC members

- 26. To fully implement the principle of "patriots administering Hong Kong", and to ensure that the candidates are recognised by persons who are familiar with district affairs and the electors of the districts, we propose that candidates of the DCC election should be nominated by three members of each of "the three committees" in the district. Yet, the candidates do not have to be members of "the three committees" themselves. Members of "the three committees" are from various sectors of society with different areas of expertise and experience. They are the key stakeholders of the community, dedicated to serving the community, familiar with district affairs, and are closely in touch with the community. Their nomination will ensure that the elected members truly understand district affairs and can strengthen the connection between the district committees and DCs, which is conducive to their close collaboration.
- The number of DCC members will account for about 40% of the total number of seats in DCs (excluding ex-officio seats), i.e. a total of 176 seats. The constituencies of the DCC election are individual districts. In terms of the right to nomination, each member of "the three committees" may nominate a number of candidates not exceeding the number of DCC members to be returned in the election concerned in the district. The number of candidates to be elected by members of "the three committees" in the district by secret ballot equals to the total number of DCC seats in the district (i.e. the "block vote" voting system). The "first past the post" voting system will be adopted for the DCC election; the candidate with the highest number of votes will be elected first, followed by the candidate with the second most votes until all seats are returned.

(iv) DCGC members

- 28. The number of DCGC members will account for about 20% of the total number of seats in DCs (excluding ex-officio seats), i.e. a total of 88 seats in 44 constituencies. Same as the DCC election, candidates of the DCGC election should be nominated by three members of each of "the three committees" in the district. Each member of "the three committees" can at most nominate one candidate in each constituency in the district. Moreover, a candidate of the DCGC election has to obtain the nominations of not less than 50 electors in the constituency. "Double Seats and Single Vote" system is to be adopted in the DCGC election. Electors can vote for one candidate in their constituency by secret ballot, and the two candidates with the highest number of votes will be elected. "Double Seats and Single Vote" system is conducive to balanced participation, increases the stability across political spectrum, and can better reflect the opinions of the majority of the people.
- 29. In the sixth DC ordinary election, there was a large number of candidates/elected members who had no ties with the districts or experience in serving the districts. During the election and upon being elected, they abused public resources in the districts to conduct non-beneficial acts for political interests. Their acts severely affected the operation of DCs and the services for the residents in the districts. As mentioned in paragraph 26 above, members of "the three committees" are important stakeholders in the community. Their nomination for DCC and DCGC members in the district will increase

Area committees within the district are counted as one district committee.

the representativeness of the candidates, ensure that the elected candidates truly understand district affairs, and strengthen the connection between the district committees and the DCs, which is conducive to the close cooperation among the district committees, the DCs and local personalities. The introduction of the nomination requirement by members of "the three committees" can ensure that candidates are dedicated to serving the districts.

Electoral arrangements

30. The electoral procedures for DCGC elections and DCC elections will follow the existing arrangement under the Electoral Affairs Commission (Electoral Procedure) (District Councils) Regulation (Cap. 541F). DOs will be the Returning Officers of DCGC elections and DCC elections of the respective districts. As in previous elections, multiple polling stations will be set up throughout Hong Kong for DCGC elections. One polling station will be set up for each of the 18 districts in Hong Kong for DCC elections. Separating the polling stations for DCGC elections and DCC elections can effectively reduce the complexity of polling station operations, improving the efficiency in counting votes to enable early announcement of voting results.

Delineation of geographical constituencies

- 31. As mentioned in paragraph 21 above and <u>Annex A</u>, under the new electoral system, there will be a total of 44 geographical constituencies in the 18 districts, returning 88 DCGC members. In view of the extremely short time until the end of the current-term DCs, the Government will, by making reference to the arrangement of the Improving Electoral System (Consolidated Amendments) Ordinance 2021, suspend the application of the part regarding the delineation of geographical constituencies by the Electoral Affairs Commission under the Electoral Affairs Commission Ordinance (Cap. 541) for the seventh-term DCs. Instead, the Government will directly conduct the delineation of geographical constituencies.
- 32. In formulating the delineation proposal, the Government has suitably divided the number of the existing contiguous DCGCs evenly and then merged them into larger new DC geographical constituencies to preserve community integrity and ensure the population covered by the new geographical constituencies within the same district is roughly the same. The relevant proposal is at <u>Annex B</u>. The Government will solicit public views on the proposals on improving governance at the district level together with the delineation proposal, and then include it in the District Councils (Amendment) Bill 2023 (the Amendment Bill) for scrutiny by the LegCo.

(E) Remuneration Package for DC Members

33. Regarding the remuneration package, DC members currently receive a monthly honorarium of \$36,710 and a monthly provision of accountable Operating Expenses Reimbursement (OER) of \$48,446 for performing various district duties, which include attending district activities, monitoring the operation of district facilities, setting up and operating offices for reaching out to local residents and collecting their views, as well as assisting in handling complaints or requests for assistance from residents, etc.

- According to the existing mechanism, the Government regularly reviews⁹ the remuneration package for DC members through the Independent Commission on Remuneration for the Members of the District Councils of the HKSAR (ICDC) a year before the start of a new DC term to ensure that the package is appropriate and in step with the times. The remuneration package for DC members of the sixth term has been so reviewed and enhanced with effect from 1 January 2020. The Government also adjusts the level of remuneration package for DC members annually in accordance with the movement of the Consumer Price Index (CPI) (A) in the previous year¹⁰. The level of medical allowance is adjusted in line with that of LegCo members¹¹.
- 35. We propose to continue to provide remuneration package for members of the coming term DCs at a level similar to the current level, so as to support DC members to perform the above-mentioned district duties. We will also encourage DC members to set up joint offices to achieve better cost-effectiveness and to provide advice on cross-constituency and long-term development issues from a more holistic and comprehensive perspective.
- 36. Since the proposals on improving governance at the district level has only completed recently, the Government will continue to collect views and suggestions, and to consult stakeholders (such as current DC members) for the consideration of the ICDC. We suggest that the remuneration package for the members of the next DC term be based on the level of the current DC term. Apart from removing some remuneration items which are no longer applicable (such as the remuneration for DC Chairmen and Vice-chairmen, and Entertainment Expenses Reimbursement for DC Chairmen), only annual adjustment according to the mechanism in paragraph 34 will be made. We suggest initiating a regular review in 2025 to allow the ICDC to make a more appropriate review with reference to the actual operational experience of the seventh-term DCs and the relevant data.

(F) Performance monitoring mechanism for DC members

37. At present, DC members are required to comply with the "Code of Conduct for Members of a District Council or Its Committees (Code of Conduct)" published by HAD to ensure that they conduct themselves in such a way as not to place themselves in a position which may be contrary to the generally assumed standard of conduct expected of DC members. Besides, each DC has its own standing orders for meetings which specify the procedures for its meetings and those of its committees. However, neither the Code of Conduct nor the standing orders of meetings provide a mechanism for investigating or sanctioning DC members who have performed poorly or committed prohibited acts.

38. The chaotic situation in the sixth-term DCs shows that the existing mechanism

The inclusion of the relevant market indicators, such as salary increase of staff of comparable grades in the job market, rising rental of offices, price movements of commodities/services, over the past few years in a basket of factors for reviewing remuneration on a regular basis is in line with the existing practice adopted for LegCo Members. The median monthly employment earnings of managers and administrators is used as a reference indicator for the non-accountable honorarium of DC members, whereas the rental indices of Grade C office of all districts, the median monthly employment earnings of full-time employees who are clerical support workers and CPI(A) are used as reference for the accountable OER.

With effect from 1 January 2023, the honoraria, OER, miscellaneous expenses allowance for DC members and Entertainment Expenses Reimbursement for DC Chairmen have been increased by 2.3% in accordance with the movement of CPI(A).

With effect from 1 January 2023, the Medical Allowance is \$36,530 per annum.

fails to effectively deter DC members from performing acts which are unbecoming to their capacity and bring DCs into disrepute. In view of the significant role played by DCs in the districts in advising the Government on district affairs involving the well-being of residents and in providing district services for residents, and the fact that DC members receive public funds to perform their duties, we suggest introducing a performance monitoring system for DC members to conduct supervision accordingly, so as to further strengthen the accountability of DC members and the transparency of their work.

- 39. We propose to provide in the DCO that, (1) when the DC Chairman has obtained the joint signatures of three DC members of the same district; or (2) if a motion is put forth by a DC member at a DC meeting and is supported by more than half of the members present at the meeting by voting, the case will be referred to a supervisory committee (the Committee) appointed by the Secretary for Home and Youth Affairs (SHYA) to conduct an investigation on the concerned DC member whose behaviour has allegedly failed to meet the public expectation of the DCs.
- 40. The Committee is not a permanent establishment, but will be established when the investigation mentioned in paragraph 39 above is initiated. The Committee will be composed of a total of five members, including an independent person and four DC members (from districts other than the district involved). The Committee is responsible for establishing whether the facts stated in the jointly signed document or the motion are true, and giving opinions on whether the established facts constitute a ground for sanctioning the member. Upon completion of the relevant investigation, the Committee should report to SHYA and recommend whether sanctions are required and the appropriate SHYA may, taking into account the investigation results and the recommendations, decide whether sanctions should be imposed. If affirmative, SHYA may, according to the severity, issue a letter of persuasion to the relevant member or impose the following sanctions, including (1) warning; (2) financial penalty; and (3) suspension of duties and his or her entitlement to remuneration, including allowances and end-of-service gratuities on a pro-rata basis during the period of suspension. The legislation will clearly stipulate the sanctions that SHYA can impose. SHYA will inform the DC member concerned of the ruling and impose the relevant sanctions. In addition, an appeal mechanism will also be set up. If the DC member involved considers that the ruling is unfair, he or she can appeal to CS.
- 41. The legislation will empower SHYA to formulate and amend administrative guidelines, which will be made available to the public. The relevant guidelines will set out the standard of performance required of DC members, so as to manifest transparent monitoring throughout the whole process in order to meet the public expectations of the DCs. The relevant guidelines should include but are not limited to: (1) actively performing the functions listed in paragraph 15 above; (2) executing and implementing the tasks and work indicators assigned by DC Chairmen (such as attending meetings according to schedule, meeting with citizens regularly, assisting in arranging district consultation forums or residents' meetings for public opinion collection, providing feedback to DC Chairmen, regularly submitting work reports, etc.); and (3) abiding by standing orders for meetings of DCs, etc. DC Chairmen will monitor the implementation situation of relevant tasks and work indicators, and can initiate the investigation in paragraph 39 above in case of persistent non-compliance with the standards.
- 42. At the same time, the guidelines will also set out a list of negative behaviour, which may constitute grounds for investigation and lead to sanctions, including but not limited to –

- (1) failing to perform the tasks and achieve the work indicators assigned by DC Chairman without reasonable excuses;
- (2) repeated absence from meetings without reasonable excuses (even if the criteria for disqualification due to absence from three consecutive meetings under the DCO is not met);
- (3) grossly disorderly conduct;
- (4) violating the laws of Hong Kong, and being convicted by a court and sentenced to imprisonment, including suspended sentence (even if the penalty does not meet the criteria for disqualification under the DCO);
- (5) abusing the resources of DCs or the identity of a DC member for personal gains, commercial activities, or conducting publicity that is inconsistent with the functions of DCs:
- (6) obstructing other DC members or officials from attending or leaving the meeting;
- (7) making insulting remarks or performing nuisance behaviour towards attendees, including DC members and officials, at the meeting;
- (8) disrupting the order of meetings;
- (9) using foul language at meetings and failing to rectify the behaviour upon advice or warnings;
- (10) disobeying the standing order for meetings (for example: speaking without the Chairman's consent, interrupting, digressing, repeating, conducting live broadcasts at meetings, etc.) and failing to rectify the behaviour upon advice and warnings; and
- (11) failing to make the necessary declaration of interests according to the standing order for meetings.

(G) <u>Legislative Amendments</u>

43. The Constitutional and Mainland Affairs Bureau is working with the Home and Youth Affairs Bureau on the drafting work of the Amendment Bill so as to amend the DCO and its subsidiary legislation. Amendments include revising the functions of DCs, revising the composition of DCs, reinstating the provisions on appointed members, adding the provisions on DCC members, revising the relevant provisions on the method for returning of DCGC members, establishing the DCERC, and adding provisions on monitoring the performance of DC members, conducting relevant investigations and imposing sanctions, etc. We will also amend the Electoral Affairs Commission Ordinance (Cap. 541), Elections (Corrupt and Illegal Conduct) Ordinance (Cap. 554) and other related principal Ordinances and subsidiary legislation in the Amendment Bill to implement the electoral arrangements relevant to the method for the selection and eligibility review.

IV. Strengthening the District Governance Structure

- 44. In addition to reforming DCs, it is also imperative for the Government to have a better grip on district governance, enhance leadership and coordination, and make good use of the resources of various departments to meet the public needs, so as to enhance governance efficacy at the district level and strengthen the capacity to provide district services. We will strengthen the leadership and work structures as follows
 - (1) establishing the "Steering Committee on District Governance" (SCDG) which will be chaired by CS to take a leading role on the overall strategies, policies and measures of district governance;
 - (2) repositioning the "Task Force on District Governance" (TFDG) which will be chaired by DCS to coordinate and steer the district work of various policy bureaux and departments; and
 - (3) the Home and Youth Affairs Bureau and HAD will support the work of the above two high-level set-ups.
- 45. A schematic diagram of the above strengthened district governance structure is at **Annex C**.

(A) Steering Committee on District Governance

- 46. The newly established SCDG will be chaired by CS to lead the work of relevant policy bureaux and departments. Under the senior leadership and supervision, the SCDG will ensure that the policies and measures formulated by the various parties in the district governance structure are well coordinated and complementary with each other to achieve the desired results and address the demand of the citizens in a timely manner. The SCDG will regularly report to CE on the effectiveness and progress of its work.
- 47. The terms of reference of the SCDG are as follows
 - (1) to formulate strategies, specific policies, measures and work priorities for district governance work;
 - (2) to lead the relevant bureaux/departments to streamline the policies and the measures implemented in districts; and
 - (3) to review the effectiveness of district governance work, as well as provide steer on the implementation of policies and measures, resource allocation, etc.

(B) Task Force on District Governance

48. The TFDG will be chaired by DCS to coordinate and supervise the departments in following up with and resolving district issues. The TFDG can effectively address issues that cannot be resolved at the district level due to the different modes or pace of operation among the departments, and special issues which require interdepartmental/cross-district handling or flexible and discretionary arrangements. The TFDG will review the reports written by the Home and Youth Affairs Bureau/ HAD

summarising the work of DCs and DMCs as prepared by DOs. The TFDG can directly request the relevant departments to conduct research or propose specific policies/measures, and will also discuss and resolve district management issues referred by DOs and DMCs.

- 49. The terms of reference of the TFDG are as follows
 - (1) pursuant to the strategies set by the SCDG, to steer and coordinate the relevant policy bureaux and departments to formulate corresponding district governance policies and measures;
 - (2) to coordinate inter-departmental and/or cross-district issues, establish the division of labour and accountability, and streamline the work flow;
 - (3) to monitor the effectiveness of measures implemented by various policy bureaux and departments and supervise them to formulate improvement measures;
 - (4) to ensure that policy bureaux and departments take into account the views collected from district consultations when formulating district governance policies and improvement recommendations;
 - (5) to regularly report to the SCDG on the progress and effectiveness of district governance work in various districts, and coordinate the relevant policy bureaux and departments to conduct research on the district governance topics designated by the SCDG, and submit specific recommendations to the SCDG; and
 - (6) to promote community participation in district governance work (including advisory structures and district services), and strengthen the liaison between the Government and district organisations and groups.
- 50. The TFDG will replace the existing Steering Committee on District Administration and the Task Force to better facilitate the coordination and complement district work among departments. The TFDG will consider various district problems from a more holistic and broader perspective, so as to devise appropriate corresponding measures promptly.

V. Advantages of the Proposals

- All in all, this review can fully and steadfastly implement the aforementioned three guiding principles: (1) according top priority to national security; fully, faithfully and steadfastly implementing the principle of "One Country, Two Systems"; (2) fully implementing the principle of "patriots administering Hong Kong"; and (3) fully manifesting executive-led governance. The proposals can enhance the functions of DCs and reform their composition, so that they can revert to their positioning in accordance with Article 97 of the Basic Law. Meanwhile, the district governance structure will be fundamentally improved, with coordination strengthened at the central level, so that the Government's district services will be more effective and targeted.
- 52. Specifically, the recommendations set out in paragraphs 15 to 50 above can bring about the following advantages:

(1) Optimising the Functions of DCs and DC Chairmen

- The reformed DCs will play the role of complementing the Government, so that the Government can plan and implement district services more effectively; at the same time, since they no longer have the function to manage or approve funding, it can prevent any DC members from abusing the relevant authority, obstructing the administration of the Government.
- With DOs being the DC Chairmen, the Government's control over consultation on district affairs can be ensured. Furthermore, there will be better coordination among DCs, "the three committees" and Care Teams, so that they can complement each other to generate synergy, serving the people more effectively.

(2) The Composition and the Methods for Selection of DCs

- There will be multiple methods for the selection of DC members, so that persons who are patriotic and have an affection for Hong Kong and are dedicated to district services can participate in the work of DCs through multiple channels. Collecting views from various means will allow the Government to consider problems in a multi-dimensional way, which should be conducive to formulating more appropriate policies. Furthermore, residents can seek help from other DC members apart from the DCGC members.
- The introduction of appointed and DCC members can effectively rectify the problems of politicisation and populism brought about by DCGC members under the existing system, thereby overcoming silos of constituency interests. With enlarged geographical constituencies, members are encouraged to have a more holistic and comprehensive perspective and to attend to district problems in a more macro way.
- The requirement of nomination by "the three committees" for DCC and DCGC elections, and the adoption of "Double Seats and Single Vote" system can increase the stability across political spectrum, and can better reflect the opinions of the majority of the people.

(3) Eligibility Review Mechanism

- The introduction of the eligibility review mechanism can ensure "patriots administering Hong Kong". All members joining DCs must uphold the Basic Law and bear allegiance to the HKSAR. DCs will no longer be a platform to advocate the so-called "independence" of Hong Kong or undermine national security but will return to their livelihood-oriented positioning.

(4) Performance Monitoring Mechanism

- The performance monitoring mechanism responds to the public expectation. The people can not only exercise the voting right during elections, but also can continuously monitor the performance of

members during their terms of office and punish those who do not work hard or serve the people. This can ensure that every DC member delivers due diligence and meets the public expectation. All members should therefore work together to serve the public more proactively.

- (5) Strengthening the District Governance Structure
 - SCDG can ensure that the policies and measures formulated by the various parties in the district governance structure are well coordinated and complementary with each other. It will consider various district problems from a holistic and more comprehensive perspective to effectively address the demand of the citizens in a timely manner. TFDG can effectively facilitate the coordination and collaboration of district work by government departments for enacting corresponding measures promptly.

IMPLICATIONS OF THE PROPOSALS

- 53. The new arrangements will not have any significant financial implications. Taking into consideration that the number of DC seats will be slightly reduced, and some remuneration items will no longer apply, the relevant expenditure of the remuneration for DC members will reduce. On the other hand, the remuneration for DC members will be adjusted annually according to the annual price changes as per the existing mechanism. Although the introduction of DCC elections may increase the expenditure for DC ordinary elections, the current estimated amount should not be too large. The Registration and Electoral Office has earmarked sufficient resources in 2023-24 to cope with the relevant The Government will continue to subsidise DCGC election candidates, but the total amount of subsidy to be paid to candidates will depend on a number of factors, including the number of candidates, the number of votes received by each candidate, and the election expenses declared by the candidates. Therefore, it is difficult to accurately estimate the financial impact in this regard at this stage. Furthermore, the new arrangements are in conformity with the Basic Law, including the provisions concerning human rights, and will not affect the current binding effect of the Ordinance. The new arrangements are expected to have no civil service, economic, sustainability, productivity, environmental, family or gender implications.
- 54. With regard to the impact of the establishment of the DCERC on finance and civil servants, we will make reference to the arrangement of the "Candidate Eligibility Review Committee Secretariat" established during the improvement of the electoral system in 2021 and seek resources in accordance with the internal mechanism.

PUBLIC CONSULTATION

55. We will exchange views with major political parties on the proposals and explain to them the objectives and fundamental principles of the proposals on improving governance at the district level; the merits of the new district governance structure; and the positioning, functions, composition, the methods for selection and the monitoring system of the new DCs, as well as the overall district governance work. We will also meet with district personalities and explain the proposals to them. In order to enhance public

understanding on the new district governance structure, information related to the proposals on improving governance at the district level has been uploaded to the HAD's website and the public are welcomed to submit their views in writing by email or by post during the consultation period of approximately half of a month. We will also attend the relevant committee meetings of the LegCo to collect views from members. We will eventually submit the Amendment Bill to the LegCo for scrutiny.

PUBLICITY

56. We held a joint press conference and issued a press release on 2 May 2023, and will respond to enquiries. We will also suitably publicise the new arrangement and the new district governance structure through the media.

ENQUIRIES

57. Enquiries should be directed to Mr Wilson Kwong, Assistant Director (3) of HAD at 2835 1483.

Home and Youth Affairs Bureau Constitutional and Mainland Affairs Bureau 2 May 2023

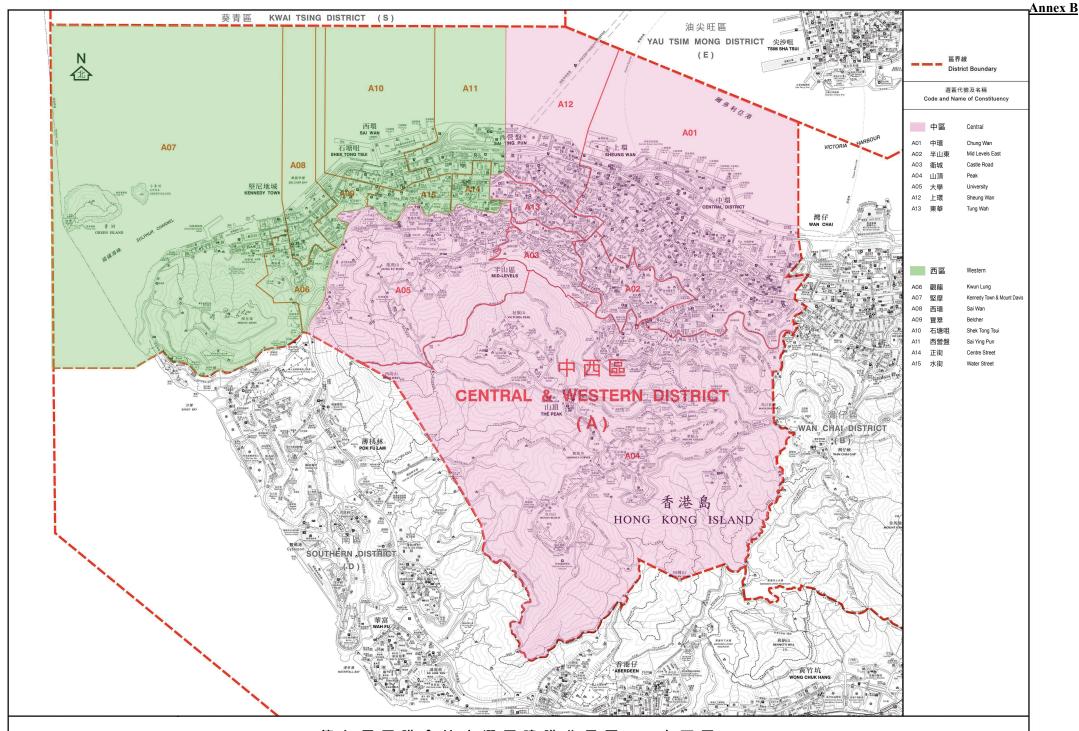
Number of seats in 18 DCs

DCs will be composed of (i) appointed members; (ii) DCC members; (iii) DCGC members; and (iv) ex-officio members; the ratio of appointed, DCC and DCGC seats is set at approximate 4:4:2.

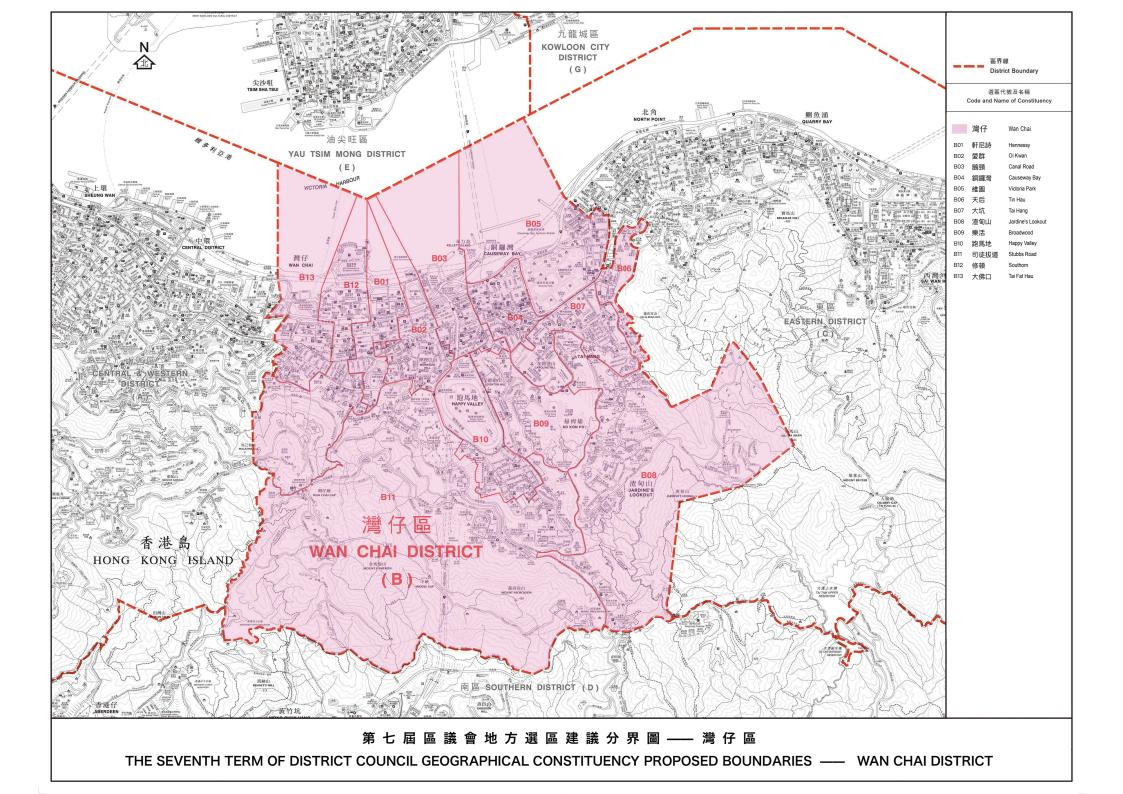
There will be a total of 470 members, with the number of appointed, DCC and DCGC members accounting for about 40% (179 appointed members), 40% (176 DCC members) and 20% (88 DCGC members in 44 geographical constituencies) respectively in 18 districts, in addition to another 27 ex-officio members.

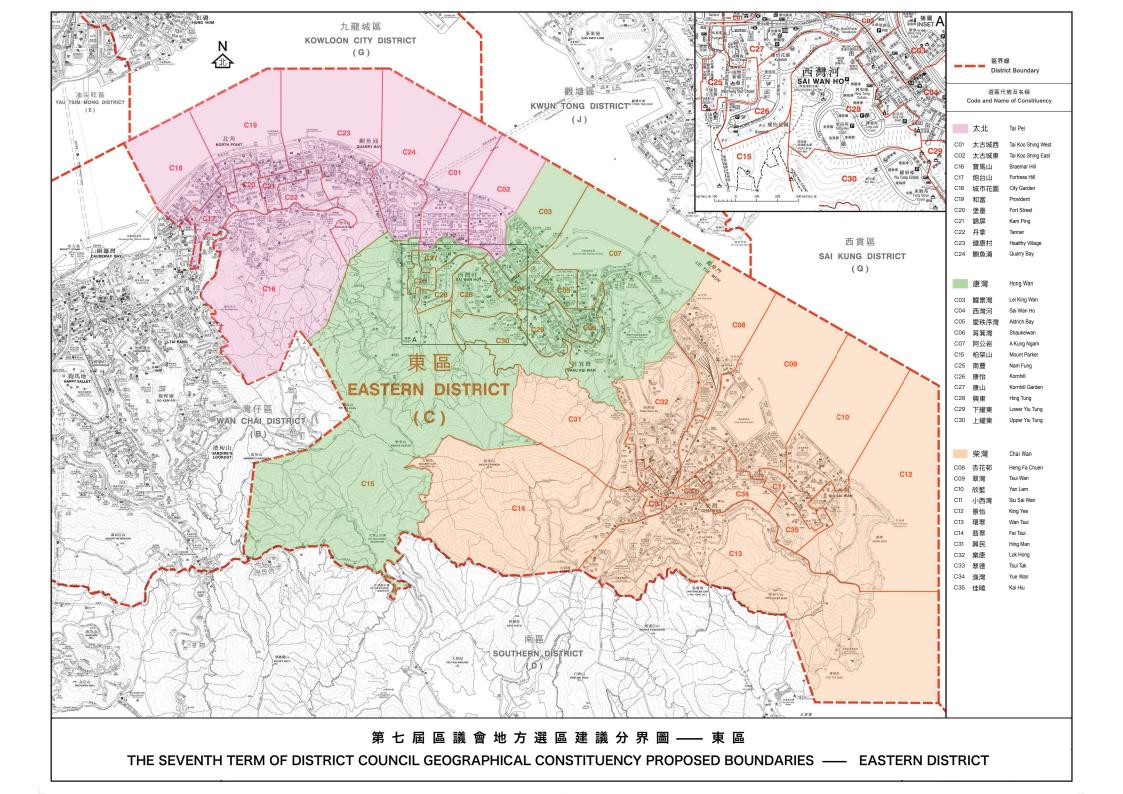
District	Total number of seats in the current DC term	Number of appointed seats	Number of DCC seats	Number of DCGC seats	Number of ex-officio seats (Chairmen of Rural Committees)	Total number of seats in the new DC term	Total number of geographical constituencies of the new DC term
Central & Western District	15	8	8	4	0	20	2
Eastern District	35	12	12	6	0	30	3
Southern District	17	8	8	4	0	20	2
Wan Chai District	13	4	4	2	0	10	1
Kowloon City District	25	8	8	4	0	20	2
Kwun Tong District	40	16	16	8	0	40	4
Sham Shui Po District	25	8	8	4	0	20	2
Wong Tai Sin District	25	8	8	4	0	20	2
Yau Tsim Mong District	20	8	8	4	0	20	2
Islands District	18	4	4	2	8	18	1
Kwai Tsing District	32	13	12	6	1	32	3
North District	22	8	8	4	4	24	2
Sai Kung District	31	12	12	6	2	32	3
Sha Tin District	42	17	16	8	1	42	4
Tai Po District	21	8	8	4	2	22	2
Tsuen Wan District	21	8	8	4	2	22	2

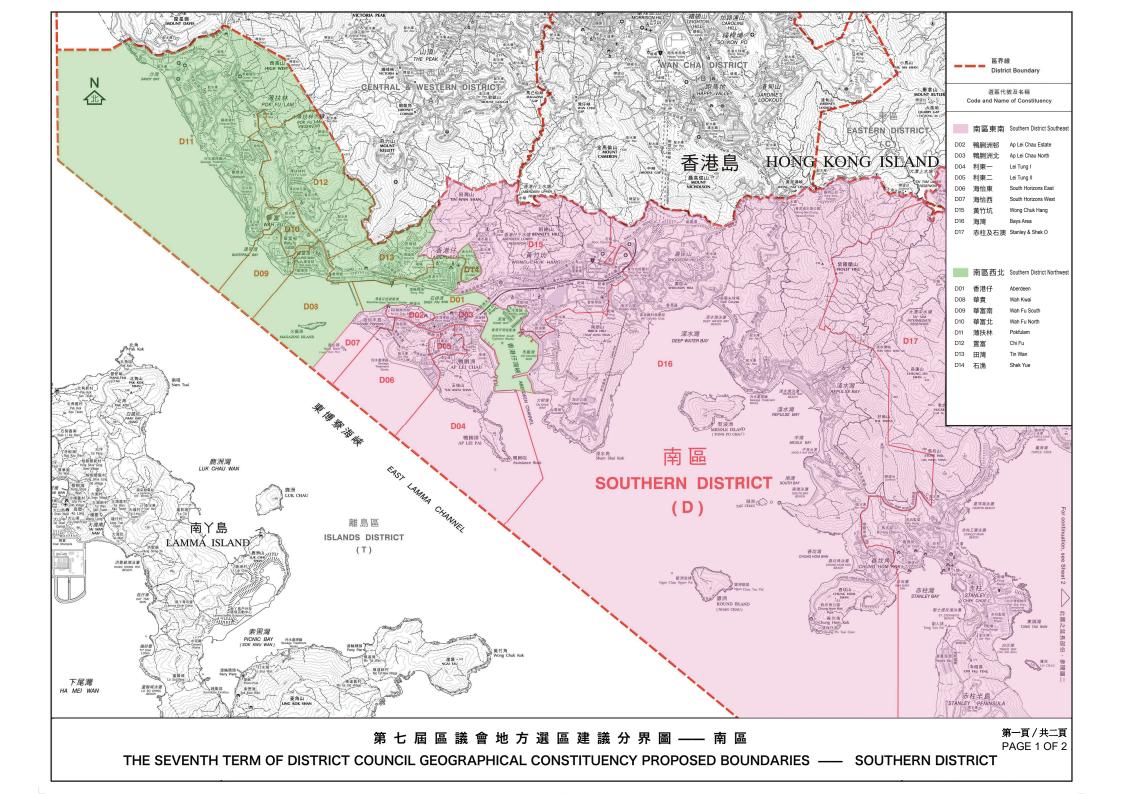
District	Total number of seats in the current DC term	Number of appointed seats	Number of DCC seats	Number of DCGC seats	Number of ex-officio seats (Chairmen of Rural Committees)	Total number of seats in the new DC term	Total number of geographical constituencies of the new DC term
Tuen Mun District	32	13	12	6	1	32	3
Yuen Long District	45	16	16	8	6	46	4
Total	479	179	176	88	27	470	44

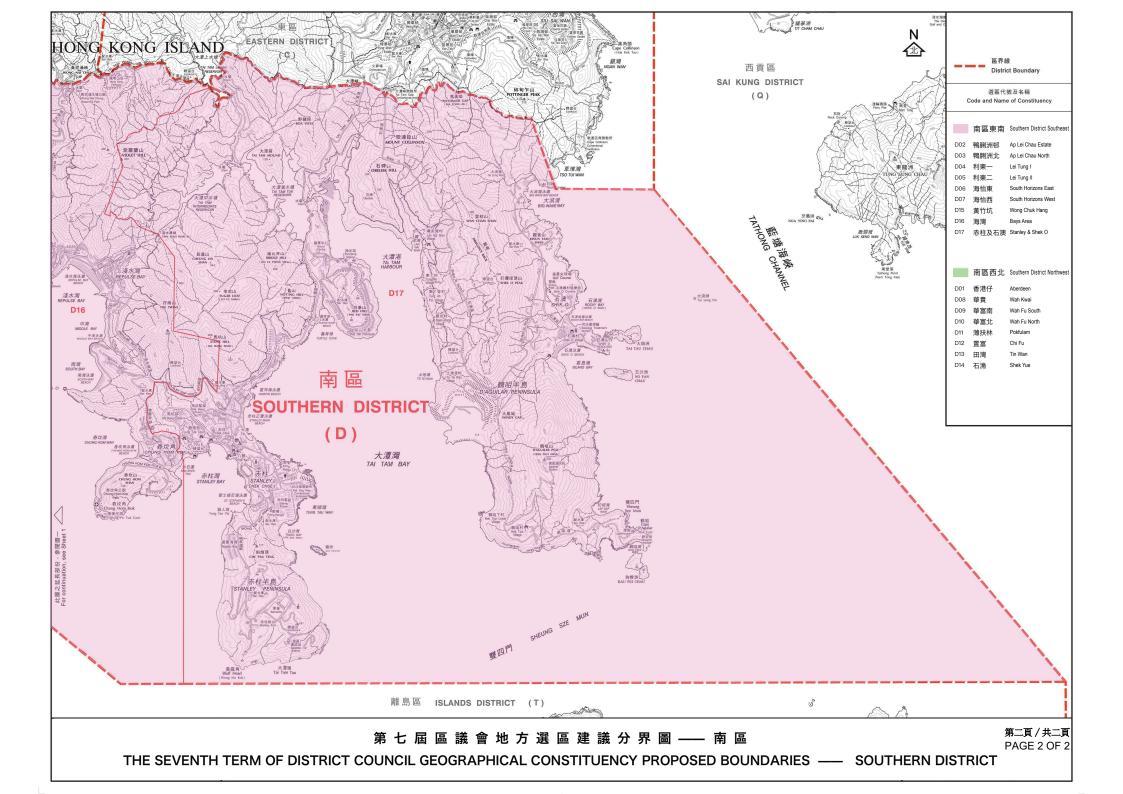


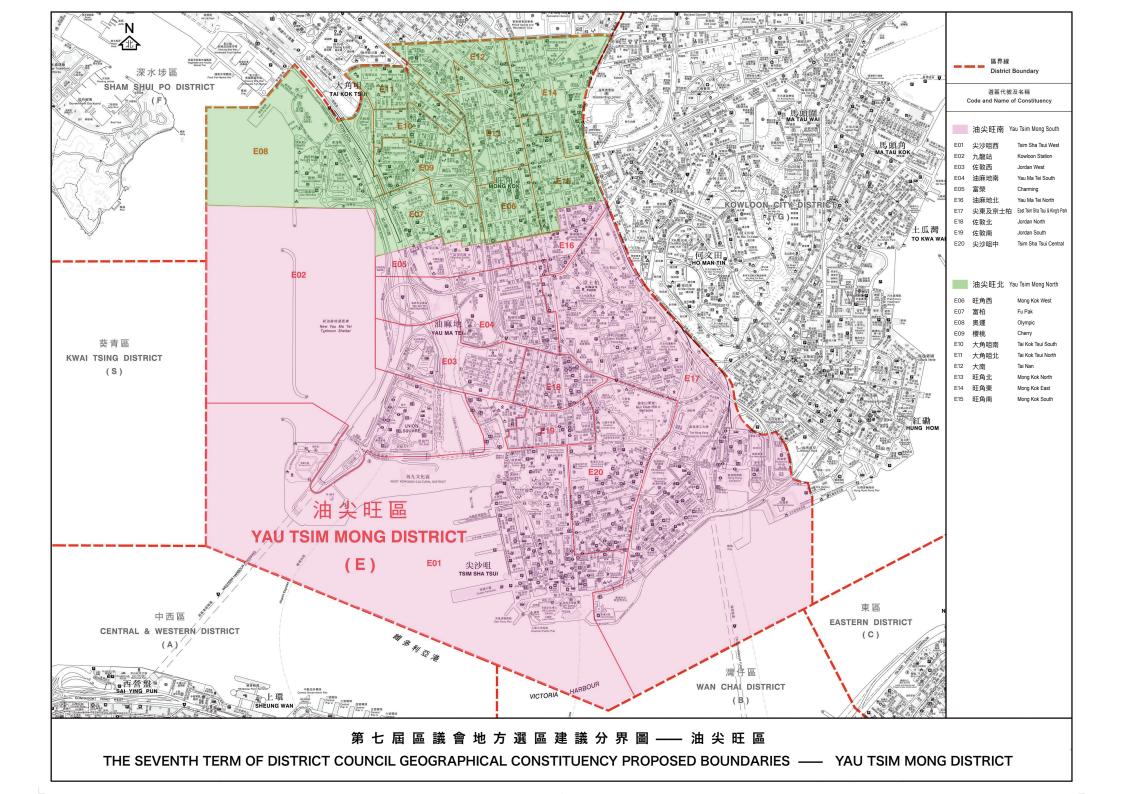
第七屆區議會地方選區建議分界圖——中西區
THE SEVENTH TERM OF DISTRICT COUNCIL GEOGRAPHICAL CONSTITUENCY PROPOSED BOUNDARIES—— CENTRAL AND WESTERN DISTRICT

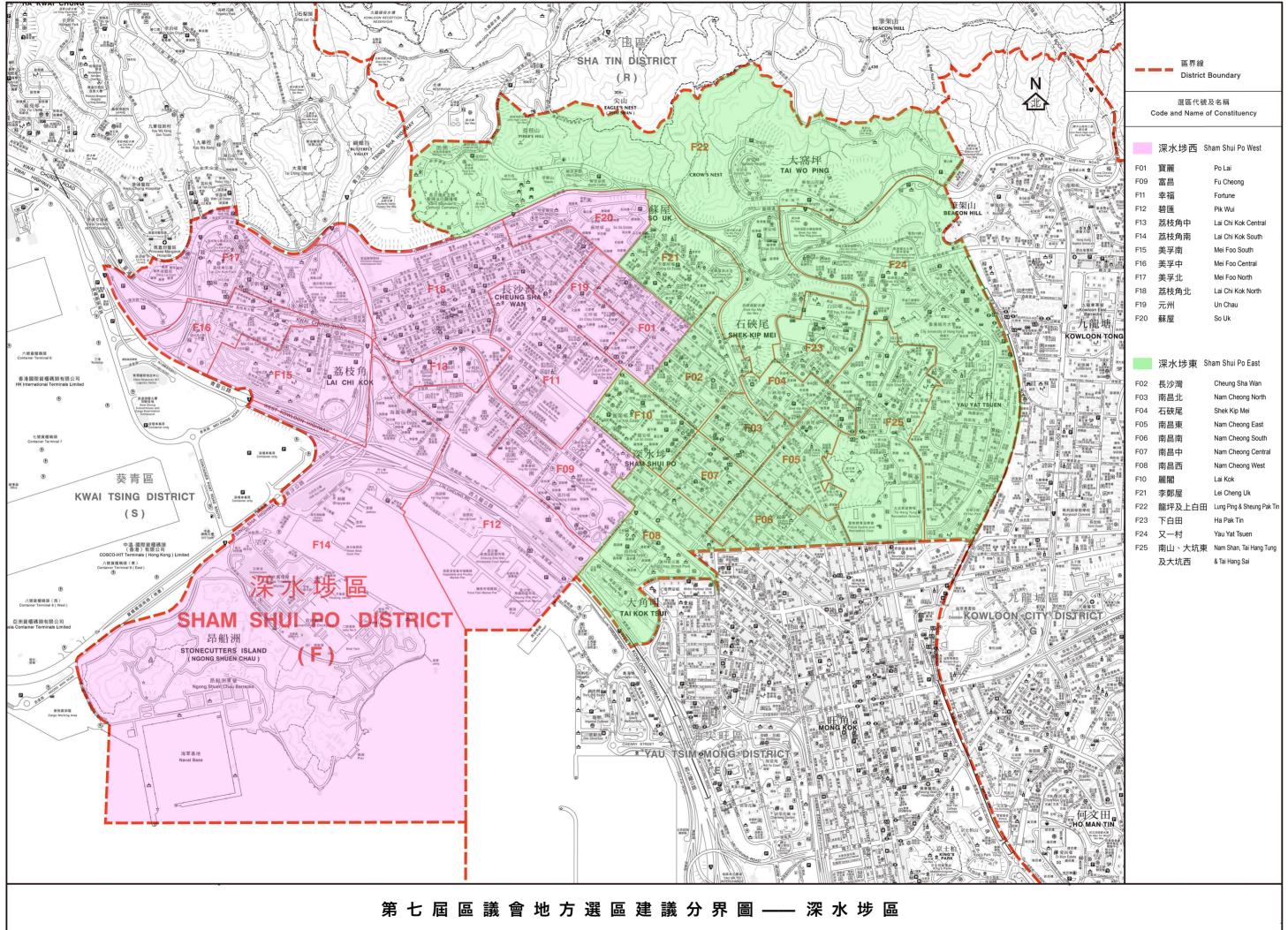




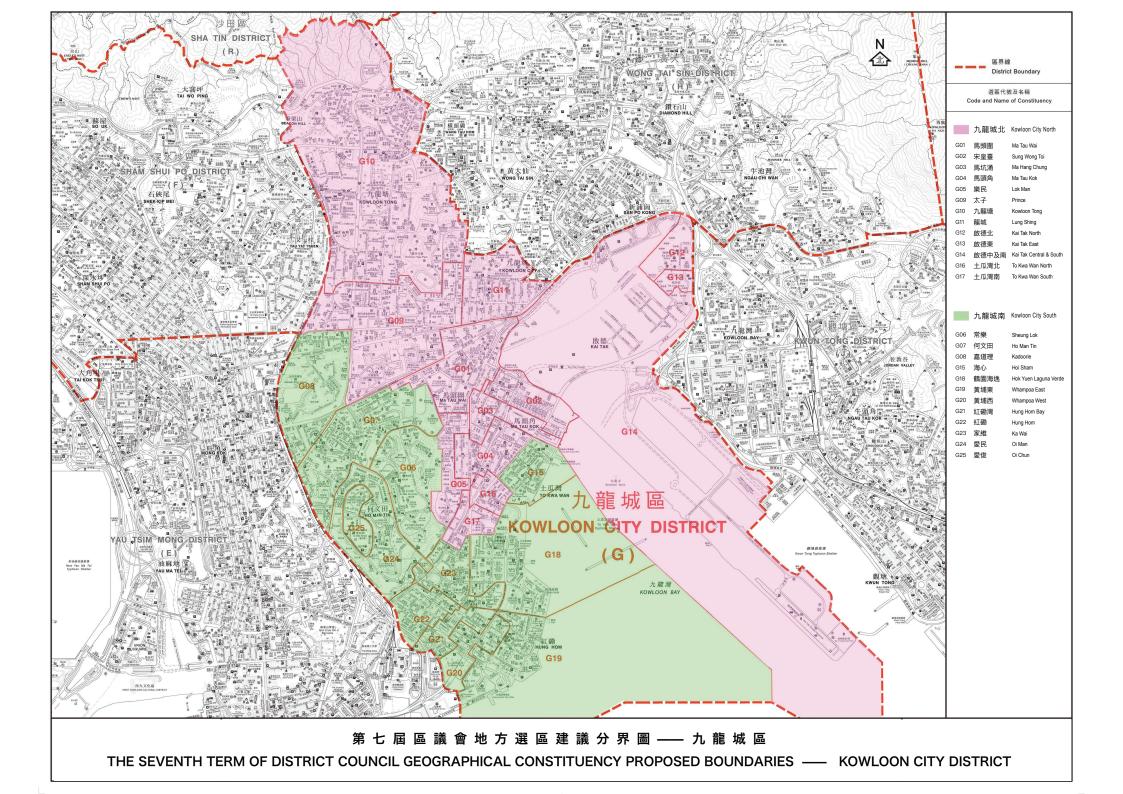


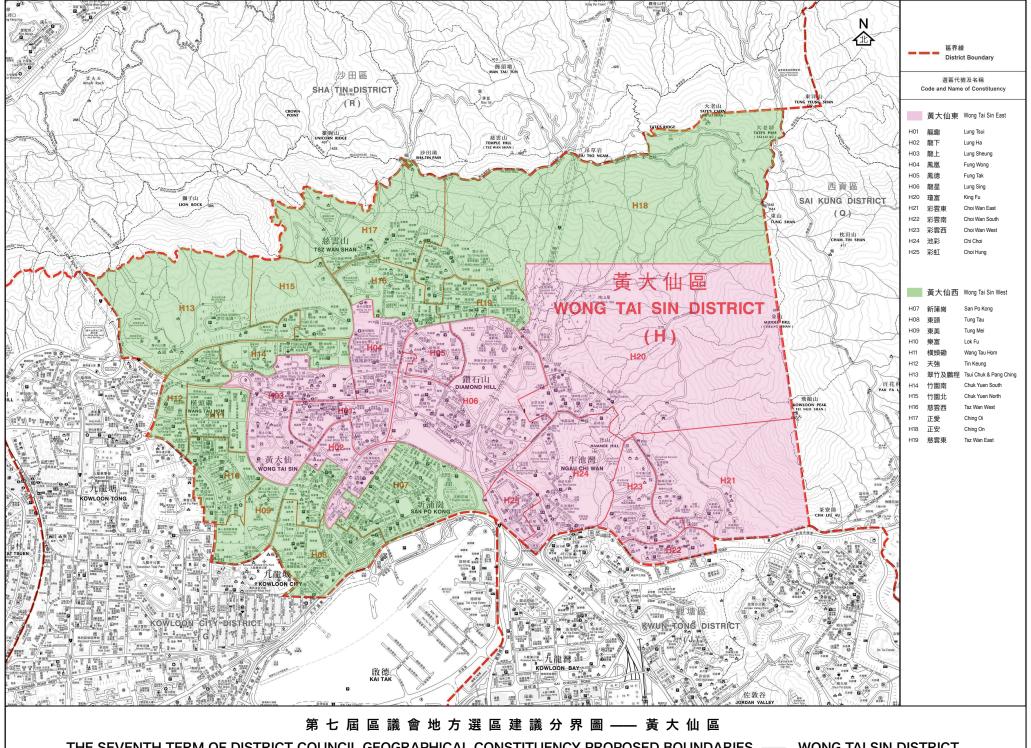




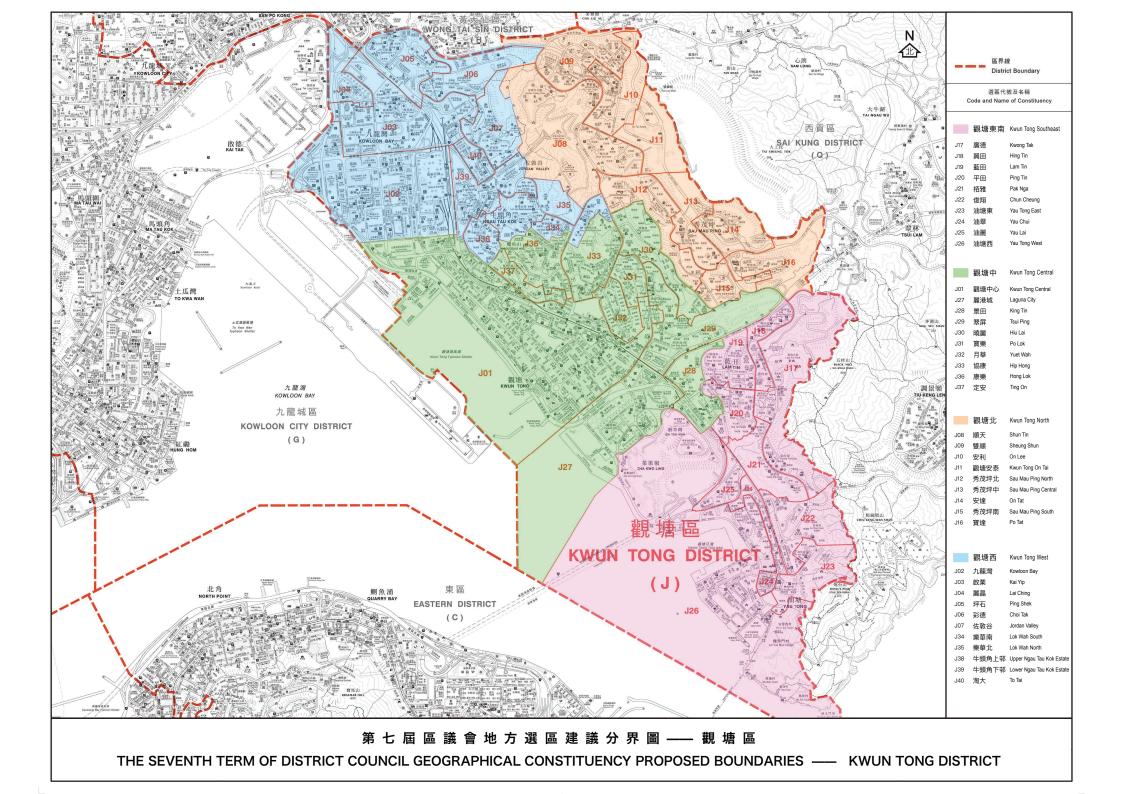


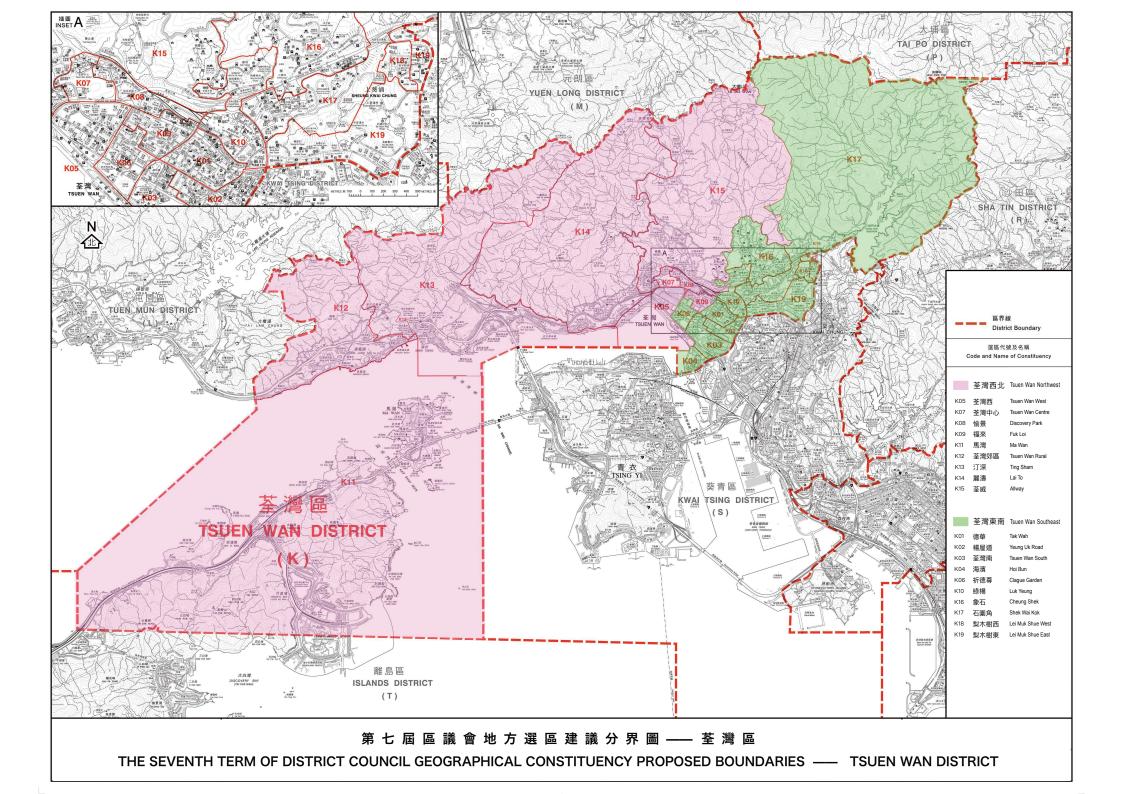
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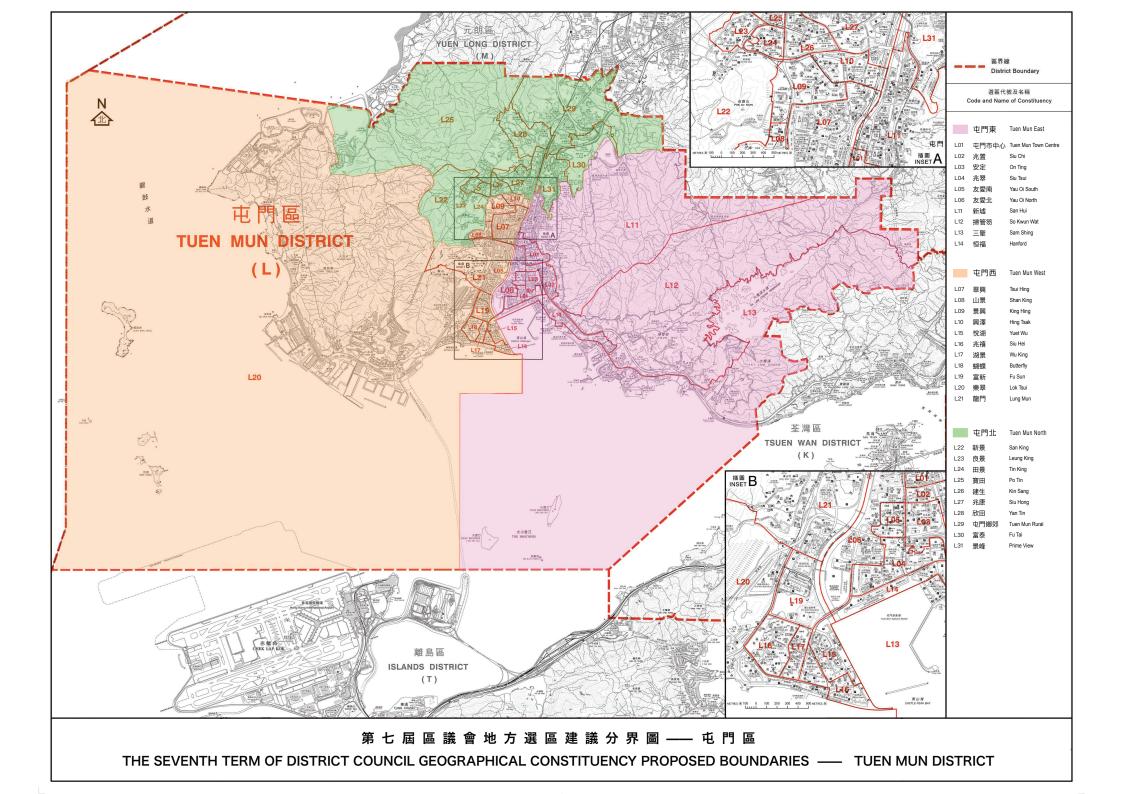


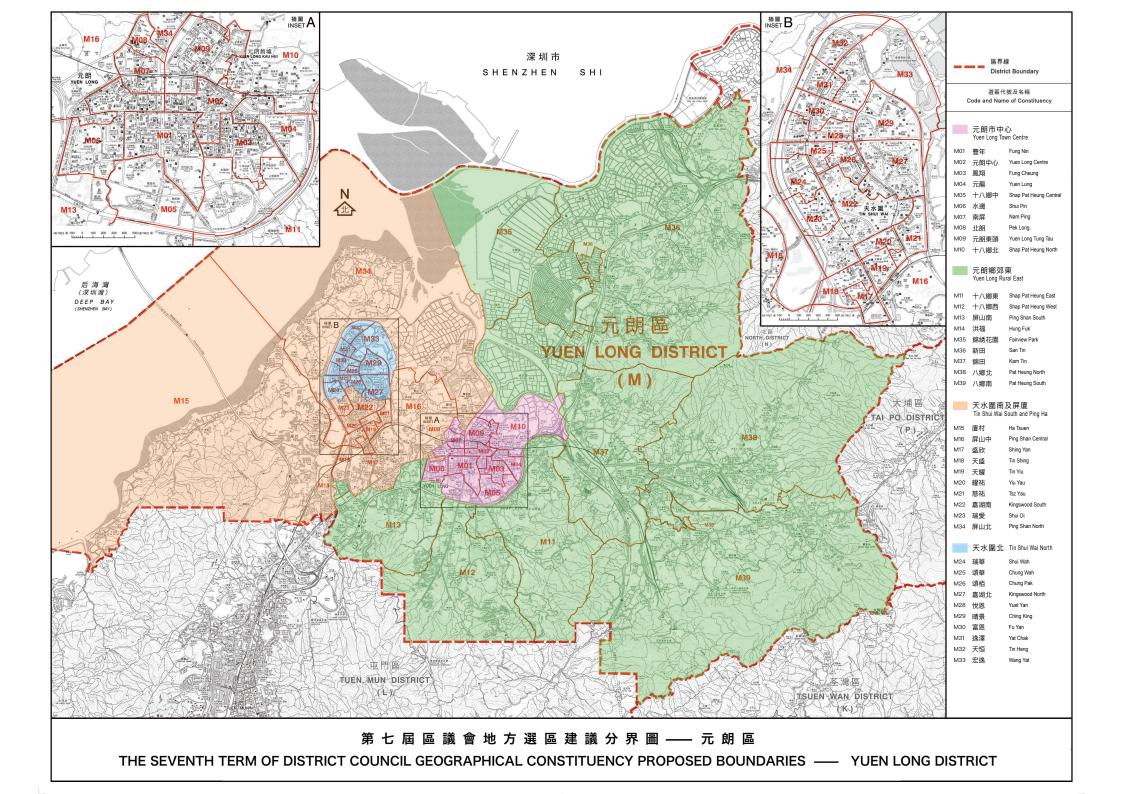


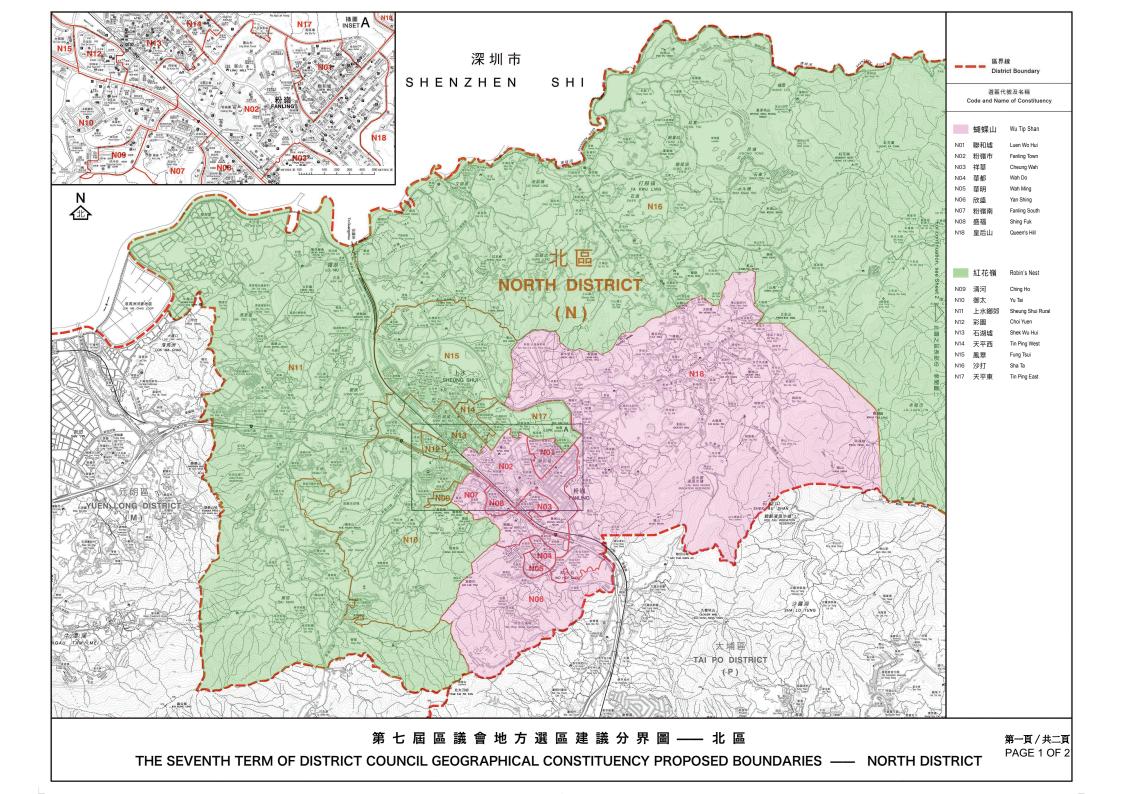
THE SEVENTH TERM OF DISTRICT COUNCIL GEOGRAPHICAL CONSTITUENCY PROPOSED BOUNDARIES — WONG TAI SIN DISTRICT

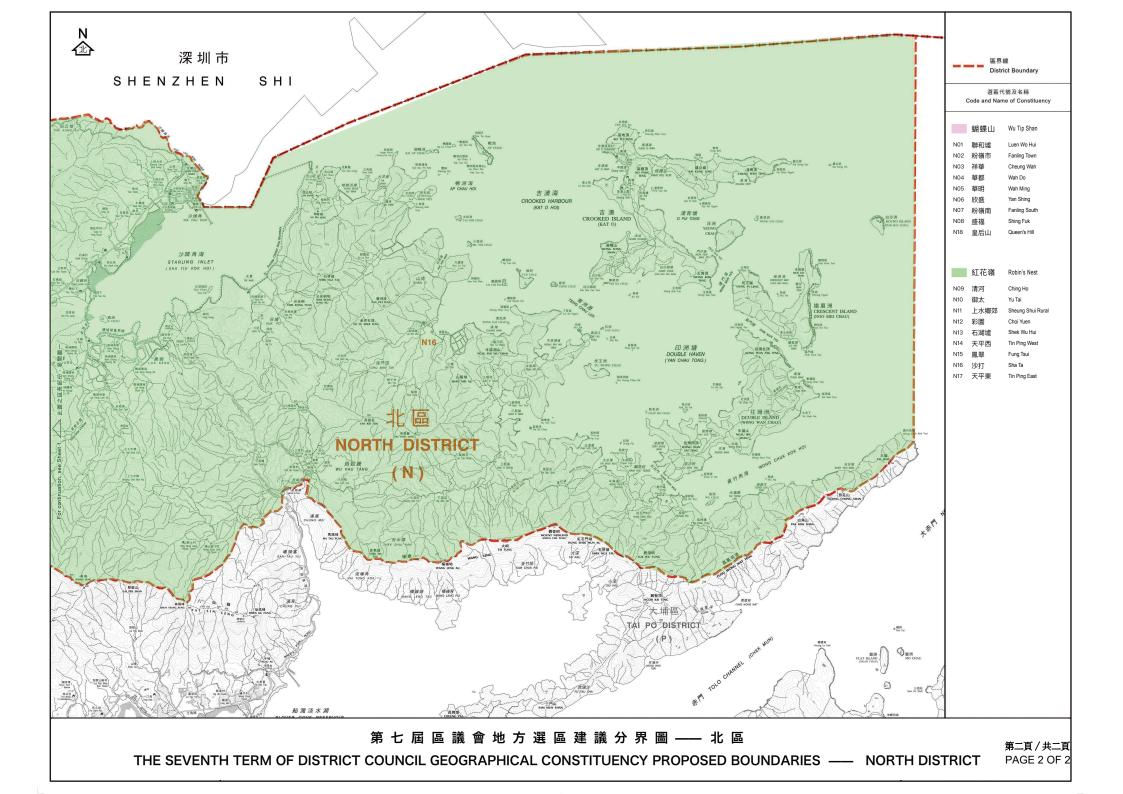


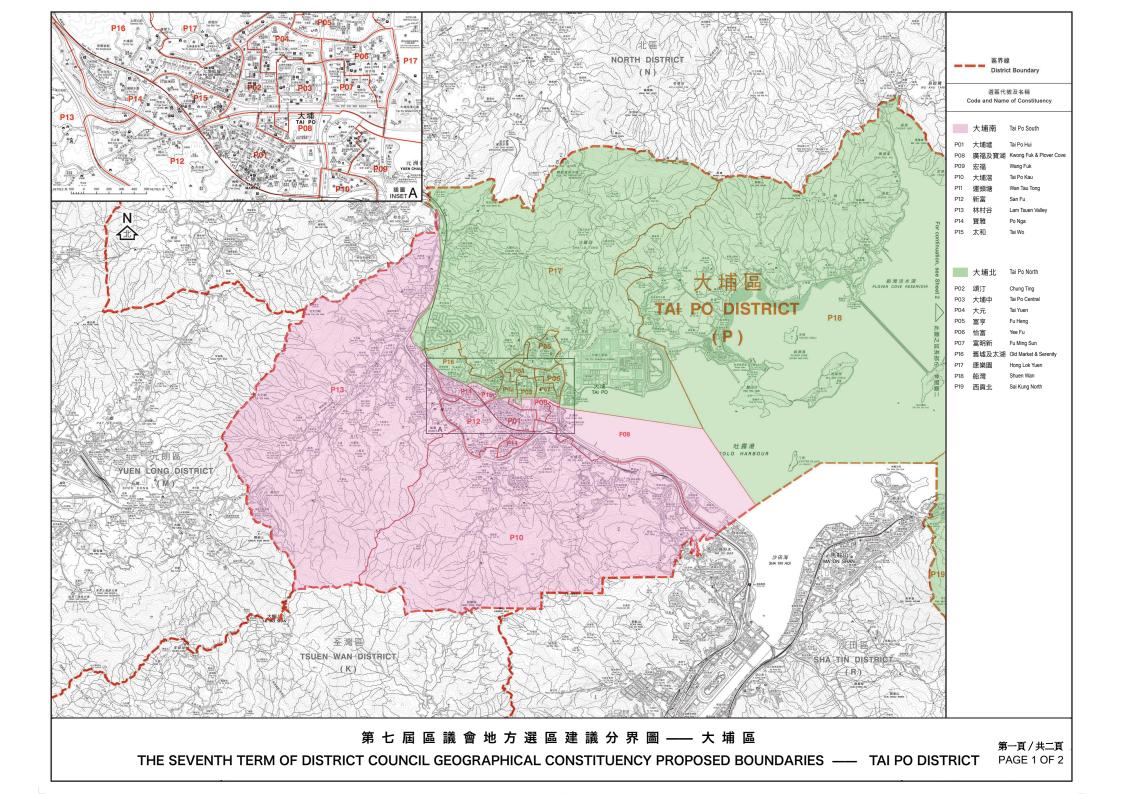


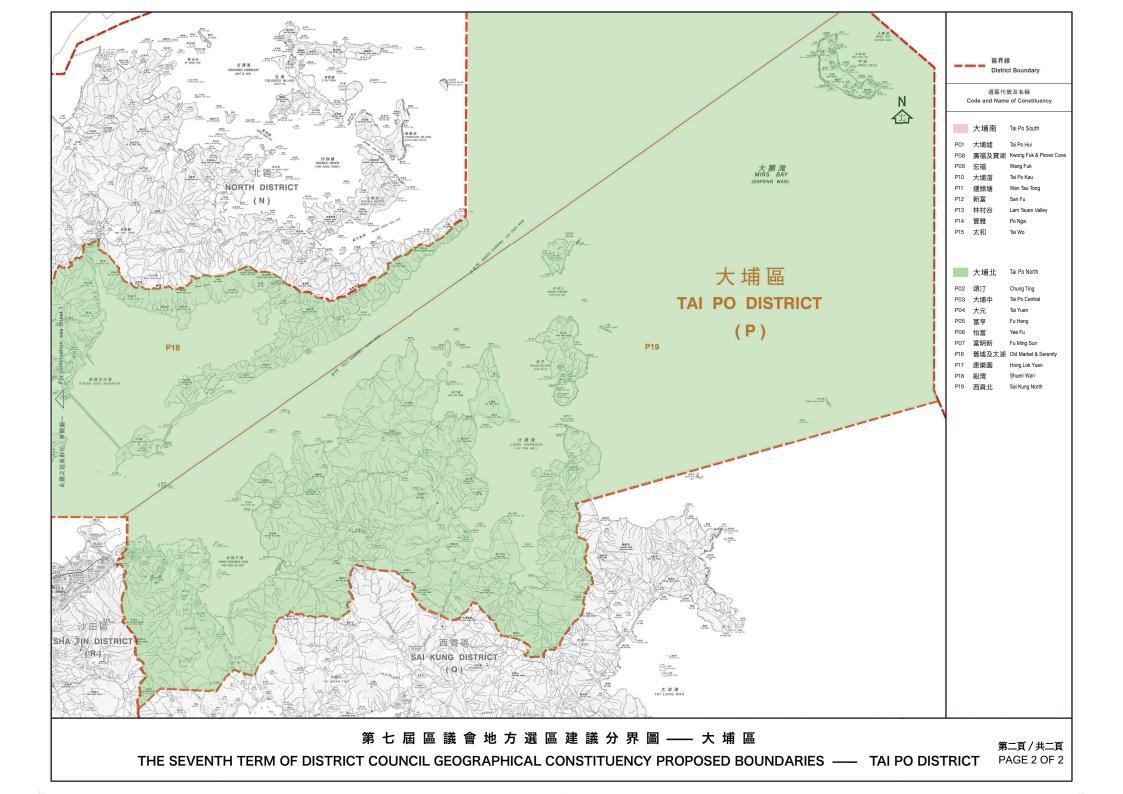


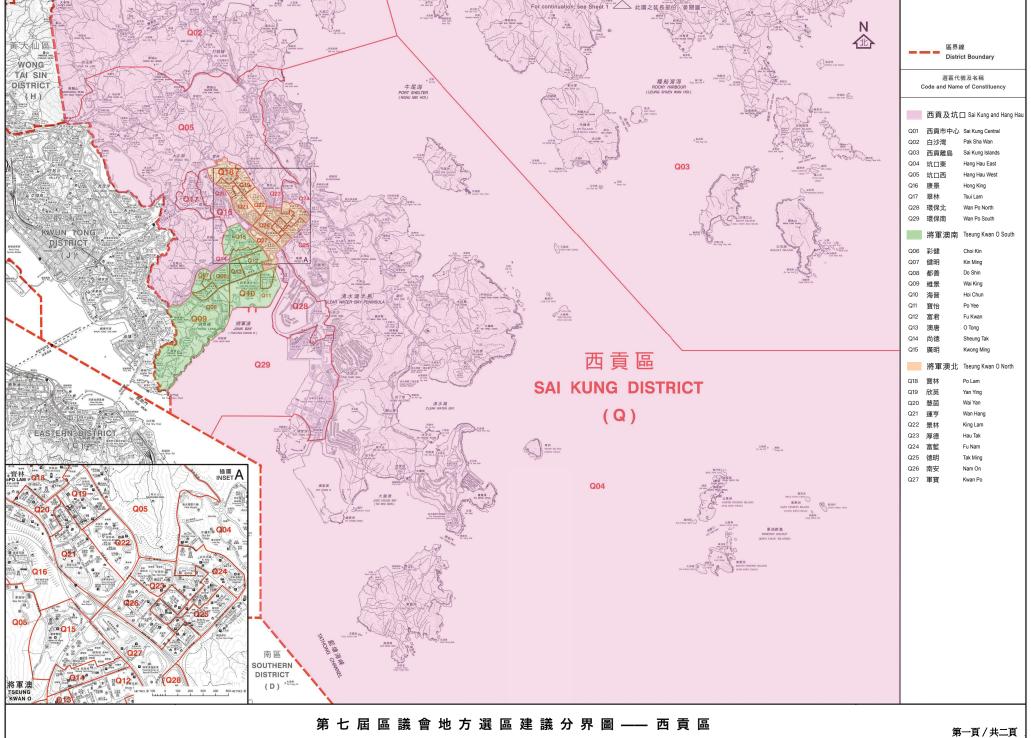




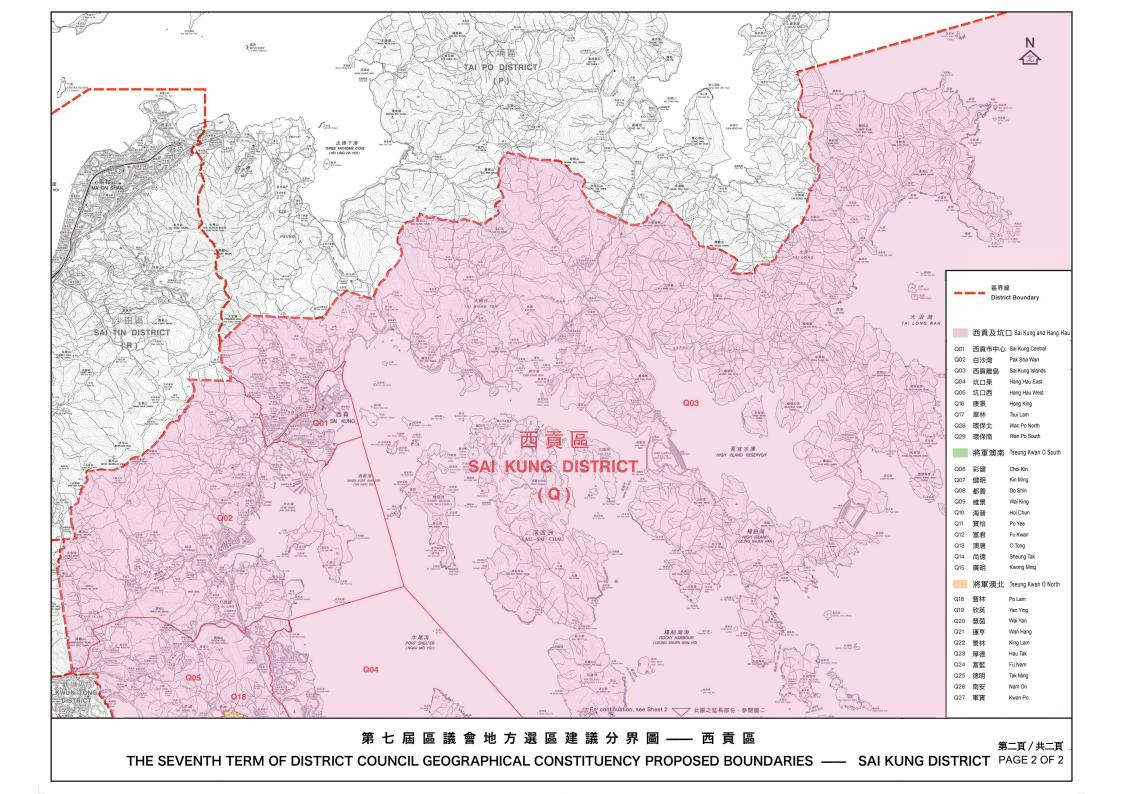


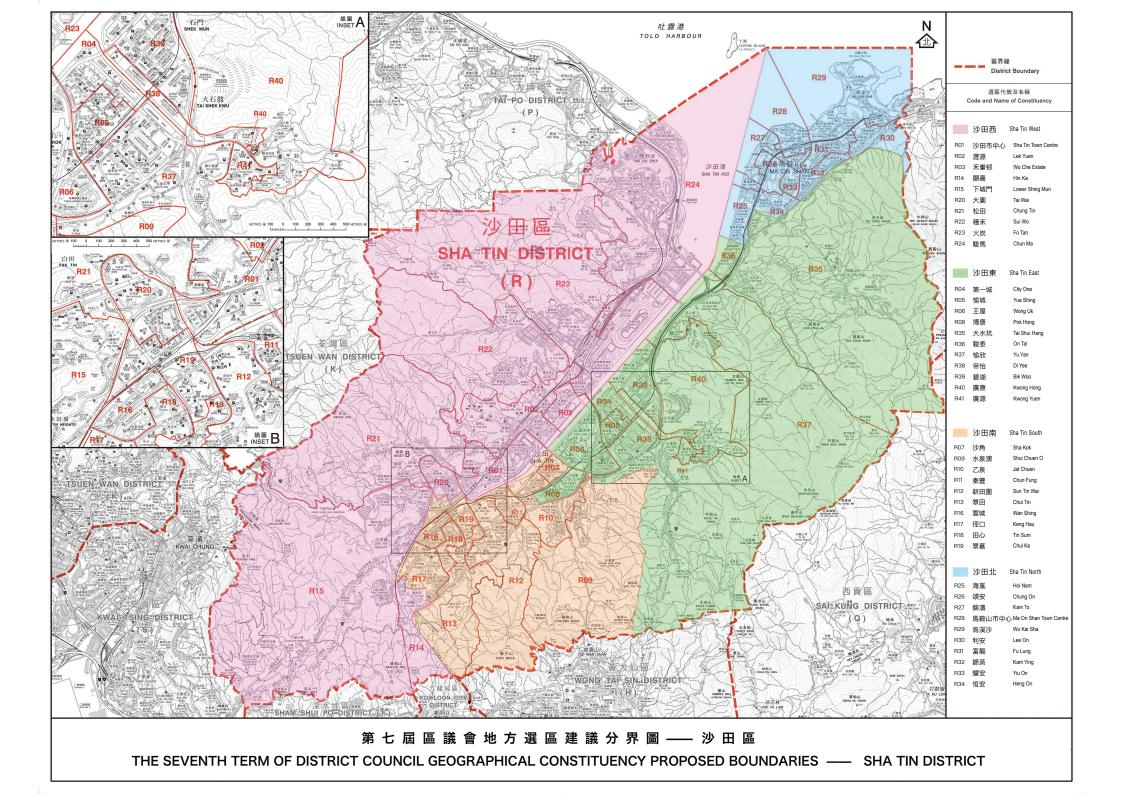


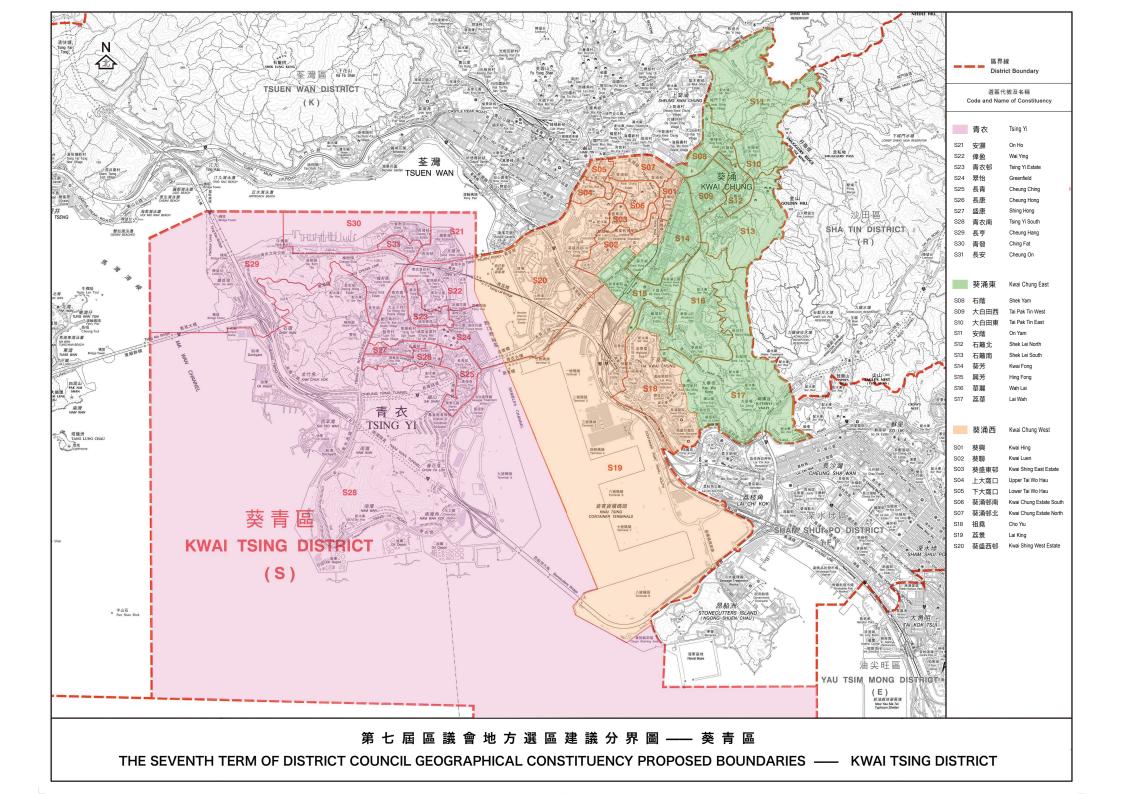


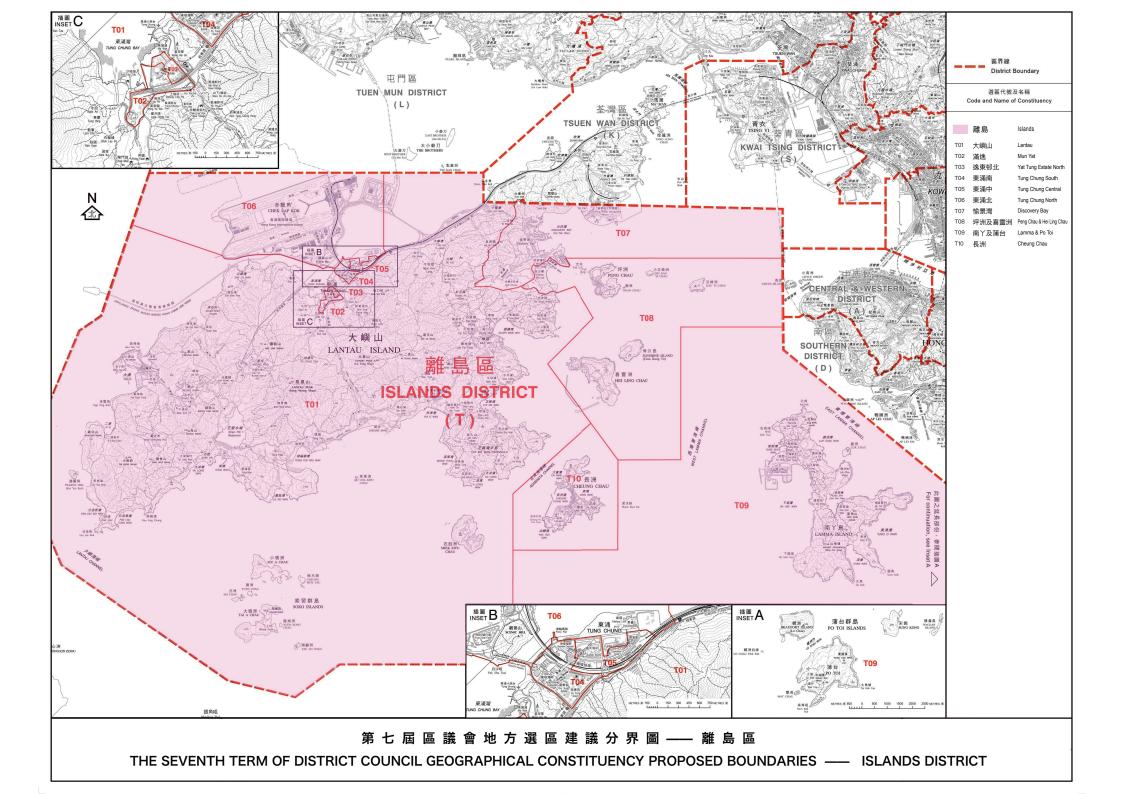


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THE SEVENTH TERM OF DISTRICT COUNCIL GEOGRAPHICAL CONSTITUENCY PROPOSED BOUNDARIES —— SAI KUNG DISTRICT PAGE 1 OF 2









Strengthened District Governance Structure

