

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

**HEAD 152 – GOVERNMENT SECRETARIAT :
COMMERCE AND ECONOMIC DEVELOPMENT
BUREAU (COMMERCE, INDUSTRY AND TOURISM
BRANCH)**

Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the retention of the following supernumerary post in the Tourism Commission, Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) for a period of three years from 1 January 2015 to 31 December 2017 –

1 Administrative Officer Staff Grade C
(D2) (\$136,550 - \$149,350)

PROBLEM

The existing supernumerary Administrative Officer Staff Grade C (AOSGC) (D2) post created in the Tourism Commission (TC) (designated as Assistant Commissioner for Tourism (4) (AC(T)4)) for overseeing the development of cruise tourism in Hong Kong and the Hong Kong Disneyland (HKDL) will lapse on 1 January 2015. There is a need to retain this post as cruise tourism and the continuous development of the HKDL are among the key initiatives to sustain Hong Kong's position as a leading tourist destination.

PROPOSAL

2. We propose to retain the supernumerary AOSGC post in TC for a period of three years from 1 January 2015 to 31 December 2017 for providing

policy input and co-ordination in –

- (a) promoting the development of cruise tourism in Hong Kong; and
- (b) overseeing the development and operation of the HKDL.

JUSTIFICATION

Kai Tak Cruise Terminal and cruise tourism development

3. The Finance Committee (FC) approved on 9 February 2007 vide EC(2006-07)12 the creation of a supernumerary AOSGC post in the TC of the then Economic Development and Labour Bureau for two years from 1 April 2007 to 31 March 2009 to head a dedicated team for overseeing the open land tender and monitoring progress of the construction of the Kai Tak Cruise Terminal (KTCT). The Government decided in September 2008 to develop the KTCT. The FC approved on 12 December 2008 vide EC(2008-09)11 the extension of the post for five years and nine months from 1 April 2009 to 31 December 2014 to implement the KTCT project. We consider it necessary to extend the post for another three years to enable the continued performance of a series of functions relating to the KTCT and cruise tourism development during the period, as set out in the following paragraphs.

4. The KTCT is key to developing Hong Kong into a regional cruise hub in Asia and enriching our tourism portfolio. The first berth and the terminal building started to receive cruise ships in June 2013. The second berth will be due for completion in 2014. Upon completion of the relevant dredging works in the seabed by end 2015 as planned, the second berth will also be able to accommodate the largest cruise ships in the world.

5. The commissioning of the KTCT has heightened the interest of international cruise lines and tourists in cruise tourism in Hong Kong. The number of berthings at the KTCT is expected to reach 26 in 2014 and we expect a steady growth of berthings in the coming years. Taking into account the berthings at Ocean Terminal (OT) and other berthing facilities, the total number of berthings will increase from 89 last year to 136 this year. Amongst the 136 berthings, 112 are homeport or turnaround operation with passengers embarking or disembarking in Hong Kong.

6. The first berth of the KTCT was commissioned in June 2013 as scheduled, and we have been working hard to facilitate the steady growth of cruise business upon the commissioning of the terminal. The initial years after commissioning are particularly crucial in ensuring the long-term business growth of the KTCT. At the next stage of development, AC(T)4 will continue with the essential function of overseeing and co-ordinating the construction and commissioning of the second berth in 2014, as well as the further seabed dredging works.

7. The terminal facilities of the KTCT are currently managed by a terminal operator under a tenancy for a term of ten years, with an option for the Government to offer a 5-year extension subject to the operator's satisfactory performance. We have established a Management Committee, consisting of representatives from the Government, the terminal operator and the cruise industry, to ensure the smooth operation of the KTCT and monitor the performance of the operator. AC(T)4 has been playing a key role in serving the Management Committee and co-ordinating the efforts of the concerned parties and the trade to resolve management and operational issues of the KTCT. He has to continue liaising closely with and providing guidance to the terminal operator to enable the latter to continuously improve its service level and maximise the development of both cruise and non-cruise business at the terminal.

8. AC(T)4 needs to co-ordinate with the terminal operator and relevant Government departments to resolve operational problems (e.g. implementation of improvement works, management of the terminal and interface issues relating to other developments in the Kai Tak area). In addition, AC(T)4 will work with relevant departments to strengthen the connectivity of the KTCT in the light of public demand and progress of other developments in the Kai Tak area.

9. As regards the promotion of cruise tourism, AC(T)4 will co-ordinate efforts from the cruise trade, the operators of the KTCT and the OT, as well as the Hong Kong Tourism Board (HKTB) to further support the development of the industry and bring together concerted efforts in the promotion of Hong Kong's cruise tourism. AC(T)4 plays a key role in serving the Advisory Committee on Cruise Industry (ACCI), which provides an effective platform for gauging market views from the cruise and tourism industries in enhancing Hong Kong's position as a regional cruise hub. AC(T)4 has to co-ordinate and implement the follow-up actions in response to the views and suggestions raised by members of the ACCI. We will also strengthen co-operation with the neighbouring ports and maximise our exposure in different regional and international fora so as to reap the full benefits of the growth of the cruise industry in the region. AC(T)4 has to develop and maintain contact with senior officers of the neighbouring ports or tourism authorities as well as senior executives of international cruise lines to further enhance our regional co-operation. For example, the TC and the HKTB participated in the Cruise Shipping Miami Conference in March 2014, which is the largest cruise trade event bringing together industry stakeholders from all over the world. We will also provide support to HKTB in hosting the Cruise Shipping Asia-Pacific, a large-scale cruise industry meeting, in Hong Kong in November 2014.

10. Over the past few years, the Central People's Government announced various measures to support the development of cruise tourism in Hong Kong. We will continue to maintain close dialogue with the relevant Mainland authorities, such as the China National Tourism Administration, so as to capitalise on the opportunities arising from the development of cruise tourism in the Mainland and the region. AC(T)4 plays a key role in providing policy analysis on the cruise market in the region and developing proposals on the supportive initiatives from the Central People's Government which will help drive the mutual development of cruise tourism in Hong Kong and the Mainland.

Further development of Hong Kong Disneyland

11. The HKDL was opened in September 2005, and at present consists of a theme park and two hotels. To improve the resort's operating and financial performance and facilitate future expansions, the Government and The Walt Disney Company (TWDC) reached an agreement in 2009 on capital realignment of the Hongkong International Theme Parks Limited (HKITP) and launched the three-themed-area expansion (which includes Toy Story Land, Grizzly Gulch, and Mystic Point) in the existing theme park between 2011 and 2013.

12. A six-month supernumerary AOSGC post was created under delegated authority in the TC in August 2008 to oversee the HKDL project. Subsequent to the lapse of that post, the FC approved on 13 February 2009 the creation of one supernumerary AOSGC post in the TC (designated as Assistant Commissioner for Tourism (5) (AC(T)5)) for a period of nine months from 16 February 2009 to 15 November 2009 to support the Government's negotiations with TWDC on the abovementioned capital realignment exercise and expansion project for the HKDL. Upon the lapse of the post in November 2009, the duties and responsibilities relating to the HKDL were absorbed internally by AC(T)4 who was hitherto responsible only for the development of the KTCT and cruise tourism.

13. The operating and financial performance of the HKDL has been improving in recent years. We consider the on-going expansion of the HKDL critical to the continued success of the resort. To further enhance its appeal and receiving capacity amidst intensifying competition in the region, the HKDL will unleash a series of new initiatives in the coming few years, such as a brand new night time parade called "Disney Paint the Night" to be launched in September 2014, a new themed area based on Marvel's Iron Man franchise to be launched in late 2016, as well as a new exploration-themed hotel to be opened in early 2017 (subject to approval by the FC on the financial arrangements of the project).

14. Within the Phase 1 site of the HKDL, the theme park has several land parcels available for further expansion. Developing these land parcels would help broaden the HKDL's appeal and substantially increase its capacity. The current plan anticipates that expansion projects will be carried out over the next decade, and that the Government and TWDC will commence discussion on the take-down and development of the Phase 2 site in the coming years.

15. In this connection, a directorate officer is necessary to provide crucial support to the planning and implementation of these further expansion plans. In the process, AC(T)4 will help monitor and facilitate the implementation of the agreed expansion plans on time and within budget, provide analyses of further expansion options with inputs from relevant Bureaux/Departments, and put forward recommendations to senior officers at different stages of discussion, etc. In addition, AC(T)4 and his team will monitor the operating and financial performance of the HKDL, and provide support to Government Directors on the HKITP Board. All these responsibilities require the inputs of a directorate officer at the AOSGC level.

Need for retention of the supernumerary AOSGC Post

16. We consider it essential to retain the existing AC(T)4 post to continue discharging the above tasks in the coming three years. In particular, the above tasks involve high-level co-ordination among various Bureaux/Departments, the terminal operators, as well as the key stakeholders of the cruise and travel trade. It requires an officer at the directorate level to perform the above tasks effectively. Also, the Government will enter into negotiations with TWDC for further expansions of HKDL, which will likewise require an officer at the directorate level to provide policy input and support in the process. We will critically review the long term operational need for the post after the above extension period with a view to considering whether to further extend the post or create the post on a permanent basis.

Encl. 1 17. The job description of AC(T)4 is set out at Enclosure 1. AC(T)4 will continue to report to the Deputy Commissioner for Tourism.

Non-directorate Officers' Support

Encl. 2 18. The post of AC(T)4 will continue to be supported by a team of 13 non-directorate civil service officers and two non-civil service contract staff. An organisation chart showing the support team to AC(T)4 is at Enclosure 2.

/ALTERNATIVES

ALTERNATIVES CONSIDERED

19. We have critically examined the existing directorate staffing in TC to explore the possibility of identifying spare capacity to perform the duties of AC(T)4. The Commissioner for Tourism is at present supported by one Deputy Commissioner at Administrative Officer Staff Grade B level, four Assistant Commissioners (AC(T)s) at AOSGC/Senior Principal Executive Officer level^{Note}, and the Registrar of Travel Agents at Principal Executive Officer level.

20. The major duties of the officers include formulating tourism policies and strategies, preparing for the establishment of the proposed statutory Travel Industry Authority and implementation of the new regulatory framework for the tourism sector in Hong Kong, overseeing the Ocean Park Redevelopment Plan and the proposed hotel development project, co-ordinating MICE (Meetings, Incentive, Conventions, Exhibitions) tourism initiatives, implementing new tourism projects, monitoring existing tourism attractions, housekeeping the HKTB, and overseeing the operation of the Travel Agents Registry. They also work closely with the tourism trade and the Mainland authorities on initiatives in tourism promotion and development, as well as promoting the service quality of the tourism industry.

21. The above officers are already fully engaged with their own portfolios and it will not be viable for them to absorb or share the duties of AC(T)4 without compromising the performance of their existing duties. An organisation chart of the TC is at Enclosure 2.

FINANCIAL IMPLICATIONS

22. The proposed retention of the supernumerary AOSGC post will bring about an additional notional annual salary cost at mid-point of \$1,739,400. The additional full annual average staff cost, including salaries and staff on-cost, is \$2,503,000. We will absorb the additional expenditure from within the existing provision in 2014-15 and will include the necessary provision in the draft Estimates of the relevant years to meet the cost of this proposal. All the non-directorate posts mentioned in paragraph 18 above are existing posts in TC and no additional staff cost is involved arising from the proposed retention of the supernumerary AOSGC post.

PUBLIC CONSULTATION

23. On 24 March 2014, we consulted the Legislative Council Panel on Economic Development on the above staffing proposal. Members generally supported the retention of the supernumerary AOSGC post for a period of three years from 1 January 2015 to 31 December 2017.

/ESTABLISHMENT

^{Note} Including the post of AC(T)4.

ESTABLISHMENT CHANGES

24. The establishment changes in Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch (CITB)) for the past two years are as follows –

Establishment (Note)	Number of Posts		
	Existing (As at 1 April 2014)	As at 1 April 2013	As at 1 April 2012
A	18+(1) [#]	18+(1)	18+(1)
B	50	48	46
C	122	122	121
Total	190+(1)	188+(1)	185+(1)

Note:

- A - ranks in the directorate pay scale or equivalent
- B - non-directorate ranks, the maximum pay point of which is above MPS point 33 or equivalent
- C - non-directorate ranks, the maximum pay point of which is at or below MPS point 33 or equivalent
- () - number of supernumerary directorate posts
- # - As at 1 April 2014, there was no unfilled directorate post in CITB.

CIVIL SERVICE BUREAU COMMENTS

25. The Civil Service Bureau supports the proposed retention of the supernumerary AOSGC post for the period from 1 January 2015 to 31 December 2017 to provide policy input and co-ordination in promoting the development of cruise tourism in Hong Kong, and overseeing the development and operation of HKDL. The grading and ranking of the proposed post are considered appropriate having regard to the level and scope of responsibilities concerned.

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

26. As the proposed AOSGC post is on a supernumerary basis, its retention, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Job Description
Assistant Commissioner for Tourism (4)

Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Commissioner for Tourism

Main Duties and Responsibilities –

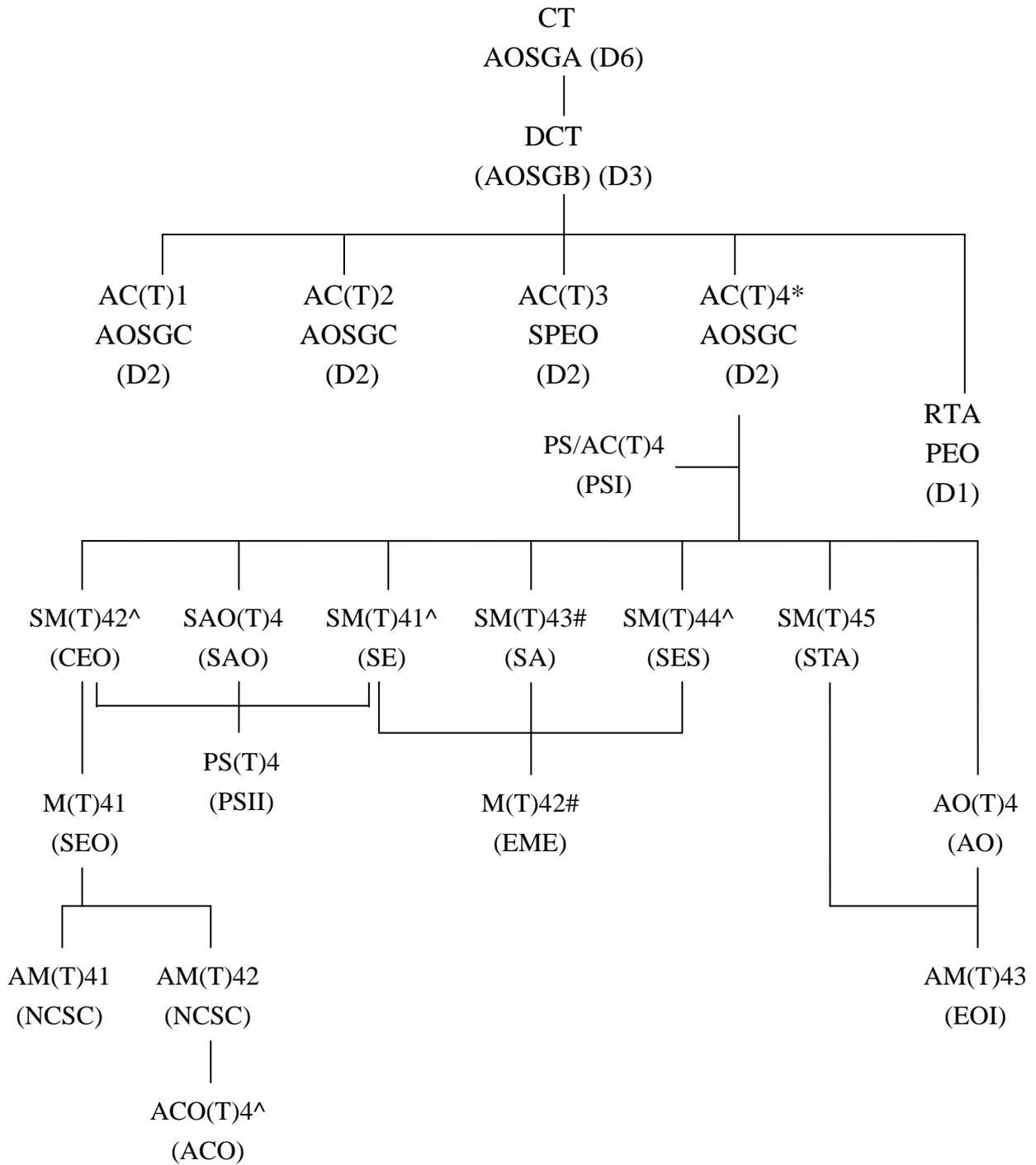
1. To oversee the development of cruise tourism in Hong Kong –
 - (a) To implement the Kai Tak Cruise Terminal (KTCT) project and monitor and co-ordinate the commissioning of the second berth of the KTCT to ensure its smooth operation;
 - (b) To monitor the performance of the terminal operator of the KTCT and to serve its Management Committee;
 - (c) To co-ordinate efforts from the Hong Kong Tourism Board and the cruise trade in developing strategies to enhance the position of Hong Kong as a regional cruise hub, and to serve the Advisory Committee on Cruise Industry;
 - (d) To strengthen co-operation with the neighboring ports to further drive the growth of the cruise industry in the region; and
 - (e) To maintain dialogue with the relevant Mainland authorities to capitalise on the opportunities arising from the development of cruise tourism in the Mainland and the region.

2. To oversee and monitor the implementation of the Hong Kong Disneyland (HKDL) project, in particular the future expansions including the new hotel development –
 - (a) To monitor the operating and financial performance of the HKDL, and provide administrative support to Government Directors on the Board of the Hongkong International Theme Parks Limited;

/(b)

- (b) To monitor the progress of implementation of the agreed expansion plans;
- (c) To consider the merits of the expansion plans proposed by The Walt Disney Company (TWDC) for the HKDL and recommend responses by the Government, with inputs from relevant Bureaux and Departments; and
- (d) To support / lead the working team to negotiate with TWDC on the expansion plans.

Organisation Chart of Tourism Commission



* Supernumerary post proposed to be extended for 3 years from 1 January 2015 to 31 December 2017

^ Time-limited posts

Posts on-loan from another department

Legend

AC(T)	Assistant Commissioner for Tourism
ACO	Assistant Clerical Officer
ACO(T)4	Assistant Clerical Officer (Tourism) 4
AM(T)4	Assistant Manager (Tourism) 4
AO(T)4	Administrative Officer (Tourism) 4
AOSGA	Administrative Officer Staff Grade A
AOSGB	Administrative Officer Staff Grade B
AOSGC	Administrative Officer Staff Grade C
CEO	Chief Executive Officer
CT	Commissioner for Tourism
DCT	Deputy Commissioner for Tourism
EME	Electrical and Mechanical Engineer
EOI	Executive Officer I
M(T)4	Manager (Tourism) 4
NCSC	Non-Civil Service Contract Staff
PEO	Principal Executive Officer
PS(T)4	Personal Secretary (Tourism) 4
PS/AC(T)4	Personal Secretary/Assistant Commissioner for Tourism (4)
PSI	Personal Secretary I
PSII	Personal Secretary II
RTA	Registrar of Travel Agents
SA	Senior Architect
SAO	Senior Administrative Officer
SAO(T)4	Senior Administrative Officer (Tourism) 4
SE	Senior Engineer
SEO	Senior Executive Officer
SES	Senior Estate Surveyor
SM(T)4	Senior Manager (Tourism) 4
SPEO	Senior Principal Executive Officer
STA	Senior Treasury Accountant