CHAPTER 1

Commerce and Economic Development Bureau
Consumer Council

Consumer Council

Audit Commission
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Report No. 87 of the Director of Audit contains 8 Chapters which are available on our website (https://www.aud.gov.hk).

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CONSUMER COUNCIL

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CONSUMER COUNCIL

Executive Summary

1. Established in April 1974, the Consumer Council (CC) is responsible for protecting and promoting consumer interests. It was incorporated as a body corporate with the enactment of the Consumer Council Ordinance (Cap. 216) in July 1977. Pursuant to the Consumer Council Ordinance, the functions of CC are to protect and promote the interests of consumers of goods and services and purchasers, mortgagors and lessees of immovable property. The major work carried out by CC in discharging its functions includes resolving consumer disputes, administration of the Consumer Legal Action Fund (CLAF), collecting and disseminating consumer information, and encouraging responsible trade practices. CC is funded mainly by recurrent subventions from the Government. In 2025-26, the total income of CC was $156.7 million and its expenditure was $149.7 million. In 2025-26, the Government subvention amounted to $153.4 million, accounting for 98% of CC's total income. The Permanent Secretary for Commerce and Economic Development is the Controlling Officer responsible for the government subventions to CC. The Audit Commission (Audit) has recently conducted a review of CC.

Resolving consumer disputes and administration of Consumer Legal Action Fund

2. ***Performance targets on handling consumer complaints and enquiries not met.*** Audit reviewed the achievements of key performance indicators (KPIs) for CC on handling consumer complaints and enquiries in the period from 2021 to 2025 and found that: (a) the targets of two KPIs reported in the Controlling Officer's Reports (CORs) of the Commerce and Economic Development Bureau (CEDB) were not met for all five years. The target of issuing preliminary reply in writing for 100% of written complaints within five working days was not met, with shortfalls ranging from 1 to 2 percentage points. The target of issuing reply in writing for 100% of written enquiries within 10 working days was not met, with shortfalls ranging from 2 to 11 percentage points; and (b) the targets of two other KPIs reported to relevant committees of the Council were not met for 4 or 5 years. The target on resolution rate of complaints with pursuable grounds (i.e. 67%) was not met for 4 (80%) of the 5 years. The actual resolution rate fell short of the target by 1 to 5 percentage points. The target on hotline call abandonment rate (i.e. below 4% to below 8%) was not met

for all 5 years. The actual hotline call abandonment rate was higher than the target by 2 to 14 percentage points (para. 2.4).

3. ***Need to improve processing of consumer complaints.*** According to the operational manual on handling of complaints and enquiries, major stages in handling of consumer complaints include case registration and assignment, case processing and conciliation, case progress updates, and case resolution and closing (para. 2.7). Audit noted the following issues:

(a) ***Long processing time for some pursuable complaints.*** Of the 174,727 complaints received in the period from 2021-22 to 2025-26, there were 87,515 pursuable complaint cases which were closed as at 30 June 2026. Audit analysed the processing time (i.e. time elapsed from receipt of all the required information and documents to submission of case closure request by the case officer) of the 87,515 pursuable complaints and found that there was long processing time for some pursuable complaints. Of the 87,515 pursuable complaints, 6,961 (8.0%) had processing time of more than 4 months, 2,178 (2.5%) had processing time of more than 6 months, and 295 (0.3%) had processing time of more than 12 months. The longest processing time was 39.8 months (para. 2.8); and

(b) ***Need to ensure compliance with requirements on complaint handling in the operational manual.*** Audit examined 30 of the 6,961 complaints with processing time of more than 4 months and noted that some requirements on complaint handling as specified in the operational manual were not complied with: (i) in 2 (7%) of the 30 complaints, there was no documentary evidence showing that any acknowledgement letters had been issued to the complainants upon receiving all the required information and documents for the complaints; (ii) in 1 (3%) of the 30 complaints, the case officer sent the inquiry letter to the trader more than 9 working days from the date of complaint acknowledgement, with a delay of 8 working days; (iii) in 4 (44%) of the 9 complaints where reminder letters were sent to the traders, there was no documentary evidence showing that the case officers had written to the complainants reporting on the case progress within 4 working days after the reminder letters were sent; (iv) of the 9 complaints where reminder letters were sent to the traders, no response was received from the traders after 2 weeks for 2 complaints. In 1 (50%) of the 2 complaints, records of attempts to contact the trader could not be found in CC's complaint case management system; and (v) in 21 (70%) of the

30 complaints, the case officers failed to provide progress updates to the complainants every month after the last action taken. The time elapsed from the last action taken to the date of providing progress updates to the complainants ranged from 1.3 to 15.7 months (averaging 4.4 months) (para. 2.10).

4. ***Need to continue to monitor utilisation of service centres.*** As at 31 August 2026, CC operated two service centres, i.e. North Point service centre and Tsim Sha Tsui service centre, that offered face-to-face consultation services to consumers. Consumers may submit complaints and enquiries at the service centres either through prior appointment (i.e. making bookings via CC's website) or in-person walk-ins. Audit noted that: (a) the two service centres handled low numbers of complaints and enquiries. In 2025, the two service centres handled 951 complaints (accounting for 3% of total complaints received) and 2,934 enquiries (accounting for 6% of total enquiries received). In 2025, on average, Tsim Sha Tsui service centre handled 2.3 complaints submitted by consumers in person per operating day and North Point service centre handled 1.6 complaints submitted by consumers in person per operating day. On average, the two service centres handled 11.9 enquiries submitted by consumers in person per operating day in 2025; (b) for Tsim Sha Tsui service centre, the total number of available counter timeslots in 2025 was 4,428, of which 3,202 (72%) were occupied but 1,226 (28%) timeslots were not occupied. For North Point service centre, the total number of available counter timeslots in 2025 was 2,952, of which 2,266 (77%) were occupied but 686 (23%) timeslots were not occupied; and (c) the numbers of visitors to service centres in 2025 were low. There were 3,202 visitors to Tsim Sha Tsui service centre, representing 13 visitors per operating day on average. There were 2,266 visitors to North Point service centre, representing 9.2 visitors per operating day on average (paras. 2.14, 2.15 and 2.17).

5. ***Room for improvement in monitoring traders on watch list.*** According to the operational manual on handling of complaints and enquiries, for the monitoring of traders for improvement in providing goods and services, a watch list is kept on the traders against which repeated complaints have been lodged by a considerable number of complainants for unsatisfactory performance of contract. As at 30 June 2026, 28 traders were placed on the watch list requiring further monitoring by CC. Audit noted that: (a) the dates of inclusion of the traders on the watch list were not recorded for all the 28 traders; (b) for 15 (54%) of the 28 traders, the dates of actions taken on the traders were not recorded; and (c) while the actions taken by CC on each trader on the watch list are recorded, there are no specific guidelines on the follow-up actions to be taken on traders on the watch list upon receipt of new

complaints against the traders. As at 30 June 2026, for 10 (77%) of the 13 traders (28 less 15) with the dates of actions taken recorded, no follow-up actions had been taken on the traders despite receipt of new complaints against them. The time elapsed from the last action taken on the traders to 30 June 2026 ranged from 10.8 to 19.5 months, averaging 15.1 months (paras. 2.33 and 2.34).

6. ***Need to ensure that requirements on establishment and maintenance of panel list for procurement of external legal services are complied with and the relevant records are properly maintained.*** CC's Guidelines for Procurement of External Legal Services for CLAF, which were promulgated in May 2021 and updated in February 2025, stipulate that CC should establish and maintain a panel list of solicitors/law firms for the procurement of external legal services. Audit reviewed CC's records relating to the establishment and maintenance of the panel list for the procurement of external legal services for CLAF in the period from May 2021 to August 2026 and found that: (a) in the period from May 2021 to February 2025, contrary to CC's guidelines, CC did not issue any circulars via the Law Society of Hong Kong to invite solicitors to join the panel list of solicitors. There were no records showing how the panel list of solicitors was formulated; (b) in the period from February 2025 to August 2026, contrary to the requirement of conducting the annual review, no annual review on the panel list had been conducted; and (c) in the period from May 2021 to August 2026, there was no documentary evidence showing that CC had conducted search against the Record of Unsatisfactory Performance/Conduct and the record of disciplinary decision of the Hong Kong Bar Association and the Law Society of Hong Kong (paras. 2.45 and 2.46).

Collecting and disseminating consumer information and encouraging responsible trade practices

7. ***Shortfalls in actual numbers of product tests, consumer surveys and in-depth studies conducted.*** Audit examined the estimated and actual numbers of product tests, consumer surveys and in-depth studies reported as KPIs in CEDB's CORs in the period from 2021 to 2025 and noted that there were shortfalls in actual numbers of product tests, consumer surveys and in-depth studies conducted: (a) while the estimated number decreased by 23% from 44 in 2021 to 34 in 2025, the actual number of product tests conducted fell short of the estimated number by 1 to 4 (i.e. 2% to 10%) each year in 4 (80%) of the 5 years; (b) while the estimated number decreased by 26% from 27 in 2021 to 20 in 2025, the actual number of consumer surveys conducted fell short of the estimated number by 1 (i.e. 4% and 5%)

in 2 (40%) of the 5 years; and (c) the actual number of in-depth studies conducted fell short of the estimated number by 1 and 2 (i.e. 6% and 13%) in 2 (40%) of the 5 years (para. 3.3).

8. ***Room for improving labelling review and trader engagement in conducting product tests.*** In July 2024, CC applied incorrect product classification and incorrect standards when evaluating a product sample. In view of the results of the root cause analysis, in August 2024, CC revised its guidelines on research and testing to incorporate improvements in the product testing process including, among others: (a) labelling review which should be conducted on the product samples to review that the product scope and classification are in line with the test proposal; and (b) that all relevant regulations or test standards to be used for assessment and in report publication, together with related information, should be provided to traders for comments. Audit examined the records of 10 product tests with test proposals approved by the Committee on Research and Testing in the period from September 2024 to June 2026 and noted the following room for improvement: (a) the revised guidelines on research and testing did not set out any specific guidelines on labelling reviews (e.g. the key principles and the relevant procedures for conducting labelling reviews); and (b) while all relevant regulations or test standards to be used for assessment and in report publication were disclosed in 8 (80%) of the 10 product tests, some relevant regulations and test standards and related information were not disclosed to the traders concerned for comments in 2 (20%) of the 10 product tests (paras. 3.10 to 3.12).

9. ***Need to improve disposal of test samples.*** According to CC's guidelines on disposal of test samples, in general, the disposal channels of test samples are confined to either donation or dumping (to be conducted by CC or by the laboratories). When the product test report has been published for three months, the project officer should complete and submit the disposal form for handling the test samples by the Finance and Administration Division (para. 3.14). Audit noted the following issues:

(a) ***Records on disposal of test samples not properly kept.*** The records on disposal of test samples were not properly kept by CC. Therefore, there was no complete information on the number of items and the purchase cost of all test samples disposed of in the period from 2021-22 to 2026-27 (up to 30 June 2026). There was also no readily available information as to whether the individual test samples kept by CC or the laboratories were disposed of or donated (para. 3.15); and

(b) ***Need to improve disposal of test samples by CC.*** Audit examined the records of disposal of test samples for the 17 product tests where the reports had been published for three months or more and the test samples for the product tests should be disposed of as at 30 June 2026 and noted that for 7 (41%) of the 17 product tests, some test samples purchased were not accounted for on the disposal forms, involving 1,197 purchased test samples with a total purchase cost of $139,734. For 10 (59%) of the 17 product tests, the name of staff who received the test samples to be disposed of and the name of staff who handled the disposal procedures and the corresponding dates were not recorded on the disposal forms (para. 3.16).

10. ***Need to review service usage and need of conducting Infant Formula Price Survey.*** Audit examined the monthly numbers of pageviews and users of Infant Formula Price Survey in the period from August 2021 to June 2026 and noted that the monthly numbers of pageviews and users were low in the period: (a) the monthly number of pageviews ranged from 274 to 2,139, averaging 1,210; and (b) the monthly number of users ranged from 187 to 1,226, averaging 661. Audit also noted that as at 30 June 2026, price data of 27 (79%) of the 34 infant formula products that were covered by Infant Formula Price Survey were also covered by Online Price Watch (para. 3.26).

Administrative expenditure and procurement

11. ***Need to ensure accuracy in calculation of subsistence allowance.*** In 2017, CC promulgated the guidelines on business travels, which made reference to the Government's Civil Service Regulations (CSRs). The guidelines were subsequently updated in April 2025. According to CC's guidelines, business travel costs including accommodation, meals, travelling expenses within towns and minor incidental out-of-pocket expenses incurred during business travels are covered by the subsistence allowance at the rates stipulated in CSRs. According to CSRs, the subsistence allowance is payable from the night following arrival and including the night before departure. Audit examined the 17 claims for subsistence allowance of the 11 business travels outside Hong Kong conducted in the period from 2023-24 to 2025-26 that involved subsistence allowance and found that for 1 (6%) claim, there was a mistake in the calculation of subsistence allowance. While the travel involved two nights (the night following arrival and the night before departure), subsistence allowance for three nights was disbursed. The amount overpaid was $3,946 (paras. 4.2 and 4.3).

12. ***Need to ensure that business travel expense claims are approved by appropriate approving authorities.*** According to CC's guidelines on business travels, claims submitted by the Chief Executive effective from 1 April 2025 should be approved by the Chairman of Committee on Staff and Finance. Audit examined 30 business travel expense claims in the period from 2023-24 to 2025-26 and found that for 3 (10%) claims submitted by the then Chief Executive or the then acting Chief Executive where the business travels took place after 1 April 2025, the claims were approved by the Head of Finance and Administration Division instead of the Chairman of Committee on Staff and Finance, contrary to the requirement of CC's guidelines (paras. 4.10 and 4.11).

13. ***Room for improvement on entertainment expense claims.*** According to CC's guidelines, for entertainment expenses, to exercise strict economy when entertaining guests and avoid accusation of extravagance, officers should not spend more than $450 per person for lunch or $600 per person for dinner, inclusive of all expenses incurred on food and beverages consumed. The number of CC staff should be kept to the minimum, and the number of guests should always outnumber the staff present. Audit examined 30 entertainment expense reimbursement claims approved in the period from 2021-22 to 2025-26 and found that: (a) for 11 (37%) claims, the meal costs exceeded the cost-per-head spending limits. The average excess amount was $179 per head, with the highest excess amount of $1,480 per head; and (b) for 1 (3%) claim, the guests entertained were significantly outnumbered by CC staff. There were 10 CC staff and 3 guests (i.e. CC staff outnumbered the guests entertained by 7). However, no justifications were provided in the claim form to justify the significant outnumbering (paras. 4.14 and 4.15).

14. ***Insufficient number of written quotations or tender proposals invited for some procurements.*** Audit examined the records of 40 procurements of goods or services with estimated procurement value of $1.43 million or below conducted in the period from April 2023 to June 2026. Audit found that for 13 (33%) procurement exercises, the actual number of written quotations or tender proposals invited were less than the required number stipulated in the procurement policy and guidelines. For 3 (23%) of the 13 exercises, the justifications for exemptions from inviting the required number of written quotations or tender proposals had not been documented (para. 4.23).

15. ***Room for improvement in management of supplier list.*** According to CC's procurement policy and guidelines, CC staff must refer to CC's list of approved suppliers to identify suitable vendors for inviting quotations or tenders for procurement exercises. Audit examined the records in the supplier list as of June 2026 and found that: (a) only 1 or 2 suppliers were included for some types of goods or services in the supplier list. Of the 116 types of goods or services, there was only 1 supplier for 12 (10%) types of goods or services and there were only 2 suppliers for 20 (17%) types of goods or services; and (b) 108 (10%) of the 1,100 suppliers were not categorised under any types of goods or services (paras. 4.27 and 4.28).

Other issues

16. ***Need to improve attendance of some members.*** The Council is supported by eight committees and two advisory/working groups. Audit examined the attendance records of the 30 Council members, 17 co-opted members and 15 members of the Management Committee of CLAF who had served the Council or committees and advisory/working groups for at least one complete term at meetings of the Council, committees and advisory/working groups held in the period from 2021-22 to 2025-26. Audit found that: (a) for 4 (13%) Council members, the attendance at Council meetings was lower than 50%, ranging from 29% to 43% (averaging 38%). For these 4 members, their attendance at meetings of CC's committees and advisory/working groups were also on the low side, ranging from 0% to 33% (averaging 23%); and (b) for another 4 (13%) Council members with attendance at Council meetings above 50%, their attendance at meetings of CC's committees and advisory/working groups was on the low side, ranging from 17% to 43% (averaging 33%) (paras. 1.7 and 5.2).

17. ***Need to improve first-tier declarations of interests.*** Audit examined the records of declarations of interests made by members of the Council, committees and advisory/working groups and found room for improvement in the first-tier declarations of interests (para. 5.4):

(a) ***Records of submissions of declarations of interests not properly maintained.*** Up to 31 August 2026, 9 declarations of interests that should have been made by members of the Council, committees and advisory/working groups in the period from 2021-22 to 2025-26 were not available for Audit's inspection (para. 5.4(a));

(b) ***Delays in submissions of declarations of interests on first appointments.*** Of 55 first-tier declarations of interests on first appointments in the period from 2021-22 to 2025-26, 6 (38%) of the 16 declarations made by Council members and 9 (23%) of the 39 declarations made by members of committees and advisory/working groups were submitted to the Council Secretariat after the specified deadlines. The delays ranged from 3 to 25 days (averaging 9 days) and from 1 to 199 days (averaging 53 days) respectively (para. 5.4(b)); and

(c) ***Need to improve annual declarations of interests.*** In the period from 2022 to 2026: (i) 6 annual declarations of interests had not been submitted; and (ii) of 207 annual declarations of interests made, 33 (38%) of the 88 annual declarations made by Council members and 52 (44%) of the 119 annual declarations made by members of committees and advisory/working groups were submitted later than the specified deadlines. The delays ranged from 2 to 117 days (averaging 21 days) and from 3 to 82 days (averaging 21 days) respectively (para. 5.4(c)).

18. ***Need to take measures to reduce staff turnover.*** Audit examination of the staff turnover of CC Office in the period from 2021-22 to 2025-26 revealed that: (a) the number of staff who left CC ranged from 30 to 54 each year; and (b) the staff turnover rates ranged from 18.7% to 34.1%. Audit noted that, notwithstanding the high staff turnover rates in the period from 2021-22 to 2025-26, no exit interviews or surveys had been conducted by CC for staff leaving CC to ascertain the reasons for their departure (paras. 5.13 and 5.14).

19. ***Need to ensure that requirements stipulated in recruitment policy and guidelines are complied with.*** Audit examined CC's Recruitment Policy and Guidelines on Recruitment Exercise and the records of 20 recruitment exercises held in the period from 2021-22 to 2025-26 for vacant positions up to and including Principal Consumer Protection Officer. Audit found that: (a) for 3 (15%) recruitment exercises, the vacancies had not been advertised internally or externally. Instead, the successful candidates were selected from candidates of recruitment exercises for other positions. There was no documentary evidence showing that the required pre-approvals had been obtained for exemptions for internal/external advertisement for all the 3 exercises; (b) for 5 (25%) recruitment exercises which external recruitment advertisements had not been posted, the number of internal candidates ranged from 1 to 4 (averaging 2). Notwithstanding that the requirement for exemption from external advertisement (i.e. clearly having sufficient internal candidates to run

for the positions) was not met for 3 (60%) of the 5 exercises, pre-approvals for the exemptions from external advertisement had been granted; and (c) for 12 (60%) recruitment exercises, the selection criteria for shortlisting of applications for further processing were not documented (para. 5.16).

20. ***Need to take effective measures to resolve maintenance issues at the North Point service centre.*** Audit noted that since June 2019, the North Point service centre had been suffering from recurring mold and water condensation issues. CC engaged two independent surveyors in 2019 and 2021 and carried out remedial works costing $0.4 million. In addition, the North Point service centre suffered from various aged-related maintenance issues and required increasing ad hoc minor works for structural sustainability, such as repair of window frames. However, after engagement of the two independent surveyors, mold and water condensation issues were still not resolved (para. 5.33).

Audit recommendations

21. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has *recommended* that the Chief Executive, Consumer Council should:**

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(a) **take effective measures to ensure that the performance targets on handling consumer complaints and enquiries are met (para. 2.39(a));**

(b) **take measures to reduce the processing time of some pursuable complaints (para. 2.39(b));**

(c) **take measures to ensure compliance with the requirements on complaint handling as specified in the operational manual (para. 2.39(c))**;

(d) **continue to monitor the utilisation of service centres with a view to better utilising the service centres to provide necessary services for consumers (para. 2.39(f));**

(e) **take measures to ensure that key information that is useful for monitoring traders on the watch list is properly recorded (para. 2.39(l));**

(f) **stipulate guidelines on the follow-up actions to be taken on traders on the watch list upon receipt of new complaints against the traders and take measures to ensure that appropriate follow-up actions are taken according to guidelines (para. 2.39(m));**

(g) **take measures to ensure that the requirements on the establishment and maintenance of panel list for the procurement of external legal services are complied with and the relevant records are properly maintained (para. 2.52(b));**

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(h) **take measures to ensure that the estimated numbers of product tests, consumer surveys and in-depth studies conducted are met (para. 3.19(a));**

(i) **set out specific guidelines on labelling reviews (e.g. the key principles and the relevant procedures for conducting labelling reviews) (para. 3.19(c));**

(j) **take measures to ensure that all relevant regulations and test standards to be used for assessment and in report publication are provided to traders for comments (para. 3.19(d));**

(k) **take measures to ensure that records on disposal of test samples are properly kept by CC in order to have complete information on the number of items and the purchase cost of all test samples disposed of (para. 3.19(e));**

(l) **take measures to ensure that all test samples purchased are accounted for on the disposal forms and all required information relating to disposal of test samples are recorded on the disposal forms (para. 3.19(f) and (g));**

(m) **review the service usage and the need of conducting Infant Formula Price Survey with a view to setting better priorities in price monitoring in the interests of consumers and take necessary follow-up actions (para. 3.35(b));**

Administrative expenditure and procurement

(n) **recover the overpaid subsistence allowance for the claim involving overpaid subsistence allowance as illustrated in paragraph 4.3 and take measures to ensure accuracy in the calculation of subsistence allowance (para. 4.17(a));**

(o) **take measures to ensure that business travel expense claims are approved by the appropriate approving authorities (para. 4.17(c));**

(p) **remind CC staff to observe the spending limits of entertainment expenses and exercise strict economy on reimbursement of entertainment expenses (para. 4.17(d));**

(q) **take measures to ensure that the number of guests should always outnumber the CC staff present and full justifications and approvals should be clearly documented for exceptions under special circumstances (para. 4.17(e));**

(r) **take measures to ensure that sufficient number of written quotations or tender proposals are invited for procurements in accordance with the procurement policy and guidelines, and document the justifications for any deviations from the procurement policy and guidelines (para. 4.44(b));**

(s) **take measures to ensure that sufficient number of suppliers are included for all types of goods or services in the supplier list and the suppliers are categorised into appropriate types of goods or services in the supplier list (para. 4.44(d) and (e));**

Other issues

(t) **closely monitor the attendance of members at meetings of the Council, committees and advisory/working groups, and step up efforts to encourage members' attendance at meetings (para. 5.9(a));**

(u) **take measures to ensure that records of submission of first-tier declarations of interests made by members of the Council, committees and advisory/working groups are properly kept and members of the Council, committees and advisory/working groups make the first-tier declarations of interests in a timely manner (para. 5.9(b) and (c));**

(v) **conduct exit interviews or surveys for staff leaving CC to ascertain the reasons for their departure, and in light of the results of exit interviews or surveys, take measures to reduce the staff turnover (para. 5.24(a) and (b));**

(w) **take measures to ensure that requirements stipulated in CC's recruitment policy and guidelines are complied with (para. 5.24(c)); and**

(x) **take effective measures to resolve the maintenance issues at the North Point service centre and continue to explore the alternative measures to address the issues where appropriate (para. 5.37(a)).**

Response from the Government and Consumer Council

22. The Secretary for Commerce and Economic Development and the Chief Executive, Consumer Council agree with the audit recommendations.

PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Background

1.2 The Government is committed to safeguarding the legitimate interests of consumers, both visitors and local residents alike. Laws are in place to ensure that consumer products supplied in Hong Kong are safe, compliant with reasonable safety standards, and offered in accordance with good trade practices. Measures are also implemented to deal with consumer complaints and facilitate consumer access to legal remedies. The Commerce and Economic Development Bureau (CEDB) has the overall policy responsibility for consumer protection. The Consumer Council (CC) is responsible for protecting and promoting consumer interests.

1.3 ***CC.*** CC was established in April 1974. It was incorporated as a body corporate with the enactment of the Consumer Council Ordinance (Cap. 216) in July 1977. Pursuant to the Consumer Council Ordinance, the functions of CC are to protect and promote the interests of consumers of goods and services and purchasers, mortgagors and lessees of immovable property by:

(a) collecting, receiving and disseminating information concerning goods, services and immovable property;

(b) receiving and examining complaints by and giving advice to consumers of goods and services and purchasers, mortgagors and lessees of immovable property;

(c) taking such action as it thinks justified by information in its possession, including tendering advice to the Government or to any public officer;

(d) encouraging business and professional associations to establish codes of practice to regulate the activities of their members; and

(e) undertaking such other functions as the Council may adopt with the prior approval of the Chief Executive in Council.

The work of CC

1.4 The major work carried out by CC in discharging its functions includes:

(a) ***Resolving disputes between consumers and businesses.*** CC provides consumer complaint handling services, helping consumers and traders to resolve disputes by means of conciliation. CC offers various complaint and enquiry channels for consumers, including e-form, hotline, mail and two Consumer Council Services Centres;

(b) ***Administration of the Consumer Legal Action Fund (CLAF).*** CLAF is a trust fund established by the Government in 1994 to provide financial support and legal assistance to consumers with meritorious claims for compensation and relief against unscrupulous traders in disputes involving significant public interests and injustice. CC is the Trustee of CLAF and is responsible for the day-to-day operation of CLAF. The Board of Administrators and the Management Committee of CLAF are responsible for making administrative decisions and approving applications. CLAF was established with an initial Government grant of $10 million. Subsequently, three extra grants each in the amount of $10 million were received in May 2010, May 2018 and July 2024 respectively. As at 31 March 2026, CLAF had a balance of $17.6 million;

(c) ***Conducting product tests, research and surveys.*** As part of its ongoing research and testing programme, CC monitors a vast range of products each year by evaluating their essential product features including safety, performance, ease of use, durability and environmental sustainability, serving as reliable reference for consumers. The research and test reports are published in CHOICE Magazine;

(d) ***Collecting market information.*** CC gathers timely data on goods and services available in both physical and digital marketplaces. By analysing the information, CC empowers consumers to make informed choices through clear pricing and value comparisons. CC has continuous

monitoring of grocery and daily necessity prices. It also conducts special surveys that target widely used or emerging products and services;

(e) ***Disseminating consumer information.*** CC disseminates consumer information via various channels, including CHOICE Magazine and various social media platforms. CC also organises media programmes and publicity campaigns (e.g. press conferences and interviews) to keep consumers informed about, and alert to, what is happening in the marketplace;

(f) ***Empowering consumers through education.*** Apart from information dissemination through mass media and publications, CC organises a range of consumer education programmes, including customised educational programmes for more vulnerable groups such as young students, mentally handicapped persons and the elderly;

(g) ***Promoting sustainable consumption.*** CC promotes sustainable consumption through various activities, such as publishing sustainable consumption study reports, organising seminars and educational events, conducting tests and surveys and publishing related articles, to enhance consumers' knowledge of sustainable consumption and encourage all to build a sustainable consumption environment by putting it into practice in our daily lives;

(h) ***Advocating a fair marketplace and legal protection for consumers.*** CC regularly conducts in-depth studies on topical consumer issues, and submits its views and recommendations in response to Government and industry consultations to advocate fair competition, good trade practices and a robust legal framework to protect consumer rights; and

(i) ***Forging closer collaboration for consumer protection.*** CC has fostered links with consumer organisations in various countries and regions, with Memoranda of Understanding (MOU) for collaboration on consumer rights and interests signed with 36 counterparts as at 30 June 2026, including 30 provinces/cities in Chinese Mainland, as well as the Macao Special Administrative Region of the People's Republic of China, South Korea, Japan, Singapore, Thailand and Malaysia. CC also engages regularly with relevant Government bureaux/departments, regulators, and trade and professional bodies.

Income and expenditure

1.5 CC is funded mainly by recurrent subventions from the Government. In 2025-26, the total income of CC was $156.7 million and its expenditure was $149.7 million. In 2025-26, the Government subvention amounted to $153.4 million, accounting for 98% of CC's total income (see Table 1).

Table 1

Income and expenditure of CC
(2021-22 to 2025-26)

	2021-22	2022-23	2023-24	2024-25	2025-26
	($'000)				
Income					
Government subvention	151,874	151,105	154,312	153,397	153,365
Proceeds from sales of CHOICE Magazine (Note 1)	2,340	2,159	1,732	858	1
Other income (Note 2)	1,568	3,164	4,741	4,116	3,353
Total (a)	155,782	156,428	160,785	158,371	156,719
Expenditure					
Staff costs	96,158	99,196	104,656	107,189	105,634
Non-recurrent projects expenses	16,321	13,879	11,242	8,799	8,083
Testing and research expenses	8,848	9,005	8,801	8,389	6,140
Production and marketing cost of CHOICE Magazine	2,166	2,152	1,946	1,656	1,066
Other expenses (Note 3)	24,513	27,246	30,636	35,392	28,748
Total (b)	148,006	151,478	157,281	161,425	149,671
Surplus/(Deficit) (c)=(a)−(b)	7,776	4,950	3,504	(3,054)	7,048

Source: Audit Commission analysis of CC records

Table 1 (Cont'd)

Note 1: The online version of CHOICE Magazine became fully available for free starting from January 2025.

Note 2: Other income included administrative service income and bank interest income.

Note 3: Other expenses included office accommodation and related expenses, expenditure on information technology related services and other administrative expenses.

Governance and organisation structure

1.6 ***Council.*** The governing body of CC is its Council. The Chairman of the Council is appointed by the Chief Executive of the Hong Kong Special Administrative Region of the People's Republic of China, whereas the Vice-Chairman and other members of the Council are appointed by the Secretary for Commerce and Economic Development. Each appointment term shall not exceed two years. As at 30 June 2026, the Council had a Chairman, a Vice-Chairman and 19 other members. All members are governed by CC's Code of Conduct for Members.

1.7 ***Committees and advisory/working groups.*** The Council is supported by eight committees (including the Board of Administrators and the Management Committee of CLAF) (Note 1) and two advisory/working groups (Note 2). As permitted by CC's statutory power, the Council can co-opt professionals of different disciplines as members of the committees and advisory/working groups in order to benefit from their knowledge and expertise in the Council's diverse range of work. As at 30 June 2026, the Council had 24 co-opted members in the committees and advisory/working groups. The co-opted members are also governed by CC's Code of Conduct for Members. In addition, there are members of the Management Committee of CLAF, who are appointed by the Permanent Secretary for Commerce

Note 1: *The eight committees are: (a) Committee on Audit; (b) Committee on Consumer Protection Policy, Trade Practices and Redress; (c) Committee on Digital Economy and Information Technology; (d) Committee on Research and Testing; (e) Committee on Staff and Finance; (f) Committee on Sustainability, Public Affairs and Education; (g) Board of Administrators of CLAF; and (h) Management Committee of CLAF.*

Note 2: *The two advisory/working groups are: (a) Advisory Group on Silver Economy; and (b) Working Group on Cross-Border Consumer Protection and E-Commerce Development.*

and Economic Development. Members of the Board of Administrators and the Management Committee of CLAF are governed by CC's Code of Conduct for Members of CLAF.

1.8 ***CC Office.*** CC Office is headed by the Chief Executive of CC and consists of eight functional divisions (Note 3). The Legal and Compliance Division of CC Office also serves as the Council Secretariat. As at 30 June 2026, CC Office had 157 staff. All staff members are governed by CC's Code of Conduct for Staff. An extract of the organisation chart of CC as at 30 June 2026 is shown in Appendix A.

Government monitoring

1.9 In August 2010, a Memorandum of Administrative Arrangements (MAA) was signed between the Government and CC (Note 4). MAA sets out the understanding between the Government and CC, provides the framework for the relationship between the two parties, and sets out in detail the responsibilities of each party. According to MAA, the Government funds CC's activities which support the Government's priorities in consumer protection, having due regard to the overall government budgetary position and specific performance pledges and output targets as agreed between the Government and CC. MAA also requires CC to submit to the Government three-year strategic plans, annual submissions comprising programmes of proposed activities and estimates of income and expenditure, and annual reports with CC's audited accounts and the auditor's report.

1.10 The Permanent Secretary for Commerce and Economic Development is the Controlling Officer responsible for the government subventions to CC. The role of

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Note 3: *The eight functional divisions are: (a) Complaints and Advice Division; (b) Consumer Education, Planning and Stakeholder Engagement Division; (c) Finance and Administration Division; (d) Human Resources Division; (e) Information Technology and Project Support Division; (f) Legal and Compliance Division; (g) Public, Mainland and International Affairs Division; and (h) Research and Studies Division.*

Note 4: *The MAA was amended with effect from 1 July 2022 pursuant to the reorganisation of the Government structure effective on the same date whereby the post title of Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) was amended to Permanent Secretary for Commerce and Economic Development.*

the Permanent Secretary for Commerce and Economic Development is to ensure that CC's activities support its functions and relevant public policies and priorities, its subvented activities are properly and effectively planned, delivered and evaluated, and its subvention is properly used and disbursed.

Audit review

1.11 In May 2026, the Audit Commission (Audit) commenced a review of CC. This audit has focused on the following areas:

(a) resolving consumer disputes and administration of CLAF (PART 2);

(b) collecting and disseminating consumer information and encouraging responsible trade practices (PART 3);

(c) administrative expenditure and procurement (PART 4); and

(d) other issues (PART 5).

Audit has found room for improvement in the above areas and has made a number of recommendations to address the issues.

General response from the Government and Consumer Council

1.12 The Secretary for Commerce and Economic Development agrees with the audit recommendations and appreciates the constructive comments and recommendations on the operations of CC. CEDB will continue to work closely with CC in promoting the protection of consumers' rights and interests in the light of the evolving consumption trends.

1.13 The Chief Executive, Consumer Council agrees with the audit recommendations. She welcomes the audit review of CC and is grateful for the useful comments and recommendations. CC will take appropriate follow-up actions on the recommendations, and is committed to further improving its operation to enhance the effectiveness of CC's work.

Acknowledgement

1.14 Audit would like to acknowledge with gratitude the full cooperation of the staff of CEDB and CC during the course of the audit review.

PART 2: RESOLVING CONSUMER DISPUTES AND ADMINISTRATION OF CONSUMER LEGAL ACTION FUND

2.1 This PART examines CC's work in resolving consumer disputes and administration of CLAF, focusing on the following areas:

(a) resolving consumer disputes (paras. 2.2 to 2.40); and

(b) administration of CLAF (paras. 2.41 to 2.53).

Resolving consumer disputes

2.2 A major work carried out by CC in discharging its functions is to provide consumer complaints handling services, helping consumers and traders to resolve disputes by means of conciliation. In the period from 2021-22 to 2025-26, the number of complaints received each year ranged from 29,207 to 39,679, and the number of enquiries received each year ranged from 51,879 to 65,311.

Performance targets on handling consumer complaints and enquiries not met

2.3 CC reports targets and achievements of its key performance indicators (KPIs) on handling consumer complaints and enquiries:

(a) ***CEDB's Controlling Officer's Reports (CORs).*** Targets and achievements of six KPIs on handling consumer complaints and enquiries (e.g. issuing preliminary reply in writing for written complaints within five working days and issuing reply in writing for written enquiries within 10 working days) are reported in CEDB's CORs; and

(b) ***Committees.*** CC reports targets and achievements of other KPIs (e.g. resolution rate of complaints with pursuable grounds (Note 5) at 67% and hotline call abandonment rate (Note 6) below 4% to below 8%) to relevant committees of the Council on an annual basis.

2.4 Audit reviewed the achievements of KPIs for CC on handling consumer complaints and enquiries in the period from 2021 to 2025 and found that:

(a) ***Targets of some KPIs reported in CORs not met.*** The targets of two KPIs reported in CEDB's CORs were not met for all five years:

(i) the target of issuing preliminary reply in writing for 100% of written complaints within five working days was not met. The shortfalls ranged from 1 to 2 percentage points; and

(ii) the target of issuing reply in writing for 100% of written enquiries within 10 working days was not met. The shortfalls ranged from 2 to 11 percentage points (see Table 2); and

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Note 5: *Resolution rate is calculated by dividing the number of resolved complaints by the number of completed pursuable complaints.*

Note 6: *According to CC, the call abandonment rate is calculated based on callers who hang up while waiting in the queue rather than staying on the line. If a consumer chooses to be redirected to voicemail, the call is not considered abandoned. Previously, callers had to wait on hold for 3 minutes before being given the option to leave a message. According to the latest arrangement, callers can now leave a voicemail immediately if CC staff are unavailable to answer right away.*

Table 2

Targets and achievements of KPIs reported in CEDB's CORs on handling consumer complaints and enquiries (2021 to 2025)

KPI	2021	2022	2023	2024	2025
Issuing preliminary reply in writing for written complaints within five working days					
Target (a)	100%	100%	100%	100%	100%
Actual (b)	99%	98%	98%	99%	99%
Shortfall (c)=(b)–(a) (percentage points)	(1)	(2)	(2)	(1)	(1)
Issuing reply in writing for written enquiries within 10 working days					
Target (d)	100%	100%	100%	100%	100%
Actual (e)	95%	96%	98%	89%	92%
Shortfall (f)=(e)–(d) (percentage points)	(5)	(4)	(2)	(11)	(8)

Source: *Audit analysis of CEDB's CORs*

(b) ***Targets of some other KPIs not met.*** The targets of two other KPIs reported to relevant committees of the Council were not met for 4 or 5 years:

(i) the target on resolution rate of complaints with pursuable grounds (i.e. 67%) was not met for 4 (80%) of the 5 years. The actual resolution rate fell short of the target by 1 to 5 percentage points; and

(ii) the target on hotline call abandonment rate (i.e. below 4% to below 8%) was not met for all 5 years. The actual hotline call abandonment rate was higher than the target by 2 to 14 percentage points.

2.5 In response to Audit's enquiry, CC informed Audit in September 2026 that:

(a) the shortfalls in the two KPIs reported in CORs (see para. 2.4(a)) were largely attributable to the sudden surge in complaints in the event of major consumer incidents; and

(b) regarding the target on resolution rate of complaints with pursuable grounds (see para. 2.4(b)(i)), the resolution rate depended on the traders' and the complainants' willingness to settle.

2.6 Audit considers that CC needs to take effective measures to ensure that the performance targets on handling consumer complaints and enquiries are met.

Need to improve processing of consumer complaints

2.7 According to the operational manual on handling of complaints and enquiries, major stages in handling of consumer complaints are as follows:

(a) ***Case registration and assignment.*** Upon receipt of a complaint, CC assesses the case details and requests the complainant for supporting documents. Upon receiving all the required information and documents, the case will be assigned to a case officer and an acknowledgement letter will be issued to the complainant within five working days;

(b) ***Case processing and conciliation.*** The case officer examines the case details and issues an inquiry letter to the trader being complained to solicit its response to the complainant's allegation and request within nine working days from the date of complaint acknowledgement:

(i) the inquiry letter should be copied to the complainant for information, which also serves as a notification of progress;

(ii) if no response is received from the trader within 30 calendar days from the date of inquiry letter, a reminder letter should be sent to the trader requesting a written reply within two weeks. The case officer should write to the complainant reporting on the case

progress within four working days after the reminder letter is sent; and

(iii) if no response is received from the trader within two weeks after the issue of the reminder letter, the case officer should try to contact the trader by phone or any other means as the case may be.

In light of the preliminary responses of the trader, the case officer assesses the trader's explanation and proposes settlement, resolution or redress according to the circumstances;

(c) ***Case progress updates.*** Even though no progress has been made and the case has yet to be closed for some reasons, the case officer should inform the complainant of the situation at least every month after the last action taken, with a view to alleviating the complainant's anxiety in awaiting the outcome; and

(d) ***Case resolution and closing.*** The case can be closed once redress has been obtained on behalf of the complainant or an agreement has been reached between the complainant and the trader. If conciliation fails or cannot proceed, the case should be closed accordingly, and the complainant is advised of alternative options, such as making civil claims or reporting to relevant authorities. The case officer should submit the case to the appropriate approving authority for review and approval for case closure. Once the approval of closing a case is made, a closing letter to the complainant should be issued on the next day.

2.8 ***Long processing time for some pursuable complaints.*** Of the 174,727 complaints received in the period from 2021-22 to 2025-26, there were 87,515 pursuable complaint cases which were closed as at 30 June 2026. CC has set a target of completing 92% of all pursuable complaints within 4 months. Audit analysed the processing time (i.e. time elapsed from receipt of all the required information and documents to submission of case closure request by the case officer) of the 87,515 pursuable complaints. Audit found that while the target of completing 92% of all pursuable complaints within 4 months was met, there was long processing time for some pursuable complaints. Of the 87,515 pursuable complaints, 6,961 (8.0%) had processing time of more than 4 months, 2,178 (2.5%) had processing time of more than 6 months, and 295 (0.3%) had processing time of more than 12 months (see Table 3). The longest processing time was 39.8 months.

Table 3

Processing time of pursuable complaints (2021-22 to 2025-26)

Processing time	Number of complaints		
2 months or less	48,140 (55.0%)		
More than 2 and up to 4 months	32,414 (37.0%)		
More than 4 and up to 6 months	4,783 (5.5%)		
More than 6 and up to 8 months	1,118 (1.3%)	6,961 (8.0%)	2,178 (2.5%)
More than 8 and up to 10 months	535 (0.6%)		
More than 10 and up to 12 months	230 (0.3%)		
More than 12 months (Note)	295 (0.3%)		
Total	87,515 (100.0%)		

Source: *Audit analysis of CC records*

Note: *The longest processing time was 39.8 months.*

2.9 In response to Audit's enquiry, CC informed Audit in September 2026 that:

(a) although CC had set a target to complete conciliation within 4 months, longer time might be needed if CC perceived merit or consumer interest to pursue further rounds of conciliation, having regard to information available and special circumstances; and

(b) for the case with the longest processing time of 39.8 months, the case was reopened twice, with time gaps of 7 months and 2 months respectively in between.

2.10 ***Need to ensure compliance with requirements on complaint handling in the operational manual.*** Audit examined 30 of the 6,961 complaints with processing time of more than 4 months (see para. 2.8) and noted that some requirements on complaint handling as specified in the operational manual were not complied with:

(a) ***Acknowledgement letter not issued.*** In 2 (7%) of the 30 complaints, there was no documentary evidence showing that any acknowledgement letters had been issued to the complainants upon receiving all the required information and documents for the complaints (see para. 2.7(a));

(b) ***Delays in issuing inquiry letters to traders.*** In 1 (3%) of the 30 complaints, the case officer sent the inquiry letter to the trader more than 9 working days from the date of complaint acknowledgement, with a delay of 8 working days (see para. 2.7(b));

(c) ***Inquiry letters not copied to complainants for information***. In 9 (30%) of the 30 complaints, there was no documentary evidence showing that the inquiry letters had been copied to the complainants for information (see para. 2.7(b)(i));

(d) ***Case progress not reported to complainants in writing after issuing reminder letters.*** In 4 (44%) of the 9 complaints where reminder letters were sent to the traders, there was no documentary evidence showing that the case officers had written to the complainants reporting on the case progress within 4 working days after the reminder letters were sent (see para. 2.7(b)(ii));

(e) ***No record of attempts to contact traders not responding to reminder letters.*** Of the 9 complaints where reminder letters were sent to the traders (see (d) above), no response was received from the traders after 2 weeks for 2 complaints. In 1 (50%) of the 2 complaints, records of attempts to contact the trader could not be found in CC's complaint case management system (see para. 2.7(b)(iii));

(f) ***Need to inform complainants of case progress in a timely manner.*** In 21 (70%) of the 30 complaints, the case officers failed to provide progress updates to the complainants every month after the last action taken (see para. 2.7(c)). The time elapsed from the last action taken to the date of providing progress updates to the complainants ranged from 1.3 to 15.7 months (averaging 4.4 months); and

(g) ***No record of closing letters issued.*** In 25 (83%) of the 30 complaints, records of closing letters issued to the complainants could not be found in CC's complaint case management system (see para. 2.7(d)).

2.11 In response to Audit's enquiry, CC informed Audit in September 2026 that:

(a) for 2 of the 9 complaints where there was no documentary evidence showing that the inquiry letters had been copied to the complainants for information (see para. 2.10(c)), although the inquiry letters were not copied to the complainants, separate emails were sent to notify the complainants of CC's issuing of inquiry letters to the traders; and

(b) for 9 of the 25 complaints where records of closing letters issued to the complainants could not be found in CC's complaint case management system (see para. 2.10(g)), the case officers conveyed messages that were equivalent to "case closed" to the complainants (e.g. asking the complainants to call back when further assistance would be required) by call or email.

2.12 ***Long time taken for approving case closure requests.*** The operational manual on handling of complaints and enquiries did not stipulate any timeframe for the approval of case closure requests by the approving authorities. Audit found that in 15 (50%) of the 30 complaints examined (see para. 2.10), the time elapsed from the submission of case closure requests by the case officers to the approval by the approving authorities (see para. 2.7(d)) was longer than 1 month, ranging from 1.3 to 6.8 months (averaging 3.3 months).

2.13 ***Need to improve response rate of after-service consumer satisfaction survey.*** In June 2023, CC launched the after-service consumer satisfaction survey to gauge the level of consumer satisfaction with the complaint handling services and collect consumers' feedback for performance evaluation. The survey targeted complainants whose complaint cases were pursuable and had been closed upon the completion of conciliation process carried out by case officers. Survey forms were sent to the complainants via email within five working days after case closure. In the period from 2023-24 (from June 2023) to 2025-26, 18,056 survey forms were sent to the complainants. Audit noted that the response rate of the after-service consumer satisfaction survey was on the low side, ranging from 8% to 10% each year. In response to Audit's enquiry, CC informed Audit in September 2026 that the response rate for after-service consumer satisfaction survey was subject to the recipients' willingness to participate.

Need to continue to monitor utilisation of service centres

2.14 As at 31 August 2026, CC operated two service centres, i.e. North Point service centre and Tsim Sha Tsui service centre (Note 7), that offered face-to-face consultation services to consumers. Consumers may submit complaints and enquiries at the service centres either through prior appointment (i.e. making bookings via CC's website) or in-person walk-ins. In addition to handling in-person consumer complaints and enquiries, the two service centres also allow public access to CHOICE Magazine and other CC's publications for on-site reading.

2.15 ***Low numbers of complaints and enquiries handled by service centres.*** Audit noted that the two service centres handled low numbers of complaints and enquiries. In 2025, the two service centres handled 951 complaints (accounting for 3% of total complaints received) and 2,934 enquiries (accounting for 6% of total enquiries received). Audit calculated the average number of complaints handled by each service centre per operating day (Note 8) in 2025 and noted that:

(a) on average, Tsim Sha Tsui service centre handled 2.3 complaints submitted by consumers in person per operating day; and

(b) on average, North Point service centre handled 1.6 complaints submitted by consumers in person per operating day.

Audit also noted that on average, the two service centres handled 11.9 enquiries submitted by consumers in person per operating day in 2025 (Note 9).

Note 7: *North Point service centre is located in a property owned by CC (see para. 5.32(c)), and Tsim Sha Tsui service centre is located in a leased government property (see para. 5.32(d)). According to CC, due to internal renovation works, North Point service centre will be closed and cease public services from 16 November 2026. CC is planning to establish a new service centre in Tseung Kwan O, with operations expected to commence in the second to third quarter of 2027.*

Note 8: *The service centres operated 246 days in 2025 (i.e. Mondays through Fridays except public holidays).*

Note 9: *According to CC, a breakdown of in-person consumer enquiries handled by each of the two service centres was not readily available for 2025.*

2.16 According to CC:

(a) counter staff did not solely support in-person services or enquiries. When not physically attending to the complainants/enquirers in person, they would assist in handling hotline calls during peak hours and replying voice messages; and

(b) in 2025, there were a total of 11,613 hotline calls handled and voice messages replied by 5 counter staff.

2.17 ***Room for improvement in utilisation rate of counter timeslots and number of visitors.*** Audit noted the following room for improvement:

(a) ***Utilisation rate of counter timeslots.*** According to CC, in monitoring the utilisation of the two service centres, CC would compare the total number of available counter timeslots against the timeslots being reserved through walk-in or online bookings. In 2025, North Point service centre and Tsim Sha Tsui service centre operated 2 and 3 service counters respectively. Audit reviewed the utilisation rate of the available counter timeslots in 2025 and noted that:

(i) for Tsim Sha Tsui service centre, the total number of available counter timeslots was 4,428, of which 3,202 (72%) were occupied but 1,226 (28%) timeslots were not occupied; and

(ii) for North Point service centre, the total number of available counter timeslots was 2,952, of which 2,266 (77%) were occupied but 686 (23%) timeslots were not occupied; and

(b) ***Number of visitors.*** Audit reviewed the number of visitors to service centres (including the complainants/enquirers) in 2025 and noted that the numbers of visitors to service centres were low:

(i) there were 3,202 visitors to Tsim Sha Tsui service centre, representing 13 visitors per operating day on average; and

(ii) there were 2,266 visitors to North Point service centre, representing 9.2 visitors per operating day on average.

2.18 In response to Audit's enquiry, CC informed Audit in September 2026 that while the majority of complaints were received from other channels including hotline and online form, the in-person services remain an option for the public (including the elderly and vulnerable groups) to make complaints and enquiries.

2.19 Audit considers that CC needs to continue to monitor the utilisation of service centres with a view to better utilising the service centres to provide necessary services for consumers.

Need to further enhance usage of complaint handling platform

2.20 ***Pilot online dispute resolution scheme.*** In the period from December 2020 to August 2021, CC launched a pilot online dispute resolution scheme by partnering with a non-profit-making online dispute resolution service provider. Under the pilot scheme, a new online dispute resolution channel was introduced to the complainants and traders of suitable complaint cases. Upon consent and online registration on the online dispute resolution platform by both parties, e-negotiation and e-mediation were proceeded on the platform. Audit noted that of the 64 complaints selected for trial under the pilot scheme:

(a) only 3 (5%) complaints were successfully registered on the online dispute resolution platform; and

(b) for the remaining 61 (95%) complaints, the traders and/or the complainants concerned refused to give consent to use the online dispute resolution platform. According to CC, the major reason for the complainants' refusal to give consent was their reluctance to contact traders directly, while the traders did not give any reasons for their refusal to give consent.

2.21 ***CC's complaint handling platform.*** CC's new complaint handling platform was launched in November 2025 as a component of the redeveloped complaint case management system (Note 10). According to CC:

Note 10: *The budget for the implementation of the redeveloped complaint case management system was $24.3 million and the actual expenditure was $20.1 million as at 30 June 2026.*

(a) when designing the complaint handling platform, reference had been made from the experiences gained from the pilot online dispute resolution scheme;

(b) the complaint handling platform would enable complainants, traders and CC's staff to communicate and exchange documents directly, thereby enhancing the efficiency of handling complaints; and

(c) the complaint handling platform adopted innovative technologies such as artificial intelligence to streamline the registration process of complaint cases, to automate the issuing of reports and alerts, and to analyse and classify complaint cases to reduce the time required of the relevant procedures, so that CC's staff could focus on handling the more complex cases.

2.22 According to CC, the complaint handling platform enables registered consumers to track case milestones across all submitted cases through a single account, with auto-filled complaint details from uploaded receipts or payment proofs. The complaint handling platform also allows registered traders to centralise case management, assign cases to handlers and ascertain complaint volumes and trends. The registered consumers and traders enjoy new features of the complaint handling platform, including:

(a) for registered consumers:

(i) ***Case milestone tracking.*** Milestone tracking (5 milestone statuses) is available for all submitted cases, consolidated within a single account;

(ii) ***Single account record***. Complaints are logged under one account, avoiding repeated entry of consumer's contact information; and

(iii) ***Form submission assistance.*** Uploaded receipts or payment proofs are scanned for pre-filling complaint details for consumer verification;

(b) for registered traders:

(i) ***Centralised case management***. All cases are consolidated in a single account for centralised handling;

(ii) ***Flexible case assignment***. Registered traders can create sub-accounts and assign individual cases to designated users for handling, while the main account retains an overview of all cases for easier coordination and monitoring; and

(iii) ***Trend analysis.*** Complaint statistics provide an overview of complaint volumes and trends, helping traders better understand consumer concerns; and

(c) for registered traders and consumers, online dispute resolution chatrooms serve to resolve the complaints directly through e-negotiation, or with assistance from CC's case officers to resolve the complaints through e-conciliation.

For cases that are not processed using the e-negotiation and e-conciliation functions, CC's staff will handle the case outside of the complaint handling platform, for example, by means of email and telephone.

2.23 ***Need to further enhance usage of the complaint handling platform.*** Since the launch of the complaint handling platform in November 2025 and up to 30 June 2026, 18,767 complaints were submitted by complainants via the complaint handling platform, involving 5,903 traders. As at 30 June 2026, 65 traders were registered on the complaint handling platform. Of the 5,903 traders with complaints involved since the launch of the complaint handling platform, only 44 (1%) traders had registered on the complaint handling platform. Of the 18,767 complaints submitted by complainants via the complaint handling platform, only 846 (5%) complaints were processed using the e-negotiation and e-conciliation functions. Audit examined 30 of the 846 complaints and found that in 23 (77%) of the 30 complaints, there were no direct communications between the complainants and the traders in the e-negotiation chatrooms. Of the 11 (out of the 30) complaints that proceeded to the e-conciliation stage, in 6 (55%) complaints, there were no direct communications between the parties involved (i.e. between the complainants and the case officers, and between the traders and the case officers) in the e-conciliation chatrooms.

2.24 In response to Audit's enquiry, CC informed Audit in September 2026 that:

(a) in November 2025, CC soft launched its redeveloped complaint case management system, which focused on encouraging sign-up by traders with a high complaint rate in the early stage, with a view to ensuring system robustness before scaling up the implementation and conducting more extensive publicity to encourage wider use of the system; and

(b) from the launch of the complaint handling platform (as a component of the redeveloped complaint case management system) and up to August 2026, CC had 88 registered traders in the system, which accounted for 16.6% of the total number of complaints received by CC in 2025. As of August 2026, there were 33,079 registered consumer accounts in the system.

2.25 Audit considers that CC needs to, upon full-scale implementation of the redeveloped complaint case management system, further enhance usage of the complaint handling platform by promoting the complaint handling platform more extensively to encourage wider adoption by traders and consumers.

2.26 ***Need to improve the response rate of consumer satisfaction survey on the complaint handling platform.*** With a view to collecting feedback on the usage of the complaint handling platform, since March 2026, CC has issued consumer satisfaction survey forms to consumers who had used the complaint handling platform. Audit noted that up to 30 June 2026, of the 36 consumer satisfaction survey forms issued, only 3 (8%) completed survey forms were received.

Room for improvement in resolving cross-boundary and cross-border consumer disputes

2.27 The proliferation of e-commerce and outbound travel means that consumption activities nowadays have transcended both geographical and physical boundaries. To assist consumers in handling and conciliating cross-border and cross-boundary consumption complaints more effectively, as at 30 June 2026, CC has signed MOU for collaboration on cross-boundary and cross-border consumer disputes with 36 consumer bodies across various regions (including 30 provinces/cities

in Chinese Mainland, as well as the Macao Special Administrative Region (Note 11), South Korea, Japan, Singapore, Thailand and Malaysia (Note 12)) to establish a complaint referral mechanism (Note 13). Hong Kong consumers involved in disputes with traders operating in any of the regions covered by the agreements may lodge complaints with CC upon returning to Hong Kong. CC will assist in referring the cases to the consumer bodies in the traders' regions, which will then contact the traders for conciliation. The outcome will be relayed to CC for notifying the complainants. Conversely, for consumers from any of the regions covered by the agreements involved in disputes in their consumption in Hong Kong, their local consumer bodies may also refer the cases to CC for follow-up.

2.28 ***Number of complaints referred through MOU increased.*** Audit examination of the number of complaints referred through MOU in the period from 2021-22 to 2025-26 revealed that:

(a) the number of complaints referred through MOU increased by 484% from 62 in 2021-22 to 362 in 2025-26. The number of complaints referred from other regions increased by 375% from 40 in 2021-22 to 190 in 2025-26 while the number of complaints referred to other regions increased by 682% from 22 in 2021-22 to 172 in 2025-26; and

(b) the top 5 industries involved in the complaints referred through MOU were clothing and apparel, personal care products, medicine and health foods, food and entertainment services, and travel matters.

2.29 ***Resolution rates of complaints referred through some MOU partners were relatively low.*** According to the analysis of complaint statistics conducted by CC on the complaints referred through MOU in the period from 2017 to 2026 (up to

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Note 11: *CC signed MOU with 30 provinces/cities in Chinese Mainland (e.g. Beijing, Shanghai, Shenzhen, etc.) in the period from 2018 to 2024 and with the Macao Special Administrative Region in 2022.*

Note 12: *CC signed MOU with South Korea, Japan, Singapore, Thailand and Malaysia in the period from 2017 to 2025.*

Note 13: *According to CC, before the implementation of MOU on complaint referral, assistance to Hong Kong residents in cross-boundary and cross-border disputes was not available, and the signing of MOU had made available such assistance.*

July 2026), the average resolution rate for all complaints referred in the period was 71%. Audit noted that the resolution rates for the complaints referred through some MOU partners were relatively low. The overall resolution rates for the complaints referred through the consumer bodies of Malaysia, Macao and Japan in the period were 20%, 42% and 65% respectively.

2.30 In response to Audit's enquiry, CC informed Audit in September 2026 that the successful resolution of the complaint cases under the referral mechanism depended on a host of factors, including the willingness and cooperation of foreign traders, the laws and regulations of the jurisdiction involved, etc. Nevertheless, CC had been taking measures to enhance communications with MOU partners, with the aim of further enhancing cooperation and improving dispute resolution.

2.31 ***Need to enhance information exchange with MOU partners and operational efficiency of resolving complaints referred through MOU.*** According to CC, it encountered some operational challenges in the handling of cross-boundary and cross-border consumer disputes:

(a) ***Fragmented information exchange.*** Under the existing MOU arrangements, consumer complaints were referred between CC and MOU partners, with case information and outcomes exchanged through manual communication, primarily via email. The current mechanism lacked a system-based platform to support structured referrals, case tracking, and progress monitoring. Neither CC nor MOU partners could readily view the overall referral status or case progress, resulting in fragmented information exchange and limited transparency; and

(b) ***Inefficient complaint referral process.*** Complainants seeking case updates had to rely on enquiries through their local consumer bodies (i.e. MOU partners) which would contact the corresponding consumer bodies in charge of the cases via email. This process was inefficient, time-consuming and resource-intensive, resulting in slower responses to complainants.

According to CC, in view of the operational challenges, CC has planned to implement necessary enhancements to the complaint handling platform to streamline the complaint referral and monitoring processes in order to enhance the information exchange with MOU partners and operational efficiency of resolving complaints referred through MOU. Audit considers that CC needs to enhance the information

exchange with MOU partners and operational efficiency of resolving complaints referred through MOU and implement necessary enhancements to the complaint handling platform to streamline the complaint referral and monitoring processes.

2.32 ***Need to continue to strengthen cooperation with consumer councils in Guangdong and Mainland cities of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) in safeguarding consumer rights and interests.*** In 2025, CC received 8,556 complaints from non-Hong Kong consumers against Hong Kong traders, of which 7,241 (85%) were from Mainland consumers. 809 complaints were lodged by Hong Kong consumers against non-Hong Kong traders, including 647 (80%) complaints against Mainland traders. In August 2026, Guangdong province has promulgated the Guangdong Province Regulations on Promoting Consumer Rights Protection Cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area, which would take effect on 1 October 2026, to strengthen consumer protection cooperation with the Hong Kong and Macao special administrative regions. Under the regulations, consumer councils in Guangdong and the nine Mainland cities of GBA will strengthen cooperation with their counterparts in Hong Kong and Macao through agreements, cooperation mechanisms and information sharing. The three sides will enhance collaboration in areas including cross-boundary complaint handling, consumer education, dispute resolution and consumer alerts. In response to Audit's enquiry, CC informed Audit in September 2026 that it had implemented the following existing initiatives in fostering collaboration with GBA counterparts:

(a) in 2023, in coordination with counterparts in Guangdong and Macao, CC spearheaded to organise the first GBA Consumer Protection Forum;

(b) in 2025 and 2026, CC coordinated with the Guangdong Consumer Council on a pilot collaboration programme to enhance cross-boundary consumer protection measures, covering five strategic areas, including policy advocacy, research, dispute handling and training, consumer education, and publicity; and

(c) CC established a Working Group in 2025, dedicated to advising cross-boundary consumer protection work.

Audit considers that CC needs to continue to strengthen collaboration with consumer councils in Guangdong and Mainland cities of GBA in safeguarding consumer rights and interests.

Room for improvement in monitoring traders on watch list

2.33 According to the operational manual on handling of complaints and enquiries, for the monitoring of traders for improvement in providing goods and services:

(a) a watch list is kept on the traders against which repeated complaints have been lodged by a considerable number of complainants for unsatisfactory performance of contract, such as poor quality, late delivery or non-delivery of goods or services; and

(b) having observed the performance of each trader for a reasonable period of time, in consideration of the circumstances and the gravity of the alleged unsatisfactory performance of the trader, CC may:

(i) invite the trader to a meeting to better understand its problems behind which the complaints were made against it, advise it on the ways to improve, and/or urge it for speedy resolution of complaints; and

(ii) consider whether the unsatisfactory performance involves any unfair trade practices that warrant naming and if so, proceed with the matter in accordance with the naming guidelines (see para. 2.36).

2.34 As at 30 June 2026, 28 traders were placed on the watch list requiring further monitoring by CC. Audit noted that:

(a) ***Need to ensure that key information of traders on the watch list is properly recorded.*** Some key information that was useful for monitoring traders on the watch list was not recorded:

(i) the dates of inclusion of the traders on the watch list were not recorded for all the 28 traders; and

(ii) for 15 (54%) of the 28 traders, the dates of actions taken on the traders were not recorded; and

(b) ***Need to stipulate guidelines on the follow-up actions to be taken on traders on the watch list upon receiving new complaints.*** While the actions taken by CC on each trader on the watch list were recorded, there were no specific guidelines on the follow-up actions to be taken on traders on the watch list upon receipt of new complaints against the traders. As at 30 June 2026, for 10 (77%) of the 13 traders (28 less 15) with the dates of actions taken recorded, no follow-up actions had been taken on the traders despite receipt of new complaints against them. The time elapsed from the last action taken on the traders to 30 June 2026 ranged from 10.8 to 19.5 months, averaging 15.1 months.

Need to conduct further analysis on traders under consideration for naming and public reprimand according to stipulated checkpoint

2.35 In the process of complaint handling, CC may identify from repeated complaints lodged against a trader that some undesirable trade practices (Note 14) were adopted. To protect the interest of consumers and discourage these kinds of undesirable activities, CC may decide to publicly name and reprimand such traders or disapprove such practices in a certain industry.

2.36 According to the guidelines for naming and public reprimand of traders adopting undesirable trade practices (hereinafter referred to as the naming guidelines):

(a) once any of the prescribed features (Note 15) has been observed from a series of complaint cases against a trader, a meeting with the trader would be held to ask the trader to cease the undesirable trade practices and carry

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Note 14: *Undesirable trade practices refer to any act, omission, course of conduct or practices adopted by traders in the course of business towards consumers, which are detrimental or potentially detrimental to consumers whether or not they are fraudulent, false or ethically reprehensible. They include, but are not limited to, those already held unfair under the Trade Descriptions Ordinance (Cap. 362) and unconscionable conduct under common law.*

Note 15: *According to the guidelines, a holistic approach should be adopted in considering naming and public reprimand action having regard to, among other things, complaint features such as: (a) a considerable number of complaints against certain undesirable trade practices have been identified; and (b) considerable sums of money are involved.*

out improvement actions immediately. After the meeting, a warning letter recapitulating the discussion of the meeting will be sent to the trader; and

(b) the trader will be put under close observation after the warning letter is issued. If CC receives one new complaint against the trader during the observation period, the naming mechanism will be triggered off, i.e. the case will be submitted to the then Trade Practices and Consumer Complaints Review Committee of the Council (Note 16) for consideration of making recommendation for naming and public reprimand to the Council for endorsement.

2.37 In October 2024, a case for consideration of naming and public reprimand involving 4 traders was submitted to the then Trade Practices and Consumer Complaints Review Committee in accordance with the naming guidelines. It was agreed that a meeting should be arranged with 2 of the 4 traders to convey CC's observations on the alleged malpractices, a formal written warning should be issued after the meeting, and an observation period subsequent to the issue of the formal written warning should be kick-started (Note 17).

2.38 In a subsequent meeting of the Committee on Consumer Protection Policy, Trade Practices and Redress (see Note 16 to para. 2.36(b)) held in March 2025, it was reported that a meeting was held with the 2 traders and a written warning was issued on 30 December 2024. The observation period was invoked in observing CC's complaint trend involving the traders, and the first checkpoint would end in March 2025. The Committee meeting concluded that further analysis on the traders should be conducted after the first checkpoint. However, Audit noted that, up to 30 June 2026 (i.e. more than 15 months after the last discussion of the case in the Committee meeting held in March 2025), there was no documentary evidence showing that further analysis on the traders had been conducted by CC after the first checkpoint (i.e. March 2025) and no further updates had been provided to the Committee on the progress of monitoring the traders. In response to Audit's enquiry,

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Note 16: *The Trade Practices and Consumer Complaints Review Committee was merged to the Committee on Consumer Protection Policy, Trade Practices and Redress with effect from 21 January 2025.*

Note 17: *For the remaining 2 of the 4 traders, it was agreed that CC should continue to monitor the complaint trend of the traders and invite the traders for an interview if necessary.*

CC informed Audit in September 2026 that CC had been monitoring the traders on the conciliation efforts and resolution rates, and an update was scheduled to be provided to the Committee in September 2026.

Audit recommendations

2.39 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **take effective measures to ensure that the performance targets on handling consumer complaints and enquiries are met;**

(b) **take measures to reduce the processing time of some pursuable complaints;**

(c) **take measures to ensure compliance with the requirements on complaint handling as specified in the operational manual;**

(d) **stipulate timeframe for approving case closure requests and take measures to ensure that case closure requests are approved in accordance with the stipulated timeframe;**

(e) **take measures to improve the response rate of the after-service consumer satisfaction survey on complaint handling services;**

(f) **continue to monitor the utilisation of service centres with a view to better utilising the service centres to provide necessary services for consumers;**

(g) **upon full-scale implementation of the redeveloped complaint case management system, further enhance usage of the complaint handling platform by promoting the complaint handling platform more extensively to encourage wider adoption by traders and consumers;**

(h) **take measures to improve the response rate of consumer satisfaction survey on the complaint handling platform;**

(i) **take effective measures to improve the resolution rates of complaints referred through MOU partners;**

(j) **enhance the information exchange with MOU partners and operational efficiency of resolving complaints referred through MOU and implement necessary enhancements to the complaint handling platform to streamline the complaint referral and monitoring processes;**

(k) **continue to strengthen collaboration with consumer councils in Guangdong and Mainland cities of GBA in safeguarding consumer rights and interests;**

(l) **take measures to ensure that key information that is useful for monitoring traders on the watch list is properly recorded;**

(m) **stipulate guidelines on the follow-up actions to be taken on traders on the watch list upon receipt of new complaints against the traders and take measures to ensure that appropriate follow-up actions are taken according to guidelines; and**

(n) **conduct further analysis on the traders under consideration for naming and public reprimand according to the checkpoint stipulated in the committee meetings and take measures to ensure that updates on the progress of monitoring the traders are provided to the relevant committee of the Council in a timely manner.**

Response from Consumer Council

2.40 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that:

(a) in general, measures will be taken to improve the procedures of resolving consumer disputes and processing complaints, including among others the processing time of pursuable complaints and the approval mechanism, as well as promoting wider use of the new complaint handling platform;

(b) CC has been and will continue to monitor and improve utilisation of its service centres and explore their wider use to advance its statutory functions, such as consumer education programmes;

(c) CC will continue to foster close relationships with its MOU partners, particularly consumer councils in GBA, with a view to strengthening consumer protection across different places; and

(d) CC will continue to keep warranted traders under watch through its existing mechanisms.

Administration of Consumer Legal Action Fund

2.41 CLAF is a trust fund established by the Government in 1994 to provide financial support and legal assistance to consumers with meritorious claims for compensation and relief against unscrupulous traders in disputes involving significant public interests and injustice. The assisted consumer of CLAF is required to pay a contribution to CLAF if the assisted matter is successful (e.g. judgment is entered in favour of and/or conferring a benefit on the assisted consumer, the trader's claim is dismissed or withdrawn, or a settlement is reached between the parties). To seek assistance from CLAF, an applicant is required to submit an application form, a non-refundable application fee (of $100 for cases within the jurisdiction of the Small Claims Tribunal or $1,000 for other cases), and the case materials and information to CC. CC will conduct an initial assessment to ascertain whether the application is in line with CLAF's policy and is pursuable (e.g. sufficient information has been provided by the applicant). It will then prepare discussion papers for deliberation by the Management Committee of CLAF, which is responsible for advising on the eligibility and merits of the application. Recommendations of the Management Committee of CLAF will then be submitted to the Board of Administrators for endorsement. For an approved application, an agreement will be signed between CLAF and the successful applicant. In the period from 2021-22 to 2025-26, 192 applications were received and 58 applications were approved. In 2025-26, the income and expenditure of CLAF was $0.7 million and $2.6 million respectively. As at 31 March 2026, CLAF had a balance of $17.6 million.

Need to ensure that discussion papers for CLAF applications are submitted to the Management Committee of CLAF for deliberations within specified timeframe

2.42 CC's Operational Guideline for CLAF sets out the procedures and timeframe for the processing of CLAF applications. The Guideline stipulates that CC officers should submit the discussion papers for each pursuable application to the Management Committee of CLAF within a timeframe such that applications received two months or more before the date of the upcoming meeting of the Management Committee of CLAF will be deliberated in the upcoming meeting, otherwise, the application will be deliberated in the meeting after the upcoming one. In general, meetings of the Management Committee of CLAF are held on a quarterly basis.

2.43 In the period from 2021-22 to 2025-26, 172 of the 192 CLAF applications received in the period had been deliberated by the Management Committee of CLAF. Audit analysed the 172 applications and found that for 2 (1%) applications which were received two months or more before the upcoming meeting of the Management Committee of CLAF, the discussion papers for the applications were only submitted 92 and 96 days after the upcoming meeting. Thus, these 2 applications were deliberated in the meeting after the upcoming one. The time elapsed between the dates of receipt of applications and the dates of deliberation at the meeting of the Management Committee of CLAF was 191 and 199 days respectively.

2.44 In response to Audit's enquiry, CC informed Audit in September and October 2026 that for 1 of the 2 applications concerned (see para. 2.43), CC had sought the applicant's consent for deferring the deliberation of the application to the meeting after the upcoming one.

Need to ensure that requirements on establishment and maintenance of panel list for procurement of external legal services are complied with and the relevant records are properly maintained

2.45 CC's Guidelines for Procurement of External Legal Services for CLAF, which were promulgated in May 2021 and updated in February 2025, stipulate that:

(a) ***Establishment and maintenance of panel list.*** CC should establish and maintain a panel list of solicitors/law firms for the procurement of external legal services:

(i) from May 2021 to February 2025, CC should issue a circular via the Law Society of Hong Kong once every three years to invite solicitors to join the panel list; and

(ii) from February 2025 onwards, CC shall maintain a panel list comprising law firms that have been engaged by CLAF for legal services or invited in procurement exercises in the past three years, and those who are recommended or referred by a member of the Management Committee of CLAF or CC staff and endorsed by the Management Committee of CLAF;

(b) ***Annual review of panel list.*** From February 2025 onwards, CC shall review the panel list annually and submit a paper on the review results to the Management Committee of CLAF at the end of the calendar year setting out proposals on the additions or removals of solicitors/law firms; and

(c) ***Search on unsatisfactory performance records.*** CC shall conduct a search against the Record of Unsatisfactory Performance/Conduct and the record of disciplinary decision of the Hong Kong Bar Association and the Law Society of Hong Kong to ensure that solicitors/law firms on the panel list had no past unsatisfactory performance record. From February 2025 onwards, the search shall be conducted annually.

2.46 Audit reviewed CC's records relating to the establishment and maintenance of the panel list for the procurement of external legal services for CLAF in the period from May 2021 to August 2026 and found that:

(a) ***Invitations to join the panel list not sent.*** In the period from May 2021 to February 2025, contrary to CC's guidelines, CC did not issue any circulars via the Law Society of Hong Kong to invite solicitors to join the panel list of solicitors. There were no records showing how the panel list of solicitors was formulated;

(b) ***Annual review not conducted.*** In the period from February 2025 to August 2026, contrary to the requirement of conducting the annual review, no annual review on the panel list had been conducted; and

(c) ***No documentary record on conducting search on unsatisfactory performance records.*** In the period from May 2021 to August 2026, there was no documentary evidence showing that CC had conducted search against the Record of Unsatisfactory Performance/Conduct and the record of disciplinary decision of the Hong Kong Bar Association and the Law Society of Hong Kong.

2.47 In response to Audit's enquiry, CC informed Audit in September and October 2026 that:

(a) regarding the invitations to join the panel list (see para. 2.46(a)), in 2022, CC commenced a comprehensive strategic review of CLAF (Note 18), which led to the implementation of a revised panel management framework in February 2025, stipulating the revised selection and review mechanisms for solicitors/law firms on the panel list in lieu of the open invitation exercises; and

(b) regarding the annual review (see para. 2.46(b)), CC conducted periodic performance evaluations of legal professionals, which were reported to relevant members of the Management Committee of CLAF as necessary. According to CC's work plan, a comprehensive review of the panel list will be undertaken at the end of 2026, when a fuller set of performance statistics is available for assessment.

Need to continue to ensure that appropriate follow-up actions are taken on underperforming external legal professionals

2.48 CC's Operational Guideline for CLAF stipulates that the performance of external legal professionals should be evaluated upon the completion of an assisted case. Audit examined the records of performance evaluation of external legal

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Note 18: *According to CC, a comprehensive strategic review of CLAF, covering the objectives and the related administrative procedures, commenced in the first quarter of 2022. Following extensive deliberation, as well as consultation with the relevant stakeholders, a series of policy and operational reforms were introduced. The review resulted in streamlined application handling and procurement procedures, as well as substantial revisions to CC's Operational Guideline for CLAF and related documents, with a view to enhancing the efficiency, accountability and effectiveness of CLAF's operations.*

professionals for the 21 assisted cases (involving 10 legal professionals) completed in the period from 2021-22 to 2025-26 and found that in 1 (5%) case, the legal professional received a score of 2 out of 5 (5 being the highest) in the performance evaluation conducted by CC for the assisted case handled in the period. In the performance evaluation, there were comments on the substandard work performed. Notwithstanding the low score and negative comments, the legal professional was subsequently assigned two new cases in 2023 and 2024.

2.49 In response to Audit's enquiry, CC informed Audit in September and October 2026 that:

(a) in February 2025, CC implemented a revised panel management framework. Under the revised framework, case-specific performance evaluation results were provided to relevant members of the Management Committee of CLAF during the selection process. Since the implementation of the revised framework, the legal professional concerned had not been assigned any new case; and

(b) for the case assigned to the legal professional concerned in 2023, the legal professional's performance was not unsatisfactory, receiving an overall rating of 3 out of 5. As at September 2026, the case assigned to the legal professional concerned in 2024 had not been concluded.

2.50 Audit considers that CC needs to continue to take measures to ensure that appropriate follow-up actions are taken on underperforming external legal professionals according to guidelines and the revised panel management framework.

Need to explore the feasibility of taking forward the pilot mediation scheme under CLAF to assist consumers and traders in resolving consumer disputes through mediation

2.51 It was announced in the 2026 Policy Address that to protect consumers' rights and interests, CC would launch a pilot scheme on mediation in 2027 to help consumers and traders resolve consumer disputes. According to CC, it is in the course of exploring the use of mediation as a means to improve the effectiveness of handling the legal matters of the assisted consumers. Audit considers that, in support of the policy initiative announced in the 2026 Policy Address, CC needs to explore the

feasibility of taking forward the pilot mediation scheme under CLAF to assist consumers and traders in resolving consumer disputes through mediation, with a view to maximising the benefits and effectiveness of CLAF in respect of consumer protection.

Audit recommendations

2.52 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **take measures to ensure that discussion papers for CLAF applications are submitted to the Management Committee of CLAF for deliberations within the specified timeframe;**

(b) **take measures to ensure that the requirements on the establishment and maintenance of panel list for the procurement of external legal services are complied with and the relevant records are properly maintained;**

(c) **continue to take measures to ensure that appropriate follow-up actions are taken on underperforming external legal professionals according to guidelines and the revised panel management framework; and**

(d) **explore the feasibility of taking forward the pilot mediation scheme under CLAF to assist consumers and traders in resolving consumer disputes through mediation, with a view to maximising the benefits and effectiveness of CLAF in respect of consumer protection.**

Response from Consumer Council

2.53 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that CC will conduct an annual review of the panel list by end of 2026 and ensure that relevant requirements are complied with and continue to take appropriate follow-up actions on underperforming external legal professionals according to guidelines and the revised panel management framework.

PART 3: COLLECTING AND DISSEMINATING CONSUMER INFORMATION AND ENCOURAGING RESPONSIBLE TRADE PRACTICES

3.1 This PART examines CC's work in collecting and disseminating consumer information, and encouraging responsible trade practices, focusing on the following areas:

(a) product testing, research and surveys (paras. 3.2 to 3.20);

(b) collection of market information and dissemination of consumer information (paras. 3.21 to 3.36);

(c) consumer education (paras. 3.37 to 3.42); and

(d) encouraging responsible trade practices (paras. 3.43 to 3.54).

Product testing, research and surveys

3.2 CC conducts testing, research and surveys of products in the market to help consumers identify safe and cost-effective goods, drive the industry to improve product design and quality control, and accumulate data and information for advocacy on effective regulations. The total expenditure incurred for conducting testing, research and surveys for 2025-26 was $7.3 million. In 2025, the numbers of product tests, consumer surveys and in-depth studies conducted were 33, 19 and 27 respectively.

Shortfalls in actual numbers of product tests, consumer surveys and in-depth studies conducted

3.3 Audit examined the estimated and actual numbers of product tests, consumer surveys and in-depth studies reported as KPIs in CEDB's CORs in the period from 2021 to 2025 and noted that there were shortfalls in actual numbers of product tests, consumer surveys and in-depth studies conducted:

(a) ***Product tests.*** While the estimated number decreased by 23% from 44 in 2021 to 34 in 2025, the actual number of product tests conducted fell short of the estimated number by 1 to 4 (i.e. 2% to 10%) each year in 4 (80%) of the 5 years;

(b) ***Consumer surveys.*** While the estimated number decreased by 26% from 27 in 2021 to 20 in 2025, the actual number of consumer surveys conducted fell short of the estimated number by 1 (i.e. 4% and 5%) in 2 (40%) of the 5 years; and

(c) ***In-depth studies.*** The actual number of in-depth studies conducted fell short of the estimated number by 1 and 2 (i.e. 6% and 13%) in 2 (40%) of the 5 years (see Table 4).

Table 4

Estimated and actual numbers of product tests, consumer surveys and in-depth studies conducted (2021 to 2025)

	2021	2022	2023	2024	2025
Product tests					
Estimated number (a)	44	45	44	41	34
Actual number (b)	45	44	41	37	33
Surplus/(Shortfall) (c)=(b)−(a)	1 (2%)	(1) (2%)	(3) (7%)	(4) (10%)	(1) (3%)
Consumer surveys					
Estimated number (d)	27	26	27	28	20
Actual number (e)	26	27	29	28	19
Surplus/(Shortfall) (f)=(e)−(d)	(1) (4%)	1 (4%)	2 (7%)	−	(1) (5%)
In-depth studies					
Estimated number (g)	15	13	15	16	17
Actual number (h)	13	14	15	15	27
Surplus/(Shortfall) (i)=(h)−(g)	(2) (13%)	1 (8%)	−	(1) (6%)	10 (59%)

Source: *Audit analysis of CEDB's CORs*

3.4 In response to Audit's enquiry, CC informed Audit in September 2026 that the shortfalls were mainly attributable to different reasons such as marginal time difference in publication from year end to following year, redistribution of resources among product tests, consumer surveys and in-depth studies, review of the editorial approach for different types of consumer goods or services, and cost reprioritisation to meet the financial budget. These changes were approved by relevant committees.

3.5 Audit considers that CC needs to take measures to ensure that the estimated numbers of product tests, consumer surveys and in-depth studies conducted are met.

Need to ensure that laboratory test reports for product tests are submitted by laboratories by specified deadlines

3.6 CC commissions laboratories to conduct tests on product samples in accordance with specified test programmes. According to the standard contract letters issued to the laboratories, formal laboratory test reports for individual product samples shall be submitted to CC within a specified deadline.

3.7 Audit selected 20 product tests with product test reports published in the period from 2021-22 to 2026-27 (up to June 2026) for examination. Audit examined the submission of 20 formal laboratory test reports by the laboratories for the 20 product tests (i.e. 1 laboratory test report from each product test). Audit found that 17 (85%) of the 20 formal laboratory test reports were submitted by the laboratories later than the specified deadlines, with delays ranging from 1 to 252 days, averaging 80 days. There was no documentary evidence showing that CC had revised the contractual deadlines of submission of the formal laboratory test reports.

3.8 In response to Audit's enquiry, CC informed Audit in September and October 2026 that:

(a) the delays identified by Audit in paragraph 3.7 were based on the original contractual timelines; and

(b) there were circumstances where the original plan could not be commenced immediately due to the need to clarify technical matters and CC requested for preliminary test results as interim deliverables for deliberation before the laboratories finalised the test reports.

3.9 Audit considers that CC needs to take measures to ensure that laboratory test reports are submitted by the laboratories by specified deadlines as far as practicable.

Room for improving labelling review and trader engagement in conducting product tests

3.10 In July 2024, CC applied incorrect product classification and incorrect standards when evaluating a product sample. According to the root cause analysis conducted by CC, the incorrect classification was because:

(a) only the label information for Hong Kong market was evaluated by the project officer. The label information of the product sample concerned in its original market relevant to its classification was not taken into account in the classification by CC;

(b) during trader engagement, the standards and test requirements intended to be applied for the product tests were not conveyed to the trader. As such, the trader was not able to comment on the classification of the product or respond according to the standards adopted by CC; and

(c) in evaluating the test results, the project officer did not verify whether the relevant regulations and requirements for the classification were applicable to the product sample concerned.

3.11 In view of the results of the root cause analysis, in August 2024, CC revised its guidelines on research and testing to incorporate improvements in the product testing process including, among others:

(a) ***Labelling review.*** Labelling review should be conducted on the product samples to review that the product scope and classification are in line with the test proposal; and

(b) ***Information to be provided to traders for comments.*** All relevant regulations or test standards including safety, quality, mandatory and/or voluntary requirements to be used for assessment and in report publication, together with related information, should be provided to traders for comments.

3.12 Audit examined the records of 10 product tests with test proposals approved by the Committee on Research and Testing in the period from September 2024 (i.e. after the implementation of the revised guidelines on research and testing) to June 2026 and noted the following room for improvement:

(a) ***Need to enhance guidelines on labelling reviews.*** According to CC:

(i) labelling reviews are conducted by project officers during both the sample selection stage and after sample purchase;

(ii) labelling reviews follow five key principles, including product identity, product description, intended use and functions, key product claims, and regulatory and labelling information. Based on the above principles, only products within the approved project scope are selected for testing, subject to approval obtained from senior management;

(iii) following the purchase, a second labelling review is conducted to confirm that the products remain within scope and are suitable for testing; and

(iv) where outliers were identified during the product testing stage, the case would be reviewed by senior management and further escalated to the relevant committee where necessary. Depending on the circumstances, CC might exclude the sample from testing, exclude the affected test criterion from the assessment or from the calculation of the test score, or re-categorise the sample.

Audit noted that the revised guidelines on research and testing did not set out any specific guidelines on labelling reviews (e.g. the key principles and the relevant procedures for conducting labelling reviews); and

(b) ***Some relevant regulations and test standards not provided to traders for comments.*** The revised guidelines on research and testing required that all relevant regulations or test standards to be used for assessment and in report publication, together with related information, should be provided to the traders for comments. Audit noted that while all relevant regulations or test standards to be used for assessment and in report publication were disclosed in 8 (80%) of the 10 product tests, some relevant regulations and

test standards and related information were not disclosed to the traders concerned for comments in 2 (20%) of the 10 product tests:

(i) in one product test on double duvets, the thermal resistance of the product samples was measured based on a British Standard to determine the Thermal Overall Grade of each model of product samples. The measured Thermal Overall Grade values of the respective models and the standard used for the measurement were disclosed to the respective traders for comments. However, in the published test report, another British Standard was used for interpreting the measured Thermal Overall Grade values of different models of double duvets to help consumers understand the duvets' suitability for use in different seasons. Such standard was not disclosed to the traders for comments; and

(ii) in the other product test on battery-operated toys with lights and sounds, no information on the full name and/or the contact information for the product manufacturer, importer and supplier could be found on the product packages of 4 models of the product samples. The traders concerned were asked to confirm whether such information was not available on the product packages of the respective products. However, the published test report mentioned that the 4 models of product samples were in contravention of the labelling requirements under the Toys and Children's Products Safety Ordinance (Cap. 424) and relevant regulations, which stipulated that the full name of the manufacturer/importer/supplier and its corresponding address in Hong Kong must be marked in a conspicuous position on the product. Such labelling requirements were not disclosed to the traders for comments.

3.13 Audit considers that CC needs to:

(a) set out specific guidelines on labelling reviews (e.g. the key principles and the relevant procedures for conducting labelling reviews); and

(b) take measures to ensure that all relevant regulations and test standards to be used for assessment and in report publication are provided to traders for comments.

Need to improve disposal of test samples

3.14 According to CC's guidelines on disposal of test samples:

(a) in general, the disposal channels of test samples are confined to either donation or dumping (to be conducted by CC or by the laboratories);

(b) when the product test report has been published for three months, the project officer should complete and submit the disposal form for handling the test samples by the Finance and Administration Division. The disposal form records details including description and quantities of the test samples to be disposed of, and endorsement details by the relevant staff. The disposal form also contains a section to be completed by the Finance and Administration Division for recording the name of staff who received the test samples to be disposed of and the corresponding date, and the name of staff who handled the disposal procedures and the corresponding date;

(c) CC will donate the test samples which are in operative and safe condition to a list of recognised charitable organisations by rotation; and

(d) since November 2022, the list of test samples with purchase costs over $40,000 per lot that have been disposed of (including donation and dumping) will be reported to the Committee on Staff and Finance for information annually.

3.15 ***Records on disposal of test samples not properly kept.*** Audit noted that the records on disposal of test samples were not properly kept by CC. Therefore, there was no complete information on the number of items and the purchase cost of all test samples disposed of in the period from 2021-22 to 2026-27 (up to 30 June 2026). There was also no readily available information as to whether the individual test samples kept by CC or the laboratories were disposed of or donated.

3.16 ***Need to improve disposal of test samples by CC.*** Of the 20 product tests examined by Audit (see para. 3.7), as at 30 June 2026, the product test reports for 17 (85%) of the 20 product tests had been published for three months or more and therefore the test samples for the 17 product tests should be disposed of. Audit examined the records of disposal of test samples for the 17 product tests and noted that:

(a) ***Some test samples not accounted for on the disposal forms.*** For 7 (41%) of the 17 product tests, some test samples purchased were not accounted for on the disposal forms, involving 1,197 purchased test samples with a total purchase cost of $139,734. In response to Audit's enquiry, CC informed Audit in September 2026 that of the 1,197 test samples purchased, 1,185 were submitted to the laboratories and subsequently disposed of by the laboratories according to agreement, but the disposals of test samples were not recorded on CC's disposal forms. The remaining 12 (i.e. 1,197 less 1,185) test samples were disposed of by CC but were not recorded on CC's disposal forms, with a total purchase cost of $1,016;

(b) ***Some required information not recorded on the disposal forms.*** For 10 (59%) of the 17 product tests, the name of staff who received the test samples to be disposed of and the name of staff who handled the disposal procedures and the corresponding dates were not recorded on the disposal forms (see para. 3.14(b)); and

(c) ***Need to improve the reporting of disposal of test samples with purchase costs over $40,000 per lot to Committee on Staff and Finance.*** 7 of the 17 product tests involved disposal of test samples with purchase costs over $40,000 per lot since November 2022. Audit noted that of the 7 product tests:

(i) ***Reported numbers of test samples disposed of were understated.*** For 4 of the 7 product tests, the lists of test samples with purchase costs over $40,000 per lot that had been disposed of were reported to the Committee on Staff and Finance. However, for 2 of the 4 product tests, the reported numbers of test samples disposed of were understated by 108 and 140 respectively; and

(ii) ***Disposal of test samples not reported.*** For the remaining 3 of the 7 product tests, in 1 product test, the list of test samples with purchase costs over $40,000 per lot that had been disposed of was not reported to the Committee on Staff and Finance, contrary to the requirement in the guidelines on disposal of test samples (see para. 3.14(d)).

Room for improvement in conducting in-depth studies

3.17 CC conducts two types of in-depth studies:

(a) ***In-depth studies on trade practices.*** Studies are conducted on consumer behaviours and trade practices in various industry sectors to support policy advocacy and promote changes in business and consumer behaviours. A more in-depth research will be conducted with the engagement of a suitable research agency to undertake the necessary research work if required. A study proposal with the tentative publication date of the study report shall be approved by the corresponding committee or advisory group (Note 19). The study reports are normally presented through press conferences and published on CC's website; and

(b) ***In-depth studies on consumer-related topics.*** Studies are conducted on consumer-related topics through desktop research and consultation with subject matter experts to disseminate useful information to consumers for educational purposes and to share practical tips. The topic and scope of a study are endorsed by Directors and Senior Directors. The study with the tentative publication date of the study report will be approved by the Chief Executive at the monthly editorial meetings of CHOICE Magazine (see para. 3.30). The study reports are published as short articles in CHOICE Magazine and on CC's website.

3.18 Audit examination of records of 20 in-depth studies conducted in the period from 2021-22 to 2026-27 (up to June 2026) revealed that:

(a) ***Delays in publishing study reports.*** As at 30 June 2026:

(i) the study reports for 18 (90%) of the 20 in-depth studies had been published. For 6 (33%) of the 18 in-depth studies, the study reports

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Note 19: *For general consumer issues, the study proposals shall be submitted to the Committee on Consumer Protection Policy, Trade Practices and Redress; for sustainable consumption issues, the Committee on Sustainability, Public Affairs and Education; for digital-related issues, the Committee on Digital Economy and Information Technology; and for elderly-related issue, the Advisory Group on Silver Economy.*

were published later than the tentative publication dates, with delays ranging from 2 to 28 months, averaging 11 months; and

(ii) the study reports for the remaining 2 (10%) of the 20 in-depth studies had not been published. For 1 (50%) of the 2 in-depth studies that was due for publication, the time elapsed from the tentative publication date to 30 June 2026 was 12 months; and

(b) ***Delays in submitting research results by research agencies.*** Of the 20 in-depth studies, 8 (40%) in-depth studies involved the commissioning of research agencies to undertake the necessary research work. In 6 (75%) of the 8 in-depth studies, research results were submitted by the research agencies later than the specified deadlines in the contracts, with delays ranging from 1 to 12 months, averaging 6 months. In response to Audit's enquiry, CC informed Audit in September 2026 that the 2 studies with more significant delays were due to additional fieldwork time needed to remedy the lower-than-expected response rate for the target respondents. The progress and revised timelines were reported to relevant committees with no objections raised.

Audit recommendations

3.19 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **take measures to ensure that the estimated numbers of product tests, consumer surveys and in-depth studies conducted are met;**

(b) **take measures to ensure that laboratory test reports are submitted by the laboratories by specified deadlines as far as practicable;**

(c) **set out specific guidelines on labelling reviews (e.g. the key principles and the relevant procedures for conducting labelling reviews);**

(d) **take measures to ensure that all relevant regulations and test standards to be used for assessment and in report publication are provided to traders for comments;**

(e) **take measures to ensure that records on disposal of test samples are properly kept by CC in order to have complete information on the number of items and the purchase cost of all test samples disposed of;**

(f) **take measures to ensure that all test samples purchased are accounted for on the disposal forms;**

(g) **take measures to ensure that all required information relating to disposal of test samples are recorded on the disposal forms;**

(h) **take measures to ensure that the lists of test samples with purchase costs over $40,000 per lot that have been disposed of are reported to the Committee on Staff and Finance according to the guidelines on disposal of test samples and the information on the lists of test samples reported is accurate;**

(i) **take measures to ensure that study reports for in-depth studies are published according to the tentative publication dates approved by the relevant approving authorities of CC as far as practicable; and**

(j) **take measures to ensure that research results for in-depth studies are submitted by research agencies by specified deadlines.**

Response from Consumer Council

3.20 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that:

(a) in taking forward product tests, consumer surveys, laboratory tests and labelling reviews, etc., CC will continue to maintain flexibility, and to enhance project planning and monitoring mechanisms to ensure that relevant records are properly kept in accordance with guidelines where applicable, regularly review progress and resource allocation, and continue to strengthen communication with relevant parties and regularly report to relevant committees as appropriate; and

(b) CC will continue to maintain close liaison with traders during engagement process, and ensure that relevant regulations and standards for assessments are provided to traders.

Collection of market information and dissemination of consumer information

3.21 For market surveillance, CC collects information on goods and services through both physical and digital marketplaces, and analyses the information to provide clear pricing and value comparisons to empower consumers to make informed choices. CC has developed three price comparison tools for use by the public, i.e. Online Price Watch, Oil Price Watch and Infant Formula Price Survey.

Need to consider including price data from more major online stores to Online Price Watch

3.22 The Online Price Watch portal provides daily information on online prices of a selection of products sold by 9 online food stores, supermarkets and personal care stores that offer online shopping. As at 30 June 2026, 2,581 products were covered by Online Price Watch. In the period from January 2021 to June 2026, the number of monthly users of Online Price Watch ranged from 17,833 to 187,450, averaging 38,954.

3.23 According to CC, the list of online stores covered by Online Price Watch is reviewed annually. Audit noted that in a meeting of the then Research and Testing Committee held in August 2021 (Note 20), the Committee was informed that due to the increasing popularity of online shopping, the price data from more relevant online stores, including a major online shopping platform, would be covered by Online Price Watch. However, as at 30 June 2026, the price data from this major online shopping platform and a number of other major online stores for selling groceries were not covered by Online Price Watch.

Note 20: *The Research and Testing Committee was renamed as the Committee on Research and Testing on 21 January 2025.*

3.24 In response to Audit's enquiry, CC informed Audit in September 2026 that discussions with the platform concerned and CC's service provider to assess the feasibility of incorporating the relevant data had commenced since 2023 with technical challenges identified for resolution. Discussions had been resumed in early 2026 for implementation as soon as practicable.

Need to review service usage and need of conducting Infant Formula Price Survey

3.25 CC conducts Infant Formula Price Survey every two months, covering 34 infant formula products from seven brands sold in four chained supermarkets, two chained personal care stores and nine drug stores. Price data collected from the surveys are published on CC's website.

3.26 Audit examined the monthly numbers of pageviews and users of Infant Formula Price Survey in the period from August 2021 (Note 21) to June 2026 and noted that the monthly numbers of pageviews and users were low in the period:

(a) the monthly number of pageviews ranged from 274 to 2,139, averaging 1,210; and

(b) the monthly number of users ranged from 187 to 1,226, averaging 661.

Audit also noted that as at 30 June 2026, price data of 27 (79%) of the 34 infant formula products that were covered by Infant Formula Price Survey were also covered by Online Price Watch.

3.27 In response to Audit's enquiry, CC informed Audit in September 2026 that it had reviewed the overall pageviews and usage of the relevant service and noted the interests and need on the relevant price survey had been declining due to market price transparency on the relevant product. CC would continue to review and set relevant priorities in price monitoring in the interests of consumers and best use of resources.

Note 21: *According to CC, CC's website was revamped in 2021, and CC was unable to retrieve traffic data for Infant Formula Price Survey before August 2021.*

3.28 Audit considers that CC needs to review the service usage and the need of conducting Infant Formula Price Survey with a view to setting better priorities in price monitoring in the interests of consumers and take necessary follow-up actions.

Need to develop KPIs and set targets for online version of CHOICE Magazine

3.29 CC informs and guides consumers about their rights through the communication of information by means of a diversity of media tools and channels including CHOICE Magazine, CC's website and social media platforms, publicity programmes and liaison with the media by holding regular press conferences, issuing press releases and addressing media enquiries.

3.30 CHOICE Magazine is a monthly Chinese magazine published by CC, featuring reports on product tests, surveys, studies, as well as complaint cases. To cater for the modern audience's evolving information search and reading habits, the online version of CHOICE Magazine has been fully available for free since January 2025 (Note 22). According to CC, the printed version of CHOICE Magazine would end after the final issue in October 2026.

3.31 CC has set a number of monitoring indicators for the online version of CHOICE Magazine for internal reference including:

(a) number of full magazine downloads of the latest issue;

(b) number of downloads of all available CHOICE articles; and

(c) number of pageviews of all available CHOICE articles.

In June 2026, the monthly number of full magazine downloads of the latest issue was 734. The monthly number of downloads of all available CHOICE articles was 60,554. The monthly number of pageviews of all available CHOICE articles was 944,058.

Note 22: *All previously published CHOICE articles included in CHOICE Magazine since the issue of November 2001 were also available for free on CC's website.*

3.32 While CC had set a number of monitoring indicators for the online version of CHOICE Magazine, Audit noted that up to 30 June 2026, CC had not set targets or KPIs for the online version of CHOICE Magazine. No KPIs for the online version of CHOICE Magazine had been reported in CEDB's CORs.

3.33 In response to Audit's enquiry, CC informed Audit in August 2026 that:

(a) 2026 was a transition year into a new fully digital model for CHOICE Magazine, to be commenced by December 2026 when the CHOICE mobile application would be launched. As readership patterns, user behaviour and consumption habits were expected to evolve throughout the transition, historical KPIs based on the print or web viewing-cum-download model were no longer directly comparable or relevant. Besides, it would not be appropriate to set firm performance targets for a transition year where the publishing mode was an interim arrangement; and

(b) CC had identified a number of monitoring indicators for internal reference, which were intended to gauge readers' behaviour and keep in view the public response, before the fully digital model would commence. Such user insights would be used as baseline data to enable meaningful target-setting and performance assessment for 2027. Formal KPIs would then be developed after the fully digital model has been implemented.

3.34 Audit considers that CC needs to develop KPIs and set targets for the online version of CHOICE Magazine after the fully digital model has been implemented.

Audit recommendations

3.35 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **consider including price data from more major online stores to Online Price Watch;**

(b) **review the service usage and the need of conducting Infant Formula Price Survey with a view to setting better priorities in price monitoring in the interests of consumers and take necessary follow-up actions; and**

(c) **develop KPIs and set targets for the online version of CHOICE Magazine after the fully digital model has been implemented.**

Response from Consumer Council

3.36 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that CC will continue to improve its work on consumer information collection and dissemination.

Consumer education

3.37 To raise awareness, develop positive attitudes and help consumers acquire practical knowledge for making informed choices and becoming responsible consumers, CC organises various consumer education programmes, i.e. primary school education programme, secondary school education programme, support programme for persons with special needs, educator scheme for senior citizens and consumer rights talks. According to CC, to complement the Government's initiative on promoting silver economy, CC has strategically reallocated resources to develop a one-stop online information platform, "Smart Seniors" Consumer eHub, since early 2025. Besides, CC has forged partnership with 58 government units, public bodies, non-governmental organisations, universities, professional associations, etc. to enrich the content and maximise the reach of consumer education information.

Need to continue to encourage participation of consumer education programmes

3.38 Audit analysed the number of participants of the consumer education programmes conducted in the period from 2021 to 2025 and noted that while the total number of participants of the programmes increased by 259% from 12,743 in 2021 to 45,772 in 2025, the numbers of participants of the support programmes for persons with special needs and the educator scheme for senior citizens decreased in the period:

(a) the number of participants of the support programmes for persons with special needs increased by 18% from 1,210 in 2021 to 1,424 in 2024, and then decreased by 48% to 735 in 2025; and

(b) the number of participants of the educator scheme for senior citizens increased by 12% from 528 in 2021 to 593 in 2024, and then decreased by 41% to 347 in 2025.

Need to improve the response rates of satisfaction surveys for consumer education programmes

3.39 To evaluate the consumer education programmes and collect participants' feedback, CC conducted satisfaction surveys for 5 consumer education programmes organised, including primary school education programme, secondary school education programme, support programme for persons with special needs, educator scheme for senior citizens and consumer rights talks.

3.40 Audit examined the records of the satisfaction surveys for the 5 consumer education programmes conducted in the period from 2021 to 2025 and noted that for 4 (80%) of the 5 consumer education programmes, the response rates of satisfaction surveys decreased by 15 to 36 percentage points from 2021 to 2025. In 2025, the response rates of these 4 programmes fell below 50%, ranging from 27% to 37%.

Audit recommendations

3.41 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **continue to encourage participation of consumer education programmes; and**

(b) **take measures to improve the response rates of satisfaction surveys for consumer education programmes.**

Response from Consumer Council

3.42 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that CC will continue to encourage participation of consumer education programmes and collection of user feedback by leveraging its strong network with stakeholders of different consumer groups.

Encouraging responsible trade practices

3.43 CC has a statutory responsibility under the Consumer Council Ordinance to encourage business and professional associations to establish appropriate codes of practice to regulate the activities of their members.

3.44 CC issued "Good Corporate Citizen's Guide" in 2005 (Note 23) and "Good Corporate Citizen's Guide II — Rules" in 2006 (Note 24). In addition, CC issued the codes of practice for the beauty industry, the laundry industry and the jewellery retail industry in 2006, 2015 and 2017 respectively.

Need to regularly liaise with relevant trade associations of industries with codes of practice to encourage best trade practices

3.45 To ensure ongoing effectiveness of the codes of practice, CC conducted annual meetings with relevant trade associations to assess the implementation of the codes of practice and keep track of the latest industry developments. However, Audit noted that annual meetings were held with the relevant trade associations of the laundry industry and the jewellery retail industry, but no annual meetings were held for the beauty industry.

Note 23: *The "Good Corporate Citizen's Guide" contains a set of basic principles upon which businesses are encouraged to observe, adopt and incorporate in their own codes of practice.*

Note 24: *The "Good Corporate Citizen's Guide II — Rules" contains suggested rules that can assist professional and trade associations in considering what matters should be incorporated into their rules and codes of conduct.*

3.46 In response to Audit's enquiry, CC informed Audit in September 2026 that there were various means to promote good trade practices, with codes of practice being only one of the tools. Where codes of practice were considered not the most effective tool, CC would resort to other means to encourage the trade to improve their trade practices through regular engagement with traders, publicity and publication of in-depth studies.

3.47 Audit considers that CC needs to continue to regularly liaise with relevant trade associations of the industries with codes of practice to encourage best trade practices and keep track of the latest industry developments.

Need to review the need for updating codes of practice for beauty industry and laundry industry

3.48 In March 2025, the code of practice for the jewellery retail industry was revised to address the latest changes in legal requirements and promote industry integrity in business operations in the digital era. However, Audit noted that as at 30 June 2026, there was no revision made to the code of practice for the beauty industry which was issued 20 years ago and the code of practice for the laundry industry which was issued 11 years ago.

3.49 In response to Audit's enquiry, CC informed Audit in September 2026 that there were alternatives to engage with relevant industries, such as through CC's standing membership at relevant associations, making submissions in consultations (including relevant legislative reform proposals) and the publication of relevant articles to alert consumers of improper trader practices and urging traders to make rectifications.

3.50 Audit considers that CC needs to review the need for updating the codes of practice as necessary for the beauty industry and the laundry industry.

Need to consider promoting best trade practices for more industries

3.51 Since its establishment in 1974, CC has only issued codes of practice for 3 industries (i.e. the beauty industry, the laundry industry and the jewellery retail industry), with the latest one (i.e. jewellery retail industry) issued in 2017, i.e. about

9 years ago. According to CC, the code of practice for the beauty industry was first issued in 2006 because a large number of complaints related to the beauty industry were received at that time and this caused concern for the industry.

3.52 According to the 2024-25 CC Annual Report, there was a sharp rise in the number of consumer complaints for various industries, such as the entertainment and event industry, health and fitness club industry and food delivery industry. Audit considers that CC needs to consider promoting best trade practices (e.g. issuing codes of practice) for more industries, taking into account the changing consumption habits of consumers and evolving economy in recent years.

Audit recommendations

3.53 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **continue to regularly liaise with relevant trade associations of the industries with codes of practice to encourage best trade practices and keep track of the latest industry developments;**

(b) **review the need for updating the codes of practice as necessary for the beauty industry and the laundry industry; and**

(c) **consider promoting best trade practices (e.g. issuing codes of practice) for more industries, taking into account the changing consumption habits of consumers and evolving economy in recent years.**

Response from Consumer Council

3.54 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that CC will continue to promote best trade practices across various industries subject to market situation through different means that are considered most effective, including proactive engagement with trade associations and professional bodies, and public education and publicity through its regular CHOICE articles and other studies.

PART 4: ADMINISTRATIVE EXPENDITURE AND PROCUREMENT

4.1 This PART examines the issues relating to administrative expenditure and procurement, focusing on the following areas:

(a) administrative expenditure (paras. 4.2 to 4.18); and

(b) procurement (paras. 4.19 to 4.45).

Administrative expenditure

Need to ensure accuracy in calculation of subsistence allowance

4.2 In 2017, CC promulgated the guidelines on business travels, which made reference to the Government's Civil Service Regulations (CSRs). The guidelines were subsequently updated in April 2025. According to CC's guidelines, CC staff are required to seek prior approvals from the Chief Executive for business travels outside Hong Kong. For the passage of the Chief Executive, prior approval by the Chairman of the Council is required. Business travel costs including accommodation, meals, travelling expenses within towns and minor incidental out-of-pocket expenses incurred during business travels are covered by the subsistence allowance at the rates stipulated in CSRs. According to CSRs, the subsistence allowance is payable from the night following arrival and including the night before departure.

4.3 Audit examined the 17 claims for subsistence allowance of the 11 business travels outside Hong Kong conducted in the period from 2023-24 to 2025-26 (Note 25) that involved subsistence allowance and found that for 1 (6%) claim, there was a mistake in the calculation of subsistence allowance. While the travel involved two nights (the night following arrival and the night before departure), subsistence allowance for three nights was disbursed. The amount overpaid was $3,946.

Note 25: *According to CC, there were no business travels outside Hong Kong in the period from 2021-22 to 2022-23 due to the coronavirus disease (COVID-19) epidemic.*

4.4 In response to Audit's enquiry, CC informed Audit in September 2026 that the case involving overpaid subsistence allowance (see para. 4.3) was caused by an inadvertent oversight caused by miscounting the day of the air travel in the calculation of subsistence allowance.

4.5 Audit considers that CC needs to recover the overpaid subsistence allowance for the claim involving overpaid subsistence allowance as illustrated in paragraph 4.3 and take measures to ensure accuracy in the calculation of subsistence allowance.

Need to ensure that correct rates for calculating subsistence allowance are applied when actual costs of business travels outside Hong Kong are reimbursed concurrently

4.6 CC's guidelines on business travel and the corresponding rates of subsistence allowance are referenced to CSRs. According to CC's guidelines on business travel, an officer who is on duty outside Hong Kong may be granted a subsistence allowance which is intended to cover the cost of, amongst others, accommodation and meals, travelling expenses within towns and all minor incidental out-of-pocket expenses. When actual costs of business travels outside Hong Kong are reimbursed concurrently, a separate set of rates for calculating subsistence allowance should be applied.

4.7 Audit examined the 11 claims for subsistence allowance of the 6 business travels outside Hong Kong conducted in the period from 2023-24 to 2025-26 that involved subsistence allowance and reimbursement of actual costs of business travels concurrently and found that:

(a) for 6 (55%) claims, actual costs of accommodation and travelling expenses were reimbursed and 40% of subsistence allowance was paid concurrently. Incorrect rate of subsistence allowance (i.e. 40%) was applied instead of the enhanced rate of 35% as stated in CSRs. The excess amounts ranged from $286 to $428 (averaging $404) per claim; and

(b) for 4 (36%) claims, actual costs of travelling expenses were reimbursed and full rate of subsistence allowance was paid concurrently. Full rate of subsistence allowance was incorrectly applied instead of the enhanced rate

of 95% as stated in CSRs. The excess amounts ranged from $438 to $784 (averaging $583) per claim.

4.8 In response to Audit's enquiry, CC informed Audit in October 2026 that CC is in the process of recovering the overpaid subsistence allowance as illustrated in paragraph 4.7.

4.9 Audit considers that CC needs to recover the overpaid subsistence allowance for the claims involving overpaid subsistence allowance as illustrated in paragraph 4.7 and take measures to ensure that correct rates for calculating subsistence allowance are applied when actual costs of business travels outside Hong Kong are reimbursed concurrently.

Need to ensure that business travel expense claims are approved by appropriate approving authorities

4.10 CC's guidelines set out the approving authorities for business travel expense claims, as follows:

(a) ***Chief Executive.*** Claims submitted by the Chief Executive should be approved by:

  (i) ***Prior to 1 April 2025:*** Head of Finance and Administration Division; and

  (ii) ***Effective from 1 April 2025:*** Chairman of Committee on Staff and Finance;

(b) ***Deputy Chief Executive.*** Claims submitted by the Deputy Chief Executive should be approved by the Chief Executive;

(c) ***Division Heads.*** Claims submitted by Division Heads should be approved by the Chief Executive or the Deputy Chief Executive according to the reporting line; and

(d) ***Other staff below the rank of Division Head.*** Claims submitted by other staff below the rank of Division Head should be approved by Division Heads of the respective divisions or above.

4.11 Audit examined 30 business travel expense claims in the period from 2023-24 to 2025-26 and found that:

(a) for 20 (67%) claims submitted by the then Chief Executive where the business travels took place prior to 1 April 2025, the claims were approved by the Head of Finance and Administration Division, who reported directly to the Chief Executive and was of lower rank than the Chief Executive and the Deputy Chief Executive; and

(b) for 3 (10%) claims submitted by the then Chief Executive or the then acting Chief Executive where the business travels took place after 1 April 2025, the claims were approved by the Head of Finance and Administration Division instead of the Chairman of Committee on Staff and Finance, contrary to the requirement of CC's guidelines.

4.12 Audit considers that CC needs to take measures to ensure that business travel expense claims are approved by the appropriate approving authorities.

Room for improvement on entertainment expense claims

4.13 According to CC's guidelines, reimbursement of expenditure on entertainment may be claimed when it is directly related to the discharge of an officer's duties or a necessary part of making or maintaining contacts in his/her official capacity.

4.14 According to CC's guidelines, for entertainment expenses:

(a) to exercise strict economy when entertaining guests and avoid accusation of extravagance, officers should not spend more than $450 per person for lunch or $600 per person for dinner, inclusive of all expenses incurred on food and beverages consumed;

(b) the number of CC staff should be kept to the minimum, and the number of guests should always outnumber the staff present; and

(c) full justifications and approvals should be clearly documented for exceptions under special circumstances.

4.15 Audit examined 30 entertainment expense reimbursement claims (involving expenses ranging from $400 to $10,900, averaging $3,700) approved in the period from 2021-22 to 2025-26 and found that:

(a) ***Cases exceeding spending limits of entertainment expenses.*** For 11 (37%) claims, the meal costs exceeded the cost-per-head spending limits. The excess amounts ranged from $3 to $1,480 (averaging $179) per head; and

(b) ***CC staff significantly outnumbered guests entertained.*** For 1 (3%) claim, the guests entertained were significantly outnumbered by CC staff. There were 10 CC staff and 3 guests (i.e. CC staff outnumbered the guests entertained by 7). However, no justifications were provided in the claim form to justify the significant outnumbering.

4.16 In response to Audit's enquiry, CC informed Audit in October 2026 that for the entertainment expense reimbursement claim with excess amount of $1,480 per head (the total amount reimbursed was $2,080) (see para. 4.15(a)), the event involved was to foster closer relationship with industry experts, and justifications were provided in the application which was approved according to the relevant policy and guidelines.

Audit recommendations

4.17 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **recover the overpaid subsistence allowance for the claim involving overpaid subsistence allowance as illustrated in paragraph 4.3 and take measures to ensure accuracy in the calculation of subsistence allowance;**

(b) **recover the overpaid subsistence allowance for the claims involving overpaid subsistence allowance as illustrated in paragraph 4.7 and take measures to ensure that correct rates for calculating subsistence allowance are applied when actual costs of business travels outside Hong Kong are reimbursed concurrently;**

(c) **take measures to ensure that business travel expense claims are approved by the appropriate approving authorities;**

(d) **remind CC staff to observe the spending limits of entertainment expenses and exercise strict economy on reimbursement of entertainment expenses; and**

(e) **take measures to ensure that the number of guests should always outnumber the CC staff present and full justifications and approvals should be clearly documented for exceptions under special circumstances.**

Response from Consumer Council

4.18 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that:

(a) CC has recovered the overpaid subsistence allowance ($3,946) as illustrated in paragraph 4.3, and is taking action to recover the other overpayments (totalling $4,755) as illustrated in paragraph 4.7; and

(b) CC will continue to adopt a stringent approach to consider applications for business travel and official entertainment, and to take due care in the reimbursement of relevant expenses in accordance with the relevant guidelines.

Procurement

4.19 CC has issued procurement policy and guidelines (Note 26) setting out the requirements applicable to procurements of goods or services. The guidelines have laid down the procurement procedures, approving authorities and relevant requirements for procurements with various purchase values.

Need to take measures to enhance competition of tender exercises

4.20 According to CC's procurement policy and guidelines, for procurement of goods or services with purchase values over $1.43 million, open tender exercises should be conducted. Audit reviewed the records of all 13 procurement exercises with purchase values over $1.43 million conducted in the period from April 2023 to June 2026, involving awards of contracts with a total contract value of $66.2 million. Audit noted that for 7 (54%) exercises, the competition was limited and the responses from suppliers were lukewarm:

(a) in each of 4 exercises, only 1 tender was received; and

(b) in each of 3 exercises, only 2 tenders were received.

4.21 In response to Audit's enquiry, CC informed Audit in September 2026 that of the 7 exercises with lukewarm responses:

(a) for 4 exercises, 3 to 9 suppliers had requested for the tender documents, but only 1 to 2 tenders were received; and

(b) for another exercise, the open tender exercise yielded only one tender submission as there was a requirement for the leased line connectivity for a CC's office. The supplier who submitted the tender was the only

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Note 26: *CC engaged external consultants to conduct independent compliance assessments on procurement management in 2020 and 2024, and an independent assessment on procurement policy and guidelines in 2023. Pursuant to the findings of the assessments, CC's procurement policy and guidelines have been updated in September 2021 and April 2025.*

telecommunications service provider with existing leased line infrastructure serving the premises.

4.22 To obtain more competitive bids that ensure value for money, Audit considers that CC needs to take measures to enhance competition of tender exercises as far as practicable.

Insufficient number of written quotations or tender proposals invited for some procurements

4.23 CC's procurement policy and guidelines stipulate the required number of written quotations or tender proposals invited for the procurements of goods or services. Audit examined the records of 40 procurements of goods or services with estimated procurement value of $1.43 million or below conducted in the period from April 2023 to June 2026, involving awards of contracts with a total contract value of $13.9 million. Audit found that for 13 (33%) procurement exercises, the actual number of written quotations or tender proposals invited were less than the required number stipulated in the procurement policy and guidelines (see Table 5). For 3 (23%) of the 13 exercises, the justifications for exemptions from inviting the required number of written quotations or tender proposals had not been documented.

Table 5

Actual number of written quotations or tender proposals invited in 13 procurement exercises (April 2023 to June 2026)

Estimated procurement value	Required number of written quotations or tender proposals	Actual number of written quotations or tender proposals invited	Number of procurement exercises
$2,001 to $50,000	At least 2 written quotations	1 written quotation	4
$50,001 to $300,000	At least 3 written quotations	1 written quotation	2
		2 written quotations	3
$300,001 to $500,000	At least 5 written quotations	1 written quotation	1
		3 written quotations	1
$500,001 to $1.43 million	At least 3 tender proposals	1 tender proposal	2
		Total	13

Source: Audit analysis of CC records

4.24 According to CC's procurement policy and guidelines, effective from April 2025, a review on single quotations and tenders should be conducted every six months by the Senior Secretariat and Compliance Officer to assess if sufficient justification is provided for procurements where single quotation or tender has been adopted. Audit found that in the period from April 2025 to June 2026, there was no documentary evidence showing that the required review on single quotations and tenders had been conducted.

4.25 According to CC, the shortfalls in the number of quotations invited were attributed to the limited suppliers available in the market for specific types of products or services. Possible reasons included proprietary ownership of certain technical expertise and specific project requirements of CC. However, Audit examined the types of products or services procured in the 13 procurement exercises and noted that for 6 (46%) exercises, the products or services procured were generic in nature with abundant suppliers available in the market for invitation of quotations or tender proposals, such as maintenance of social media accounts, design, layout and

typesetting services of CC's Annual Report, and provision of workshops on English writing for CC staff.

4.26 Audit considers that CC needs to take measures to ensure that:

(a) sufficient number of written quotations or tender proposals are invited for procurements in accordance with the procurement policy and guidelines, and document the justifications for any deviations from the procurement policy and guidelines; and

(b) a review on single quotations and tenders is conducted every six months to assess if sufficient justification is provided for procurements where single quotation or tender has been adopted in accordance with CC's procurement policy and guidelines.

Room for improvement in management of supplier list

4.27 According to CC's procurement policy and guidelines, CC staff must refer to CC's list of approved suppliers to identify suitable vendors for inviting quotations or tenders for procurement exercises. As of June 2026, there were 1,100 suppliers in the supplier list under 116 types of goods or services.

4.28 Audit examined the records in the supplier list as of June 2026 and found that:

(a) ***Limited number of suppliers for some types of goods or services.*** Only 1 or 2 suppliers were included for some types of goods or services in the supplier list. Of the 116 types of goods or services:

(i) for 12 (10%) types of goods or services, there was only 1 supplier; and

(ii) for 20 (17%) types of goods or services, there were only 2 suppliers; and

(b) ***Some suppliers not categorised under any types of goods or services.*** 108 (10%) of the 1,100 suppliers were not categorised under any types of goods or services.

4.29 In response to Audit's enquiry, CC informed Audit in September 2026 that:

(a) the number of suppliers under each category might be affected by various operational and market factors. Certain categories might relate to specialised or less frequently procured goods or services, under which the number of suppliers might be relatively limited. In addition, some suppliers might provide goods or services across multiple areas but were recorded under their primary or most relevant service category; and

(b) CC would review the existing supplier categories and records, including suppliers currently not assigned to a specific category, and update the categorisation where appropriate. Periodic reviews of the supplier list would also be conducted to better reflect suppliers' current service offerings and market conditions.

4.30 Audit considers that CC needs to take measures to ensure that:

(a) sufficient number of suppliers are included for all types of goods or services in the supplier list; and

(b) the suppliers are categorised into appropriate types of goods or services in the supplier list.

Need to regularly review the supplier list

4.31 According to CC's procurement policy and guidelines, supplier list should be reviewed at regular intervals as follows:

(a) prior to April 2025, CC would collect and record users' feedback on the performance of the suppliers and review the supplier list regularly, i.e. at least once a year; and

(b) with effect from April 2025, a vendor performance evaluation meeting should be held every six months among Division Heads to review and identify underperforming suppliers to be removed from the supplier list where needed.

4.32 Audit reviewed CC's records on the review of supplier list in the period from April 2021 to June 2026 and found that:

(a) prior to April 2025, CC had not conducted the required annual review of the supplier list in 2024-25; and

(b) from April 2025 and up to June 2026, there was no documentary evidence showing that the vendor performance evaluation meeting was held every six months among Division Heads to review and identify underperforming suppliers to be removed from the supplier list where needed.

4.33 In response to Audit's enquiry, CC informed Audit in September 2026 that the vendor performance evaluation exercise had commenced in July 2026 and the review would be completed within September 2026.

4.34 Audit considers that CC needs to take measures to ensure that supplier list is reviewed at regular intervals according to the procurement policy and guidelines and keep proper documentation on the results of review of the supplier list (e.g. records of vendor performance evaluation meetings).

Need to ensure that underperforming suppliers are removed from the supplier list in a timely manner

4.35 In CC's supplier evaluations, suppliers are given ratings on a 5-point scale (i.e. from "1" ("poor") to "5" ("excellent")) on "overall satisfaction" and seven specified areas, namely quality of service, efficiency, responsiveness, knowledge and skills level, manner of staff, complaint handling, and after-sale service. In November 2021, July 2022 and August 2023 respectively, CC issued internal circulars to its staff informing them of the results of the evaluation of the supplier list. The circulars set out underperforming suppliers that should be removed from the supplier list and refrained from engagement in procurements. According to the

circulars, in 2021-22, 2022-23 and 2023-24, CC identified a total of 13 (i.e. 6, 3 and 4 respectively) underperforming suppliers that should be removed from the supplier list.

4.36 Audit reviewed CC's supplier list and found that as of June 2026, 7 (54%) of the 13 underperforming suppliers were still on CC's supplier list. The time elapsed since they were identified as underperforming suppliers up to June 2026 ranged from 34 to 55 months (averaging 44 months). Up to June 2026, for 5 (71%) of the 7 suppliers, 55 procurements of goods or services (involving purchase values totalling $9.5 million) were made 1 to 46 months (averaging 24 months) after they had been identified as underperforming suppliers.

4.37 Audit reviewed the records of the supplier evaluations for the 7 suppliers concerned and noted that these 7 suppliers had unsatisfactory results (i.e. ratings of "1" or "2" on "overall satisfaction" or some specified areas) in CC's supplier evaluations:

(a) for 1 (14%) supplier, the supplier was given a rating of "1" on "overall satisfaction" as well as 6 of the 7 specified areas;

(b) for 3 (43%) suppliers, the suppliers were given a rating of "2" on "overall satisfaction" and the other specified areas; and

(c) for the remaining 3 (43%) suppliers, the suppliers were given a rating of "3" on "overall satisfaction", and ratings of "1" or "2" on some of the specified areas.

4.38 In response to Audit's enquiry, CC informed Audit in October 2026 that:

(a) the ratings of the 7 suppliers were under review and thus they were not automatically removed from the supplier list; and

(b) in September 2026, upon completion of the management's evaluation of the performances of the suppliers concerned taking into account all relevant factors, CC's management agreed that the 7 suppliers should be retained in the supplier list.

4.39 Audit considers that CC needs to take measures to ensure that underperforming suppliers are removed from the supplier list in a timely manner.

Need to ensure that complete procurement information is recorded in the information system

4.40 Considering that the existing accounting system could not fully support the purchase requisition functions, in 2021, CC purchased an electronic purchase requisition information system at a cost of $340,000. In April 2023, after several rounds of user acceptance tests and data migration rehearsals, the electronic purchase requisition information system was launched.

4.41 According to the records in the electronic purchase requisition information system, from April 2021 to June 2026, there were 4,172 procurements of goods or services, involving total purchase value of $231.1 million. Audit reviewed the records of the 4,172 procurements and found that some procurement information was missing in the information system:

(a) for 1,430 (34%) procurements, the particulars of the procured goods or services were not available; and

(b) for 121 (3%) procurements, the purchase values of the procurements were not available.

4.42 In response to Audit's enquiry, CC informed Audit in September 2026 that:

(a) the missing information was not recorded in the database as migrating complete information would require significant manual effort and resources, leading to CC's decision to keep certain information in the form of paper files in CC's office from operational and resource standpoint; and

(b) for revamping CC's accounting system and electronic purchase requisition information system, a new system would be acquired to take over the functions currently supported by both the accounting system and electronic purchase requisition information system. In July 2026, CC was in the process of seeking approvals from the Committee on Staff and Finance for

awarding the new accounting and purchase requisition information system to a service provider.

4.43 Audit considers that CC needs to draw experience from the migration of the electronic purchase requisition information system and take measures to ensure that complete procurement information is recorded in the new accounting and purchase requisition information system.

Audit recommendations

4.44 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **take measures to enhance competition of tender exercises as far as practicable;**

(b) **take measures to ensure that sufficient number of written quotations or tender proposals are invited for procurements in accordance with the procurement policy and guidelines, and document the justifications for any deviations from the procurement policy and guidelines;**

(c) **take measures to ensure that a review on single quotations and tenders is conducted every six months to assess if sufficient justification is provided for procurements where single quotation or tender has been adopted in accordance with CC's procurement policy and guidelines;**

(d) **take measures to ensure that sufficient number of suppliers are included for all types of goods or services in the supplier list;**

(e) **take measures to ensure that the suppliers are categorised into appropriate types of goods or services in the supplier list;**

(f) **take measures to ensure that supplier list is reviewed at regular intervals according to the procurement policy and guidelines and keep proper documentation on the results of review of the supplier list (e.g. records of vendor performance evaluation meetings);**

(g) **take measures to ensure that underperforming suppliers are removed from the supplier list in a timely manner; and**

(h) **draw experience from the migration of the electronic purchase requisition information system and take measures to ensure that complete procurement information is recorded in the new accounting and purchase requisition information system.**

Response from Consumer Council

4.45 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that:

(a) to enhance competition as far as practicable, CC will take steps to regularly review and improve its procurement policy and procedures, amongst others, to catch a wider net of suppliers, encourage submission of quotations or tender proposals, and maintain a proper documentation and record system for procurement;

(b) CC has already completed a review of the supplier list and the underperforming suppliers in September 2026; and

(c) CC has commenced the development of a new accounting and purchase requisition information system, with a view to ensuring that sufficient number of suppliers are included for all types of goods or services in the supplier list, the suppliers are categorised into appropriate types of goods or services in the supplier list, and all relevant procurement information is recorded in the new system.

PART 5: OTHER ISSUES

5.1 This PART examines the other issues related to CC, focusing on the following areas:

(a) corporate governance (paras. 5.2 to 5.10);

(b) human resource management (paras. 5.11 to 5.25);

(c) financial management (paras. 5.26 to 5.31); and

(d) facility management (paras. 5.32 to 5.38).

Corporate governance

Need to improve attendance of some members

5.2 Audit examined the attendance records of the 30 Council members, 17 co-opted members and 15 members of the Management Committee of CLAF who had served the Council or committees and advisory/working groups for at least one complete term (each term was for two years in general) at meetings of the Council, committees and advisory/working groups held in the period from 2021-22 to 2025-26. Audit found that some members had attended less than half of the meetings of the Council, committees and advisory/working groups:

(a) for 4 (13%) Council members, the attendance at Council meetings was lower than 50%, ranging from 29% to 43% (averaging 38%). For these 4 members, their attendance at meetings of CC's committees and advisory/working groups were also on the low side, ranging from 0% to 33% (averaging 23%); and

(b) for another 4 (13%) Council members, while their attendance at Council meetings were above 50% (ranging from 54% to 100%, averaging 76%), their attendance at meetings of CC's committees and advisory/working groups was on the low side, ranging from 17% to 43% (averaging 33%).

Need to improve first-tier declarations of interests

5.3 CC has established guidelines in managing conflicts of interest in order to maintain public confidence in the integrity of members. According to guidelines, the Council, committees and advisory/working groups adopt a two-tier reporting system of declarations of interests:

(a) ***First-tier declaration.*** Members shall register in writing their personal interest, direct or indirect, pecuniary or otherwise, when they first join the Council or its committees and advisory/working groups, and annually thereafter, to the Council Secretariat; and

(b) ***Second-tier declaration.*** If a member (including the Chairman) has any direct or indirect commercial interest in any matter under discussion at a meeting of the Council or its committees and advisory/working groups, being an interest greater than that of a member of the general public, that member should disclose the nature of interest at the meeting. All cases of declarations of interests shall be recorded in the minutes of meeting.

5.4 Audit examined the records of declarations of interests made by members of the Council, committees and advisory/working groups and found room for improvement in the first-tier declarations of interests:

(a) ***Records of submissions of declarations of interests not properly maintained***. Up to 31 August 2026, 9 declarations of interests that should have been made by members of the Council, committees and advisory/working groups in the period from 2021-22 to 2025-26 were not available for Audit's inspection;

(b) ***Delays in submissions of declarations of interests on first appointments.*** Audit examined 55 first-tier declarations of interests on first appointments made by members of the Council, committees and advisory/working groups who were first appointed in the period from 2021-22 to 2025-26 (comprising 16 declarations made by Council members, and 39 declarations made by members of committees and advisory/working groups) and found that:

(i) of the 16 declarations made by Council members, 6 (38%) were submitted to the Council Secretariat after the specified deadlines. The delays ranged from 3 to 25 days (averaging 9 days). 8 (50%) were submitted 2 to 14 days (averaging 8 days) after the members had attended the first Council meetings; and

(ii) of the 39 declarations made by members of committees and advisory/working groups, 9 (23%) were submitted to the Council Secretariat after the specified deadlines. The delays ranged from 1 to 199 days (averaging 53 days). 4 (10%) were submitted 30 to 192 days (averaging 110 days) after the members had attended the first committee and/or advisory/working group meetings; and

(c) ***Need to improve annual declarations of interests.*** Audit examined the records of submission of annual declarations of interests made by members of the Council, committees and advisory/working groups in the period from 2022 to 2026 and found room for improvement in the annual declarations of interests:

(i) ***Annual declarations not submitted.*** Audit found that 6 annual declarations of interests had not been submitted by members of the Council, committees and advisory/working groups in the period; and

(ii) ***Delays in submitting annual declarations of interests.*** Audit examined 207 annual declarations of interests made by members of the Council, committees and advisory/working groups in the period (comprising 88 declarations made by Council members, and 119 declarations made by members of committees and advisory/working groups). Audit noted that, of the 88 annual declarations made by Council members, 33 (38%) were submitted later than the specified deadlines. The delays ranged from 2 to 117 days (averaging 21 days). Of the 119 annual declarations made by members of committees and advisory/working groups, 52 (44%) were submitted later than the specified deadlines. The delays ranged from 3 to 82 days (averaging 21 days).

Need to issue notices of meeting and dispatch meeting papers within the specified timeframe

5.5 According to CC's guidelines, for Council, committee and advisory/working group meetings:

(a) a notice of meeting should be issued to members and staff concerned:

(i) ***Prior to 9 June 2022.*** At least 14 days before the meeting; and

(ii) ***From 9 June 2022 onwards.*** At least 21 days before the meeting; and

(b) meeting papers should be dispatched to members and staff concerned:

(i) ***Prior to 9 June 2022.*** At least 5 working days before the meeting;

(ii) ***From 9 June 2022 to 31 December 2024.*** At least 5 and 2 working days before the meeting for the first and final batch of papers respectively; and

(iii) ***From 1 January 2025 onwards.*** At least 5 and 3 working days before the meeting for the first and final batch of papers respectively.

5.6 In the period from 2021-22 to 2025-26, 32 Council meetings and 190 committee and advisory/working group meetings were held. Audit examined the records of issuing notices of meeting and dispatching meeting papers for the meetings held in the period and found that the specified timeframes were not met for some meetings:

(a) ***Notices of meeting.*** Of the notices of meeting issued for meetings held in the period:

(i) ***Records of issuing some notices of meeting not available for inspection.*** As at 31 August 2026, the records of issuing notices of meeting for 5 (3%) of the 190 committee and advisory/working

group meetings were not available for Audit's inspection. Therefore, Audit was unable to ascertain whether the notices were issued on time; and

(ii) ***Delays in issuing notices of meeting.*** The notices of meeting for 5 (16%) of the 32 Council meetings were not issued within the specified timeframe. The delays ranged from 3 to 20 days (averaging 11 days). The notices of meeting for 32 (17%) of the 190 committee and advisory/working group meetings were not issued within the specified timeframe. The delays ranged from 1 to 21 days (averaging 12 days); and

(b) ***Meeting papers.*** Of the meeting papers dispatched for meetings held in the period:

(i) ***Records of dispatching some meeting papers not available for inspection.*** As at 31 August 2026, the records of dispatching meeting papers for 8 (4%) of the 190 committee and advisory/working group meetings were not available for Audit's inspection. Therefore, Audit was unable to ascertain whether the meeting papers were dispatched on time;

(ii) ***Delays in dispatching meeting papers.*** The final batch of meeting papers for 12 (38%) of the 32 Council meetings were not dispatched within the specified timeframe. The delays ranged from 1 to 3 working days (averaging 2 working days). The final batch of meeting papers dispatched ranged from 12 to 225 (averaging 70) pages for each meeting. The final batch of meeting papers for 61 (32%) of the 190 committee and advisory/working group meetings were not dispatched within the specified timeframe. The delays ranged from 1 to 5 working days (averaging 2 working days). The final batch of meeting papers dispatched ranged from 2 to 438 (averaging 56) pages for each meeting; and

(iii) ***Target of KPI not achieved.*** CC reports to the Council annually the achievement of the target of the KPI in respect of dispatching meeting papers. In the period from 2021 to 2025, the target was set at 100% adherence to the specified timeframe. Audit noted that in all the 5 years from 2021 to 2025, the target of the KPI in respect

of dispatching all meeting papers within specified timeframe was not met.

5.7 In response to Audit's enquiry, CC informed Audit in September and October 2026 that:

(a) records of issuing notices of meeting for 3 of the 5 meetings (see para. 5.6(a)(i)) and dispatching meeting papers for 3 of the 8 meetings (see para. 5.6(b)(i)) were not available because the relevant correspondences could not be retrieved due to cyberattack incident in September 2023; and

(b) the delays in issuing notices of meeting and dispatching meeting papers for some meetings were related to ad hoc meetings and rescheduling of meetings.

5.8 Audit considers that CC needs to take measures to ensure that records on issuing notices of meeting and dispatching meeting papers for Council, committee and advisory/working group meetings are properly maintained. CC needs to issue notices of meeting and dispatch meeting papers for Council, committee and advisory/working group meetings within the specified timeframe. CC also needs to take measures to ensure that the target of the KPI in respect of dispatching all meeting papers within specified timeframe is met.

Audit recommendations

5.9 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **closely monitor the attendance of members at meetings of the Council, committees and advisory/working groups, and step up efforts to encourage members' attendance at meetings;**

(b) **take measures to ensure that records of submission of first-tier declarations of interests made by members of the Council, committees and advisory/working groups are properly kept;**

(c) **take measures to ensure that members of the Council, committees and advisory/working groups make the first-tier declarations of interests in a timely manner;**

(d) **take measures to ensure that records on issuing notices of meeting and dispatching meeting papers for Council, committee and advisory/working group meetings are properly maintained;**

(e) **issue notices of meeting and dispatch meeting papers for Council, committee and advisory/working group meetings within the specified timeframe; and**

(f) **take measures to ensure that the target of the KPI in respect of dispatching all meeting papers within specified timeframe is met.**

Response from Consumer Council

5.10 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that CC will:

(a) continue to monitor members' attendance at meetings of the Council, committees and advisory/working groups, and encourage and facilitate attendance through timely scheduling, meeting reminders and other supportive arrangements; and

(b) ensure proper monitoring of the response and record-keeping of declarations of interests made by members.

Human resource management

5.11 Consumer Council Ordinance stipulates that CC may appoint such employees as it thinks fit and determine all matters relating to their remuneration and terms and conditions of appointment or employment. As at 30 June 2026, CC Office had 157 staff. In 2025-26, the staff costs amounted to $106 million and accounted for 71% of CC's total expenditure.

Need to take measures to reduce staff turnover

5.12 In the period from 2021-22 to 2025-26, the permanent staff establishment of CC Office at the end of each financial year was 151, whereas the permanent staff strength at the end of each financial year ranged from 129 to 141 (i.e. falling short of the permanent staff establishment by 10 to 22). In the same period, CC Office was also supported by 15 to 30 (averaging 23) temporary staff.

5.13 Audit examination of the staff turnover of CC Office in the period from 2021-22 to 2025-26 revealed that:

(a) the number of staff who left CC ranged from 30 to 54 each year; and

(b) the staff turnover rates ranged from 18.7% to 34.1% (see Table 6).

Table 6

Staff turnover rates
(2021-22 to 2025-26)

	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Number of staff leaving CC (a)	34	54	30	40	38
Average staff strength (Note) (b)	160.5	158.2	160.8	152.6	152.3
Staff turnover rate (c) = (a) ÷ (b) × 100%	21.2%	34.1%	18.7%	26.2%	25.0%

Source: *Audit analysis of CC records*

Note: *According to CC, the average staff strength is calculated by averaging the number of monthly staff strength of the financial year.*

5.14 Audit noted that, notwithstanding the high staff turnover rates in the period from 2021-22 to 2025-26, no exit interviews or surveys had been conducted by CC for staff leaving CC to ascertain the reasons for their departure.

Need to ensure that requirements stipulated in recruitment policy and guidelines are complied with

5.15 CC's Recruitment Policy and Guidelines on Recruitment Exercise (Note 27) stipulate that:

(a) all replacements and new positions up to and including Principal Consumer Protection Officer (Note 28) or equivalent will be open to both internal and external applicants;

(b) under certain circumstances, internal/external advertisement may be exempted:

(i) ***Internal advertisement.*** Certain sensitive positions may be exempted from internal advertisement; and

(ii) ***External advertisement.*** Certain positions which clearly have sufficient internal candidates to run for them can be exempted from external advertisement.

In both cases, exemptions are granted only upon the pre-approval from the respective Division Head and consultation with the Chief Executive and/or Deputy Chief Executive is required; and

(c) for recruitment exercises, the selection criteria set by the screening officer for shortlisting of applications for further processing should be properly documented.

5.16 Audit examined CC's Recruitment Policy and Guidelines on Recruitment Exercise and the records of 20 recruitment exercises held in the period from 2021-22

Note 27: *According to CC, recruitment of the Chief Executive is governed by the Consumer Council Ordinance. CC's Recruitment Policy and Guidelines on Recruitment Exercise stipulate the policy on the recruitment of staff other than the Chief Executive.*

Note 28: *According to CC, Principal Consumer Protection Officer is equivalent to civil servant with Master Pay Scale points from 45 to 49.*

to 2025-26 for vacant positions up to and including Principal Consumer Protection Officer. Audit found that:

(a) for 3 (15%) recruitment exercises, the vacancies had not been advertised internally or externally. Instead, the successful candidates were selected from candidates of recruitment exercises for other positions. There was no documentary evidence showing that the required pre-approvals had been obtained for exemptions for internal/external advertisement for all the 3 exercises;

(b) for 5 (25%) recruitment exercises which external recruitment advertisements had not been posted, the number of internal candidates ranged from 1 to 4 (averaging 2). Notwithstanding that the requirement for exemption from external advertisement (i.e. clearly having sufficient internal candidates to run for the positions (see para. 5.15(b)(ii))) was not met for 3 (60%) of the 5 exercises, pre-approvals for the exemptions from external advertisement had been granted;

(c) for 12 (60%) recruitment exercises, the selection criteria for shortlisting of applications for further processing were not documented; and

(d) while CC's Recruitment Policy and Guidelines on Recruitment Exercise covered the recruitment of positions up to and including Principal Consumer Protection Officer or equivalent and recruitment of the Chief Executive was governed by the Consumer Council Ordinance, there were no guidelines relating to the recruitment of the Deputy Chief Executive.

Room for improvement in conducting staff performance appraisals

5.17 All CC staff are evaluated on their performance once a year or as appropriate for salary increments, confirmation in post and/or renewal of contract. According to CC's guidelines, for each performance appraisal, the staff's performance is assessed by the appraising officer who will complete a prescribed staff appraisal form, which will then be submitted to the countersigning officer for endorsements. After the endorsements by the countersigning officer, the staff performance appraisals will be approved by the approving officer.

5.18 Audit reviewed the records of 20 staff performance appraisals conducted in the period from 2021-22 to 2025-26 and found that:

(a) ***Need to ensure that staff performance appraisal records are properly maintained.*** For 1 (5%) of the 20 staff performance appraisals, the countersigning officer had not signed the appraisal form. There was no documentary evidence showing that the appraisal had been endorsed by the countersigning officer. In response to Audit's enquiry, CC informed Audit in September 2026 that the signed form could not be located, and the approving officer and countersigning officer were the same officer; and

(b) ***Some staff performance appraisals were approved long after the end of respective appraisal periods.*** There was no specified timeframe for approving staff performance appraisals. For 4 (20%) appraisals, the approvals (i.e. approvals given in the Committee on Staff and Finance meetings) were obtained long after the end of the respective appraisal periods, ranging from 94 to 338 days (averaging 163 days) after the appraisal periods.

Need to continue to explore enhancement of appraisal process by implementing e-Performance Management System

5.19 According to CC, it has been conducting performance evaluations for individual staff on an annual basis since 2016-17 by using the Performance Management System (PMS), comprising the assessments on core and functional competencies. According to KPI plan for 2023, CC targeted to upgrade and digitalise PMS to enhance the operational efficiency and effectiveness of PMS by December 2023 (i.e. launch of e-PMS). According to KPI plan for 2024, CC revised the target launch date to September 2024. According to KPI plan for 2025, CC further revised the target launch date to March 2026. However, up to June 2026, Audit noted that e-PMS had not been launched, which was 30 months later than the original target launch date.

5.20 In response to Audit's enquiry, CC informed Audit in September 2026 that the delay was due to project re-prioritisation and changing operational requirements for e-PMS as CC was still reviewing the necessary project scope to align with CC's operational needs.

5.21 Audit considers that CC needs to continue to explore the enhancement of the appraisal process by implementing e-PMS where practicable.

Need to improve the handling of complaints against staff

5.22 According to CC's guidelines on handling complaints against staff, complaint cases against staff will be referred to the Human Resources Division for handling. The target response time in handling complaints against staff stipulated in CC's guidelines is shown in Table 7.

Table 7

Target response time in handling complaints against staff (2021-22 to 2025-26)

	Target response time	
	Effective for the period from April 2021 to April 2024	**Effective from May 2024 (Note)**
(a) Issue acknowledgements or initial replies to complainants after receipt of complaints	7 working days	5 working days
(b) Submit a summary of complaint cases against staff to the Committee on Staff and Finance after issuing acknowledgements or initial replies to complainants	3 months	2 months
(c) Issue final written replies to complainants after the complaint cases are formally concluded by the Committee on Staff and Finance	7 working days	14 working days

Source: *Audit analysis of CC records*

Note: *In May 2024, CC updated its guidelines on handling complaints against staff to, amongst others, align with other internal guidelines on handling consumer complaints.*

5.23 In the period from 2021-22 to 2025-26, CC received 31 complaint cases against staff. Of the 31 complaint cases, 6 (19%) were substantiated after CC's investigation and follow-up actions such as verbal coaching had been taken. Audit examined CC's records on handling the 31 complaint cases and found that:

(a) ***Acknowledgements or initial replies not issued.*** For 4 (13%) cases, acknowledgements or initial replies had not been issued to complainants after receipt of complaints;

(b) ***Delays in issuing acknowledgements or initial replies.*** For 6 (19%) cases, there were delays in issuing acknowledgements or initial replies to complainants after receipt of complaints, ranging from 1 to 9 working days (averaging 4 working days);

(c) ***Delays in submitting summary of complaint cases to the Committee on Staff and Finance.*** For 4 (13%) cases, there were delays in submitting summary of complaint cases against staff to the Committee on Staff and Finance after issuing acknowledgements or initial replies to complainants:

  (i) for 2 (50%) of the 4 cases where the summary of complaint cases against staff had been submitted to the Committee on Staff and Finance, the delays were 0.6 and 0.8 month respectively; and

  (ii) for the remaining 2 (50%) cases where the summary of complaint cases against staff had not been submitted to the Committee on Staff and Finance as at 30 June 2026, the time elapsed from the dates of acknowledgements or initial replies up to 30 June 2026 were 2.9 months and 3.8 months, representing a delay of 0.9 month and 1.8 months respectively; and

(d) ***Issue of final written replies.*** Up to 30 June 2026, 29 (i.e. 31 less 2 (see (c)(ii) above)) cases had been formally concluded by the Committee on Staff and Finance:

  (i) ***Records on issuing final written reply not properly maintained.*** For 1 (3%) of the 29 cases, the records on the issue of final written reply to the complainant after formal conclusion by the Committee on Staff and Finance were not maintained. According to CC, the final written reply issued to the complainant after formal conclusion

by the Committee on Staff and Finance could not be located by CC; and

(ii) ***Delays in issuing final written reply.*** For 2 (7%) of the 29 cases, there were delays in issuing final written replies to the complainants after the cases were formally concluded by the Committee on Staff and Finance. The delays were 3 and 6 working days respectively.

Audit recommendations

5.24 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **conduct exit interviews or surveys for staff leaving CC to ascertain the reasons for their departure;**

(b) **in light of the results of exit interviews or surveys, take measures to reduce the staff turnover;**

(c) **take measures to ensure that requirements stipulated in CC's recruitment policy and guidelines are complied with, including:**

(i) **recruitments are open to both internal and external applicants;**

(ii) **pre-approvals for exemption from internal or external recruitment advertisements are obtained and properly documented;**

(iii) **exemptions from internal or external recruitment advertisements are granted in accordance with the requirements stipulated in CC's recruitment policy and guidelines;**

(iv) **selection criteria set by the screening officer for shortlisting of applications for further processing are properly documented; and**

(v) **enhance guidelines on recruitment of the Deputy Chief Executive;**

(d) **take measures to ensure that staff performance appraisal records are properly maintained;**

(e) **specify timeframe for approving staff performance appraisals and take measures to ensure that the staff performance appraisals are approved within the specified timeframe;**

(f) **continue to explore the enhancement of the appraisal process by implementing e-PMS where practicable;**

(g) **take measures to ensure that the target response time in handling complaints against staff stipulated in CC's guidelines are complied with; and**

(h) **take measures to ensure that records on complaints against staff are properly maintained.**

Response from Consumer Council

5.25 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that CC will:

(a) identify appropriate staff retention measures aiming at reducing staff turnover; and

(b) improve its recruitment policy, guidelines and procedures in a holistic manner, as well as its staff performance appraisal system to ensure timely completion of the appraisal process.

Financial management

Room for improvement in investment of funds

5.26 According to Consumer Council Ordinance, all money of CC that is not immediately required shall be invested on fixed deposit in any bank or savings bank approved by the Financial Secretary, either generally or in any particular case, for the purpose, or in such other forms of investment as the Financial Secretary may approve. In 2015, CC issued investment guidelines to provide guidance on the investment of funds not immediately required by CC.

5.27 CC's investment guidelines stipulate that:

(a) CC shall maintain a list of approved banks with which it may make investments. In selecting an investment instrument, CC staff responsible for executing the investments shall obtain relevant quotations/offers from all the banks on the list;

(b) to minimise the risks to which CC may be exposed, the investment shall be spread between at least two counterparties of investments, with the investments made with any one counterparty not exceeding 50% of the total investment of the Council (i.e. 50% rule); and

(c) CC staff responsible for executing the investments set out in the guidelines shall:

(i) review the investment guidelines at least every three years;

(ii) review the list of approved banks at least annually; and

(iii) recommend amendments for endorsement and approval, if necessary.

5.28 ***Room for improvement in placing fixed deposits.*** In the period from 2021-22 to 2025-26, CC maintained a list of 8 approved banks with which it may make investments. Audit reviewed CC's records of 40 fixed deposits placed with

banks by CC and 31 fixed deposits by CLAF in the period from 2021-22 to 2025-26 and found room for improvement:

(a) ***Quotations not obtained from all banks on the list.*** According to the guidelines, in selecting an investment instrument, CC staff responsible for executing the investments shall obtain relevant quotations/offers from all the banks on the list (see para. 5.27(a)). However, Audit noted that:

(i) for 1 (13%) of the 8 approved banks, quotations of interest rates were not obtained from that bank for all 40 fixed deposits by CC; and

(ii) for 2 (25%) of the 8 approved banks, quotations of interest rates were not obtained from those banks for all 31 fixed deposits by CLAF;

(b) ***Quotations not obtained on the day of placing fixed deposits.*** Audit found that for 6 (8%) of the 71 (40+31) fixed deposits, the quotations were obtained 5 to 14 days (averaging 9 days) prior to the day of placing fixed deposits. For 64 (90%) fixed deposits, quotations were obtained 3 to 30 days (averaging 10 days) prior to the day of placing fixed deposits, and CC only obtained quotations from 1 to 3 (averaging 1) of the banks again on the day of or one day prior to placing the fixed deposits; and

(c) ***Fixed deposit not placed with the bank offering the highest interest rate.*** For 1 (3%) fixed deposit by CC and 1 (3%) fixed deposit by CLAF, CC placed the relevant fixed deposit with the bank concerned which had offered the third highest interest rate among the quotations received. However, for the fixed deposit by CC, while CC had provided the justification for not considering one of the banks offering the highest interest rate in order to avoid breaching the 50% rule (see para. 5.27(b)), there was no documentary evidence showing the justifications for CC not placing the fixed deposit with another bank offering the same highest interest rate. For the fixed deposit by CLAF, no justification was provided at all.

5.29 ***Reviews of investment guidelines and list of approved banks not conducted as required.*** Audit found that, contrary to the requirements set out in the investment guidelines (i.e. reviewing the investment guidelines at least every three years and the

list of approved banks at least annually) (see para. 5.27(c)), no review on the investment guidelines and the list of approved banks had been conducted in the period from 2021-22 to 2025-26. In response to Audit's enquiry, CC informed Audit in August 2026 that the reviews of the investment guidelines and the list of approved banks had been conducted in August 2026.

Audit recommendations

5.30 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **take measures to obtain quotations from all banks on the list of approved banks according to the requirements in investment guidelines;**

(b) **review the process of placing fixed deposits and take measures to ensure that quotations are obtained from the banks on the day of placing fixed deposits as far as practicable;**

(c) **take measures to ensure that the justifications for not placing fixed deposits with the bank which has offered the highest interest rate are properly documented; and**

(d) **take measures to ensure that reviews of investment guidelines and the list of approved banks are conducted according to the requirements stipulated in the investment guidelines.**

Response from Consumer Council

5.31 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that CC will review the procedures and approval process relating to placing fixed deposits at banks so as to ensure that a reasonable number of quotations will be obtained from banks having regard to actual circumstances.

Facility management

Need to take effective measures to resolve maintenance issues at the North Point service centre

5.32 As at 31 August 2026, CC operated 4 facilities, namely:

(a) the North Point headquarters, located in a property owned by CC;

(b) a headquarters extension, located in another premises in North Point leased from the private sector by CC for a 4-year period from January 2024 to December 2027 (Note 29);

(c) the North Point service centre, located in a property owned by CC (see Note 7 to para. 2.14); and

(d) the Tsim Sha Tsui service centre, located in a leased government property with a nominal rent of $1 per annum.

5.33 Audit noted that since June 2019, the North Point service centre had been suffering from recurring mold and water condensation issues. CC engaged two independent surveyors in 2019 and 2021 and carried out remedial works costing $0.4 million. According to the independent surveyor engaged by CC in 2019, the problem was due to the temperature difference between the ceiling of the North Point service centre and the server room upstairs resulting in water condensation issues. In addition, the North Point service centre suffered from various aged-related maintenance issues and required increasing ad hoc minor works for structural sustainability, such as repair of window frames. However, after engagement of the two independent surveyors, mold and water condensation issues were still not resolved.

5.34 In response to Audit's enquiry, CC informed Audit in September 2026 that:

Note 29: *In October 2023, CC entered into a lease agreement for the headquarters extension in North Point, with the contract period of 4 years from January 2024 to December 2027 and a contract value of $11.2 million.*

(a) while the North Point service centre continued to operate as a consumer complaint service centre, a majority of the staff at the North Point service centre were relocated to CC's headquarters extension in North Point in July 2026 to facilitate thorough investigation to resolve the recurring mold and water condensation issues; and

(b) CC was also planning for full-scale surveying works with a view to coming up with a comprehensive maintenance plan.

Need to ensure that records on use of motor vehicles are properly kept

5.35 As of June 2026, CC had two motor vehicles. According to CC's guidelines for the usage of CC's motor vehicles, the Finance and Administration Division shall maintain a logbook to record the use of the motor vehicles including the date, time, mileage, destination, brief description of purpose and signature of the user. The logbook shall be reviewed by CC's Compliance and Administration Officer on a quarterly basis. The drivers of the motor vehicles are responsible for recording the details in the logbook.

5.36 Audit examined 60 journeys recorded on the vehicle logbooks in the period from 2021-22 to 2025-26 and revealed that:

(a) for all 60 journeys, the records were not signed by the users; and

(b) for 12 (20%) journeys, the relevant descriptions of purpose were not recorded.

Audit recommendations

5.37 **Audit has *recommended* that the Chief Executive, Consumer Council should:**

(a) **take effective measures to resolve the maintenance issues at the North Point service centre and continue to explore the alternative measures to address the issues where appropriate; and**

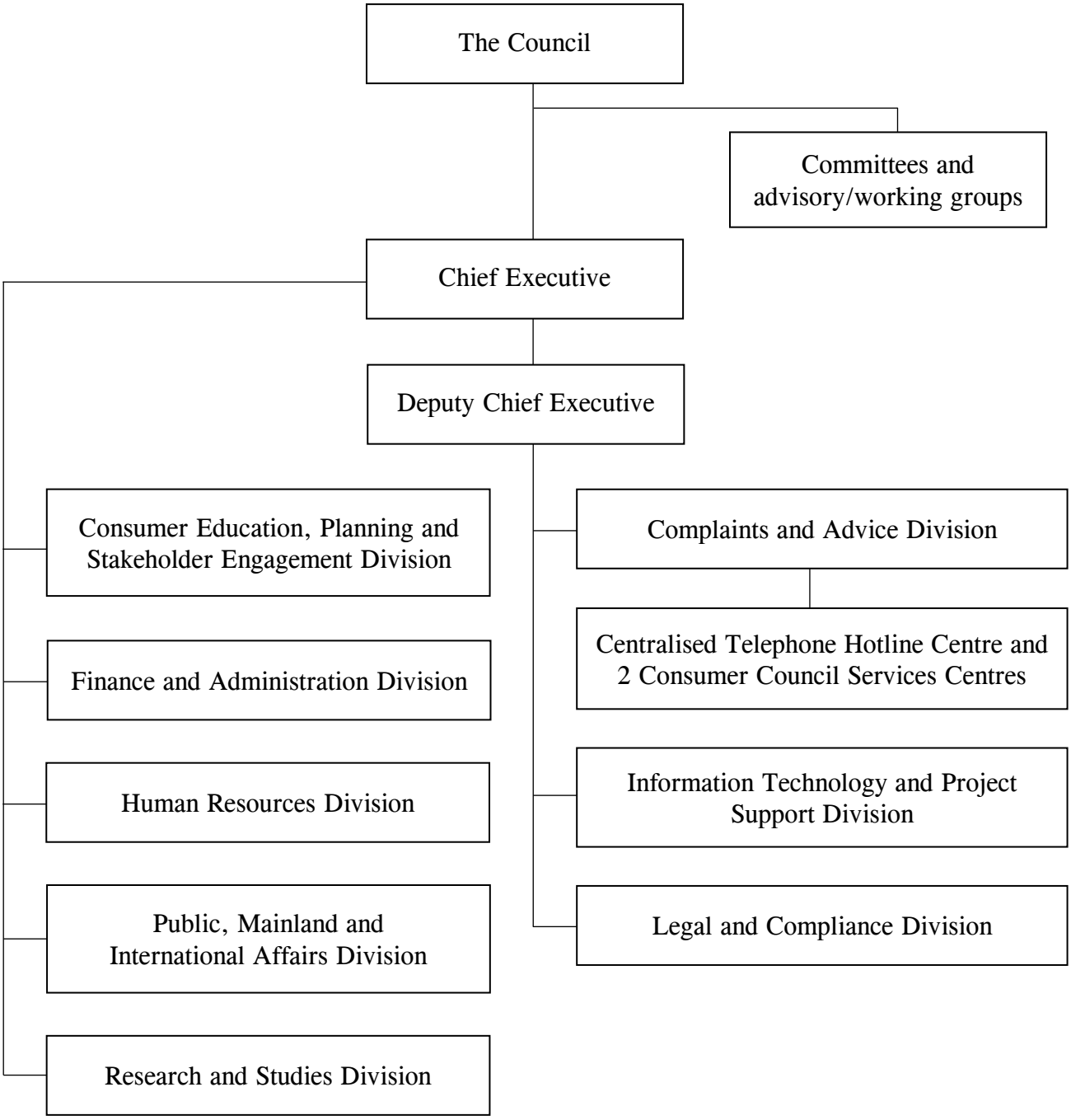
(b) **take measures to ensure that records on use of motor vehicles are properly kept.**

Response from Consumer Council

5.38 The Chief Executive, Consumer Council agrees with the audit recommendations. She has said that CC will continue to take actions to follow up the maintenance issues at the North Point service centre and implement appropriate measures.

Appendix A
(para. 1.8 refers)

Consumer Council:
Organisation chart (extract)
(30 June 2026)



Source: *CC records*

Acronyms and abbreviations

Audit	Audit Commission
CC	Consumer Council
CEDB	Commerce and Economic Development Bureau
CLAF	Consumer Legal Action Fund
COR	Controlling Officer's Report
CSRs	Civil Service Regulations
GBA	Guangdong-Hong Kong-Macao Greater Bay Area
KPI	Key performance indicator
MAA	Memorandum of Administrative Arrangements
MOU	Memoranda of Understanding
PMS	Performance Management System