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.

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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).

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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).

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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));**

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(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.