

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 145 - GOVERNMENT SECRETARIAT : ECONOMIC SERVICES BUREAU Subhead 001 Salaries

Members are invited to recommend to Finance Committee the creation of the following permanent posts -

- (a) 1 Administrative Officer Staff Grade A
(D6) (\$162,650)

offset by the deletion of the rank and permanent post of

1 Commissioner for Tourism
(D5) (\$154,150);

- (b) 1 Administrative Officer Staff Grade B
(D3) (\$127,900 - \$135,550); and

- (c) 1 Senior Principal Executive Officer
(D2) (\$116,650 - \$123,850)

offset by the deletion of the permanent post of

1 Principal Executive Officer
(D1) (\$98,250 - \$104,250)

arising from the re-organisation of the Tourism Commission in the Economic Services Bureau.

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PROBLEM

The workload and responsibilities of the Tourism Commission have increased since its establishment in May 1999. The present organisational structure and directorate staffing levels are no longer adequate to cope with the changing demands to furthering tourism development in Hong Kong.

PROPOSAL

2. We propose to create one permanent post of Administrative Officer Staff Grade A (AOSGA) (D6), offset by the deletion of the rank and one permanent post of Commissioner for Tourism (CT) at D5 level to better reflect its role and level of responsibilities. In addition, we propose to strengthen the Tourism Commission by creating one additional permanent post of Administrative Officer Staff Grade B (AOSGB) (D3) to deputise the CT and to oversee the planning and implementation of tourism development projects. We also propose to create one additional permanent post of Senior Principal Executive Officer (SPEO) (D2) to be offset by the deletion of a permanent post of Principal Executive Officer (PEO) (D1) to head a new Division in charge of events, campaigns and district projects.

JUSTIFICATION

New responsibilities

3. The tourism industry is one of Hong Kong's major foreign exchange earners. In 2000, visitor arrival figure achieved a record of 13 million and total tourism receipts exceeded \$61 billion or about 5% of our Gross Domestic Product. Nonetheless, the challenges faced by the tourism sector remain serious in the face of increasing competition in the region, reducing spending per visitor, and shortening of the average length of stay.

4. In view of the need to re-energise our tourist industry and to constantly enhance the attractiveness of Hong Kong as a tourist destination, the Administration has taken a proactive approach to review the strategy and institutional arrangements to meet these objectives.

5. In 1999, the Administration and the former Hong Kong Tourist Association jointly carried out a Fundamental Expenditure Review to improve the cost-effectiveness of the Association. The Association also carried out a Strategic Organisation Review to revisit its role and objectives. As a result of these studies, we have redefined the role of the Association, now renamed the Hong Kong Tourism Board, and re-channelled its resources. The Hong Kong Tourism Board now has a clear and distinct role with an emphasis on marketing and promoting

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Hong Kong as a tourist destination, according priority and assigning resources to overseas marketing. It will continue to work closely with the trade in product development and service provision. This redefinition and repositioning exercise has been successfully implemented with the enactment of the Hong Kong Tourism Board Ordinance in April 2001.

6. In tandem with the changes to the former Hong Kong Tourist Association, the Tourism Commission was established in May 1999 with the responsibility to formulate policies, action plans and strategies for tourism development. It is also responsible for steering efforts, co-ordinating public resources and acting as a facilitator in planning and implementing major projects, events and infrastructural facilities conducive to tourism. The Commission provides input into Government's land use and other development plans to maximise opportunities for tourism development. It initiates and steers focussed studies to examine tourism development opportunities in selected development areas. It is responsible for steering and monitoring major tourism projects such as Hong Kong Disneyland and Tung Chung Cable Car system. The Commission facilitates the work of the Hong Kong Tourism Board where it interfaces with other government departments and monitors the Board's use of resources. The Commission also regulates and enhances the service quality of travel agents.

7. Part of the Commission's current work in the planning and implementation of tourism related projects was previously undertaken by the former Hong Kong Tourist Association. The transfer of such responsibilities to the Tourism Commission as a result of the redelineation of work between the Commission and the Association has worked well. The work cuts across various Government departments/bureaux. It requires careful co-ordination and consultation, adjustment to priorities and resource allocation, and often has implications for policy issues. Such projects may also involve high level private sector interest. Over the last 23 months, the workload, responsibility and complexity of this part of the work have increased tremendously. Concurrently, the role and responsibility of the Tourism Commission in other areas have expanded considerably. A Tourism Strategy Group has been set up to devise and consider strategies for tourism development. In June 2000, the Commission published a Vision and Strategy Statement which mapped out a broad vision and a series of short, medium and long term initiatives and plans to demonstrate our determination to boost the tourism industry. Many of these initiatives are now being implemented and require intensive involvement of the Commissioner at every stage of development. At the same time, in achieving our vision – to establish and promote Hong Kong as Asia's premier international city, a world class destination for leisure and business visitors, we need to continue to develop new initiatives such as family tourism, eco-tourism, culture tourism and grasp new opportunities to enable us to compete with our regional rivals. All these require directorate level officers to spearhead proposals, decide priorities, bid for resources or identify alternative sources of financing, and devise and implement action plans.

8. Furthermore, following the re-organisation of the former Trade and Industry Bureau with effect from 1 July 2000, the Commission took over the responsibility for regulating over 1 100 outbound travel agents. Plans are in hand to extend the regulatory framework to inbound travel agents to safeguard the service standards of the industry and reputation of Hong Kong.

9. With the substantial increase in volume and complexity of work, the Tourism Commission needs to strengthen its directorate structure if it is to fully discharge its functions and to provide adequate support to the industry in the years ahead.

Proposed Re-organisation of the Tourism Commission

10. The present directorate structure of the Tourism Commission is at Enclosure 1. CT is currently underpinned by two permanent and one supernumerary Assistant Commissioners (AC) which are pitched at Administrative Officer Staff Grade C (AOSGC) level (D2). AC(Tourism)1 and AC(Tourism)2 are each underpinned by a PEO (D1) as Registrar of Travel Agents and Chief Assistant Secretary (Tourism) respectively. AC(Tourism)3 is a supernumerary post created in October 1999 and expiring in March 2005 to lead the Hong Kong Disneyland project team. The duty lists of CT and the existing ACs are at Enclosures 2 to 5.

Creation of an AOSGA (D6) post, offset by the deletion of the rank and permanent post of Commissioner for Tourism (D5)

11. The grade and rank of CT at D5 level was created in December 1998. Our experience during the past 23 months of operation of the Commission is that the Commissioner's post needs to be of a higher rank. The position is very demanding in terms of leadership, knowledge, experience and ability to work effectively within the top echelon of Government, reducing red-tape, steering policy development and strategic planning, liaising directly with the senior management of private organisations, and resource management. The Commissioner is also required to represent Hong Kong at international fora and discussion with heads of tourism administrations in other governments. The failure of the two open recruitment exercises conducted in 1999 and 2000 (with the help of a search consultant) to identify a suitable candidate for the CT post from both the private sector and from within the civil service convinced us of the need to re-evaluate the grading and ranking of the post. After a careful review of the job requirement, we consider that a senior and experienced Administrative Officer with versatility, sound judgement, well-rounded experience and proven ability in co-ordinating inter-departmental efforts in Government and public and private sector initiatives at a senior level and with the stature to represent Hong Kong is

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needed for the job. Accordingly, we now propose to re-grade CT's post to an Administrative Officer Grade post, and to pitch it at AOSGA (D6) level. The proposed upgrading also takes into account the fact that heads of tourism portfolio in other governments are commonly at the level of Minister or Deputy Minister. An up-to-date job description of CT is at Enclosure 6.

Encl. 6

Creation of a new Deputy Commissioner for Tourism (AOSGB)(D3) post

12. At present, the Tourism Commission has three Divisions, each headed by an Assistant Commissioner for Tourism (AC(T)). CT's responsibilities and span of control in terms of staff supervision, policy issues and other administrative matters have become heavier and more diversified and will become more so with the proposed creation of an additional division (see paragraphs 13 to 17 below.) It is essential that the CT's focus should be on policy and strategy formulation and on maintaining high level liaison with local and overseas contacts. The very nature of the Commissioner's work also requires a considerable amount of travelling, representing Hong Kong in discussions with Mainland and overseas authorities and at international tourism conferences, learning from the experience of other tourism administrations and taking part in major overseas promotion activities. Such duties cannot be attended to adequately without a deputy who could effectively manage the day to day administration of the Commission. The increasing workload especially on the planning and project side also detracts the Commissioner's attention from more strategic policy matters. It is therefore necessary to create a Deputy Commissioner post, to be pitched at a sufficiently senior level to assist in the management of the work of the Commission, to take charge of the work relating to planning and projects and be able to stand in when the Commissioner is away. An AOSGB (D3) officer, one rank above the existing AC(T)s, is considered to be appropriate for the new post of Deputy Commissioner for Tourism. A proposed job description of the Deputy Commissioner for Tourism

Encl. 7 is at Enclosure 7.

Creation of a new Assistant Commissioner for Tourism (4) post (SPEO) (D2) offset by the deletion of a Principal Executive Officer post (D1)

13. At present, quite a large number of planning studies and projects involving a huge amount of expenditure are underway and require substantial input from the tourism angle. Examples of the planning studies include Vision 2030: Planning Vision and Strategy Study; various regional planning studies such as South East Kowloon and South East New Territories studies; Comprehensive Harbour Plan Study focusing on tourism development opportunities in the Victoria Harbour; the focussed study on the Aberdeen Harbour to examine the means to build up linkages among the various existing attractions and the potential for developing facilities such as a fisherman's wharf; proposed focussed study to identify the options for additional cruise terminal facilities at South East Kowloon.

14. Besides the planning studies, the Tourism Commission is actively pursuing several major projects such as the International Wetland Park, Central and Western District Enhancement, Tsimshatsui Promenade Beautification and improvements to tourist attractions at the Peak and Stanley through the public works programme. Furthermore, for some of the projects in the pipeline, we envisage private sector involvement in one form or another. These include the Tung Chung Cable Car Project and a proposal to convert the former Marine Police Headquarters into a tourism-themed development. The Commission needs to take an active role in these projects from the feasibility study stage to the monitoring of private sector implementation. There is also an increasing need to facilitate the feasibility studies for and implementation of private sector-initiated projects.

15. In addition, the Commission has recently embarked on a consultation programme on tourism with all District Councils. This has received enthusiastic response from the District Councils. Some have formed specialist sub-committees on tourism, others have included tourism as a special subject for consideration by existing sub-committees. In order to maximize the synergy and involve the whole community in tourism development work, the Commission must work closely with District Councils in the years ahead and involve them in developing scenic spots and places of interests to tourists. Such collaboration has started with the two-year promotional campaign, "City of Life: Hong Kong Is It!", launched by the Hong Kong Tourism Board recently.

16. As an international city where eastern culture meets the west, Hong Kong needs to facilitate and co-ordinate a strategy for events tourism, including identifying and facilitating the staging of new signature events and enhancing the status of some existing ones. The target is to build up a calendar of major attractions, particularly during the low seasons. Mega-events are needed to bring together the efforts of the local travel and tourism industry (hotels, retail, airlines and alike) to increase tourist arrivals and expenditure. The successful holding of such events in Hong Kong, especially initiatives led and sponsored by the private sector, typically requires swift policy response, flexibility in the approving process and prompt administrative support. The Commission needs to provide policy backing and to co-ordinate inter-departmental efforts in order to make these events possible in Hong Kong. In addition, the Tourism Commission will be responsible for spearheading a public education campaign aimed at promoting a hospitality culture within the community.

17. In order to cope adequately with this substantial work programme, we propose to divide the schedule of the existing AC(T)2 into two, one dedicated mainly to planning policy and studies, and the development of territory-wide tourism and infrastructure projects; and the other to co-ordination of major events, campaigns and district-based projects. We consider that the latter duties are more appropriately carried out by a senior member of the Executive Officer Grade who

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Encls. 8-9 has rich implementation and liaison experience. The new AC(T), to be designated as AC(T)4, is proposed to be an SPEO post (D2). Revised duty list of AC(T)2 and the proposed duty list of AC(T)4 post are at Enclosures 8 and 9 respectively. As part of the duties currently undertaken by AC(T)2 will be transferred to the new AC(T)4, the existing Chief Assistant Secretary (Tourism) post assisting AC(T)2 in these duties, which is a D1 post, at PEO rank, can be deleted.

18. We have considered the feasibility of the redistribution of duties among existing ACs. The existing AC(T)1 has already taken up the additional policy and management responsibility for regulating outbound travel agents since July 2000. This duty will soon be expanded to cover inbound travel matters. In the meantime, his own portfolio covering liaison with Mainland and international tourism bodies, providing policy support and monitoring of the work of the Hong Kong Tourism Board has intensified. As regards the existing AC(T)3 responsible for the Hong Kong Disneyland Project, the workload has also increased as government works in reclamation and the provision of infrastructure advance and as development on other business aspects of the theme park is taking shape.

Encl. 10 19. The revised directorate structure of Tourism Commission is at Enclosure 10.

FINANCIAL IMPLICATIONS

20. The additional notional annual salary cost of the Directorate posts proposed at mid-point is -

	Notional Annual Mid-point Salary	No. of Posts
New Permanent Posts	\$	
AOSGA (D6)	1,951,800	1
AOSGB (D3)	1,580,400	1
SPEO (D2)	1,443,000	1
Less Commissioner for Tourism (D5)	1,849,800	1
PEO (D1) post	1,213,200	1
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Additional cost	1,912,200	1
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The additional full annual average staff cost of the proposal, including salaries and staff on-cost is \$3,417,000. In addition, this proposal will necessitate the creation of nine non-directorate posts (tentatively 1 Chief Executive Officer, 3 Senior Executive Officers, 2 Executive Officers I, 2 Personal Secretaries I and 1 Personal Secretary II) at a notional annual mid-point salary cost of \$4,935,420 and the full annual average staff cost of \$7,726,000.

21. Adequate provision has been included in the 2001-02 Estimates to meet the cost of the proposals. The proposals would have no impact on fees as the Travel Agents Registry, the only fee-receiving section under the Tourism Commission, is not affected by this re-organisation exercise.

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

22. We consulted the Legislative Council Panel on Economic Services on 23 April 2001. Members of the Panel supported the proposal.

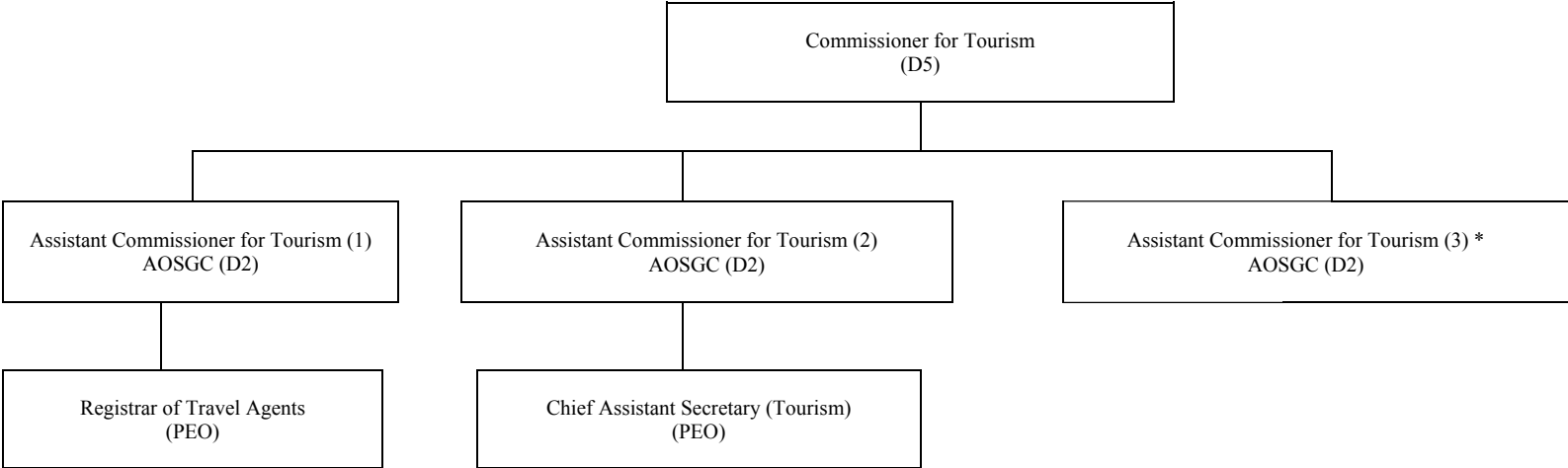
CIVIL SERVICE BUREAU COMMENTS

23. The Tourism Commission is a dedicated body within the Economic Service Bureau responsible for planning and leading tourism development in Hong Kong. Civil Service Bureau agrees that the existing directorate support in the Tourism Commission as detailed in paragraph 10 (6 directorate posts) is inadequate to cope with the expanding functions of the Commission and the increasing strategic importance of the Commission in steering tourism development. Having regard to the reasons set out in this paper, Civil Service Bureau considers that the proposed strengthening of the directorate structure of the Tourism Commission, which will result in re-grading and re-ranking of the CT post (D5) to AOSGA (D6), a net creation of one AOSGB (D3) post, and the creation of a new SPEO (D2) post offset by the deletion of an existing PEO (D1) post, is reasonable and justified. The grading and ranking proposals are supported.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

24. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the posts would be appropriate if the posts were to be created.

**Tourism Commission
Existing Directorate Organisation Chart**



* Supernumerary post (Disneyland Project)

Original duties of the Commissioner for Tourism

The duty of the Commissioner is to assist the Secretary for Economic Services in promoting the development of tourism in Hong Kong. In particular, the Commissioner will be responsible for the following duties –

1. to formulate policy and overall strategy, in consultation with the Hong Kong Tourism Board and the tourist industry, in promoting the development of tourism in Hong Kong, as well as to see to their implementation;
2. to consider the feasibility of new tourism attractions and facilities, and to arrange for the implementation of specific proposals as applicable;
3. to explore and develop areas of improvements which may enhance the overall attraction of Hong Kong as a tourist destination;
4. to maintain liaison with the private sector including the tourist industry, Mainland tourism authorities and international tourism bodies and to explore opportunities for co-operation with parties outside Hong Kong in tourism development;
5. to co-ordinate with other Government bureaux and departments on tourism related matters; and
6. to work closely with Hong Kong Tourism Board to ensure its best use of resources and attend to its needs for Government support.

Existing duties of Assistant Commissioner for Tourism (1)

To assist the Commissioner in the following duties -

1. to regulate outbound travel agents;
2. to make recommendations on inbound tourism policy issues;
3. to maintain liaison with international and Mainland tourism bodies;
4. to consider ways to upgrade the quality of services of the tourist industry, in consultation with Hong Kong Tourism Board and the industry;
5. to serve as Secretary to the Tourism Strategy Group;
6. to be responsible for monitoring of Hong Kong Tourism Board;
7. to consider ways to facilitate entry of visitors to Hong Kong including the review of the Hong Kong Group Tour Scheme;
8. to plan and oversee the management of the Tamar Site;
9. to be responsible for Bureau co-ordination and administration; and
10. any other duties as may be assigned.

Existing duties of Assistant Commissioner for Tourism (2)

To assist the Commissioner in the following duties -

1. to consider the various feasibility studies on new tourism attractions and facilities as well as to make arrangement for the implementation of the proposals concerned;
2. to oversee the co-ordination of government's efforts in the implementation of new tourism attractions or improvement projects on existing attractions;
3. to provide inbound tourism inputs to the various planning studies undertaken by Government;
4. to be responsible for matters related to hotels;
5. to maintain liaison with the Districts on tourism related matters;
6. to oversee the interface with and provide necessary support to the Tourism Task Force, including its sub-groups; and
7. any other duties as may be assigned.

Existing duties of Assistant Commissioner for Tourism (3)

To assist the Commissioner in the following duties -

1. to lead a special unit, the International Theme Parks Division, within the Tourism Commission of the Economic Services Bureau to oversee and monitor the implementation of the Hong Kong Disneyland Project;
2. to liaise closely with bureaux/departments to ensure timely completion of all Government's undertakings specified in the various legal documents signed with Disney;
3. to service a high-powered steering committee for the project to be chaired by the Financial Secretary, and the other sub-committees;
4. to liaise closely with senior management of Disney to put in place the necessary institutional arrangements for the joint venture between the Government and Disney;
5. to ensure that Disney performs its undertakings specified in the various legal documents so as to safeguard Government's investment in the project; and
6. to prepare papers and briefs for the Chief Executive, Chief Secretary for Administration, Financial Secretary and other senior officials to report progress, highlight problem areas and recommend appropriate actions.

Up-to-date Job Description of Commissioner for Tourism

Post : Commissioner for Tourism

Proposed Rank : Administrative Officer Staff Grade A (D6)

Responsible to : Secretary for Economic Services

Duties and Responsibilities –

The duty of the Commissioner is to assist the Secretary for Economic Services in formulating the overall strategy and policies for promoting the development of tourism in Hong Kong. In particular, the Commissioner will be responsible for the following duties –

1. to mastermind the formulation of the strategy and policies for promoting tourism development in Hong Kong, and the regular review and updating of these;
2. to formulate programmes and plans for implementing the strategy and policies for tourism development in Hong Kong and co-ordinate the efforts of Government, the Hong Kong Tourism Board and the tourism industry in this regard;
3. to co-ordinate within Government and provide input to the formulation of policies in different policy areas and programmes which are key to tourism development;
4. to represent the Government of HKSAR on the Hong Kong Tourism Board and the Hong Kong International Theme Park Limited;
5. to represent the Government of the HKSAR in international and regional fora in tourism promotions, promoting tourism investments and fostering co-operation; and
6. to work closely with Hong Kong Tourism Board to ensure its best use of resources.

**Proposed Job Description of
Deputy Commissioner for Tourism**

Post : Deputy Commissioner for Tourism

Rank : Administrative Officer Staff Grade B (D3)

Responsible to : Commissioner for Tourism

Duties and Responsibilities –

To deputize the Commissioner and to be responsible for the following duties –

1. to assist the Commissioner in formulating the strategy and policies for tourism development, and the regular review and update of these;
2. to maintain a close working relationship with Hong Kong Tourism Board, government bureaux and departments and other private sector bodies to ensure effective co-ordination in implementing tourism development strategies and policies, and the programmes and plans of the Tourism Commission;
3. to supervise and provide guidance and direction to the Assistant Commissioners in discharging their duties.
4. to assist the Commissioner in managing the programmes and plans of the Tourism Commission in respect of regulation, planning, project implementation and events facilitation;
5. to oversee and steer feasibility studies and implementation plans for new tourism attractions and facilities;
6. to oversee and steer implementation of projects to develop and improve tourism attractions and facilities; and
7. to co-ordinate with other Government bureaux and departments on tourism related matters.

**Revised Job Description of
Assistant Commissioner for Tourism (2)**

Post : Assistant Commissioner for Tourism (2)

Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Commissioner for Tourism

Duties and Responsibilities –

To assist the Deputy Commissioner in the following duties –

1. to oversee and monitor the planning for and implementation of projects on tourism attractions and infrastructure;
2. to provide tourism input into the land use planning process and the process of planning and development of major facilities;
3. to be responsible for matters concerning the hotel sector, including hotel supply and demand forecasting arrangements;
4. to be responsible for liaison with the industry and within Government concerning the development of tourism attractions;
5. to be responsible for matters concerning the development of heritage and green tourism in Hong Kong;
6. to provide support for the Tourism Strategy Group and its sub-groups; and
7. any other duties as may be assigned.

**Proposed Job Description for the new post of
Assistant Commissioner for Tourism (4)**

Post : Assistant Commissioner for Tourism (4)

Rank : Senior Principal Executive Officer (D2)

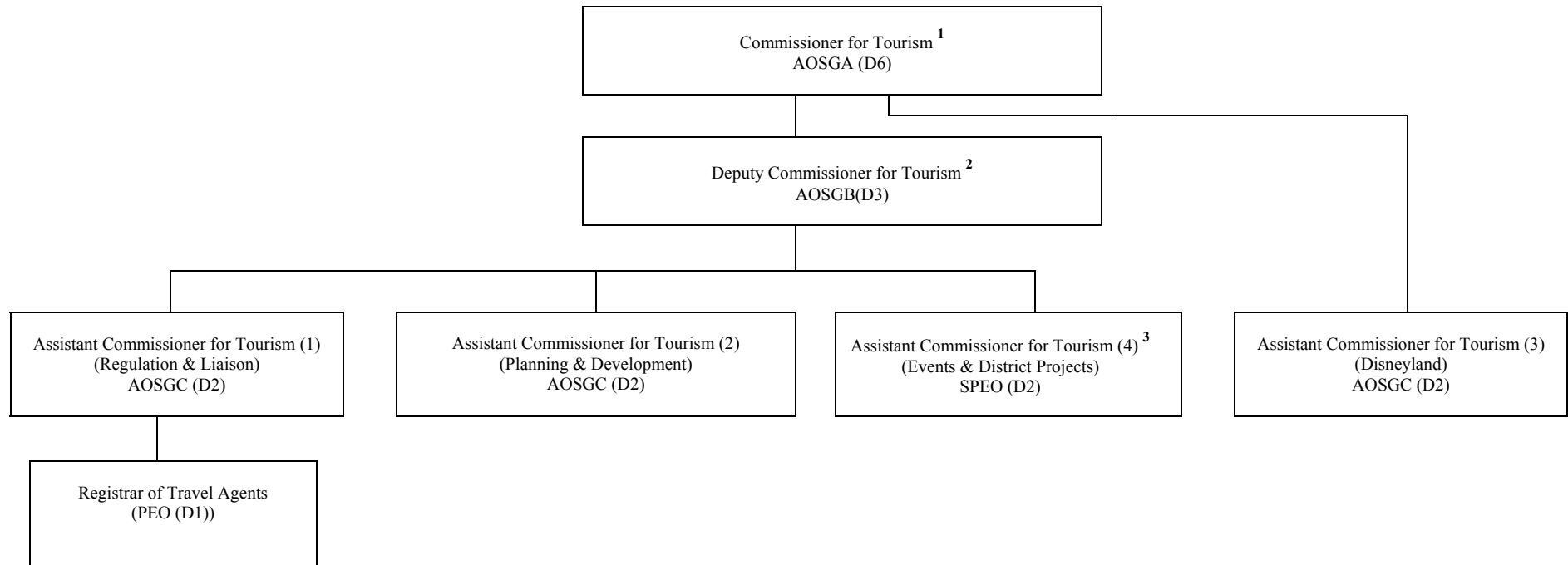
Responsible to : Deputy Commissioner for Tourism

Duties and Responsibilities –

To assist the Deputy Commissioner in the following duties -

1. to oversee and co-ordinate the implementation of district-based projects for the improvement of existing tourist attractions and tourist signage projects;
2. to maintain liaison with the Districts on tourism related matters;
3. to be responsible for matters concerning the development of cultural and events tourism in Hong Kong;
4. to identify and facilitate the development and implementation of an event tourism strategy and a calendar of events including new signature events for Hong Kong, working closely with other Government departments, the Hong Kong Tourism Board, the industry and event managers and promoters;
5. to review and make proposals for funding arrangements for support of international events in consultation with the Hong Kong Tourism Board and relevant Government bureaux and departments, and to monitor the administration of relevant funding schemes;
6. to provide support for the Tourism Strategy Group and its sub-groups; and
7. any other duties as may be assigned.

**Tourism Commission
Revised Directorate Organisation Chart**



Notes:

1. Offset by the deletion of a D5 post of Commissioner for Tourism
2. New post
3. Offset by the deletion of a D1 post of PEO

