

ITEM FOR FINANCE COMMITTEE

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

Subhead 000 Operational expenses

Members are invited to approve the creation of the following permanent post in the Tourism Commission, Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) –

1 Administrative Officer Staff Grade C
(D2) (\$164,500 – \$179,850)

PROBLEM

The 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 promoting cruise tourism in Hong Kong, overseeing the operation of the Kai Tak Cruise Terminal (KTCT), and overseeing the operation and development of the Hong Kong Disneyland Resort (HKDL) lapsed on 1 January 2018. There is a need to create one permanent AOSGC post to provide on-going directorate support to drive and monitor the development of the two important tourism portfolios in Hong Kong, namely cruise tourism and HKDL.

PROPOSAL

2. We propose to create a permanent AOSGC (D2) post (designated as AC(T)4) in TC with immediate effect upon approval of the Finance Committee (FC) to promote cruise tourism in Hong Kong and oversee the operation of KTCT as well as the operation and development of HKDL on an on-going basis.

/JUSTIFICATION

JUSTIFICATION

3. At the Establishment Subcommittee (ESC) meeting of 9 April 2018, Members agreed to recommend to FC the creation of a supernumerary AOSGC (D2) post in TC designated as AC(T)4 for a period of three years with immediate effect upon approval of FC, as proposed vide EC(2017-18)22, for performing the duties mentioned in paragraph 2 above. At the same time, some ESC Members considered that these duties were on-going work of the Government and requested the Government to create a permanent AOSGC post, instead of a supernumerary AOSGC post for three years as proposed.

4. After detailed consideration of the views received at the ESC meeting, the Government agrees that creating a permanent post designated as AC(T)4 to handle the relevant duties would help ensure designated directorate inputs in promoting cruise tourism in Hong Kong, overseeing the operation of KTCT, and overseeing the operation and development of HKDL on an on-going basis. The key considerations involved are as follows –

- (a) both KTCT and HKDL are important and on-going tourism infrastructures in Hong Kong, playing a crucial role in attracting tourists and high value-added visitors from all over the world and bringing considerable economic benefits and employment opportunities to Hong Kong. To promote cruise tourism in Hong Kong and drive our tourism industry and economic development with KTCT and HKDL, there is a need for the Government to create a permanent post designated as AC(T)4 to co-ordinate and follow up on the relevant policies and initiatives on an on-going basis;
- (b) KTCT was constructed with Government funding. Also, the Government is the major shareholder of HKDL. It is necessary to create a permanent post designated as AC(T)4 to oversee the operation of KTCT as well as the operation and development of HKDL, and protect the Government's long-term interest in these two projects; and
- (c) after the creation of the supernumerary post designated as AC(T)4 in 2007 with FC's approval, the post had been extended twice until 31 December 2017. This demonstrates the on-going need for retaining the post of AC(T)4 to perform duties relating to Hong Kong's cruise tourism, KTCT and HKDL.

5. We have set out the latest development and considerations in respect of the revised proposal to ESC as mentioned in paragraphs 3 and 4 above (i.e. the proposed creation of a permanent AOSGC post) vide ECI(2018-19)5 issued on 15 June 2018. ESC Members took note at the meeting on 20 June 2018.

/6.

6. Apart from the considerations mentioned in paragraph 4 above, we believe that creating a permanent AOSGC post would be conducive to the work in relation to the promotion of the KTCT and HKDL projects in the long term. Details are set out in paragraphs 7 to 22 below.

Kai Tak Cruise Terminal and cruise tourism development

General

7. In recognition that the cruise industry was one of the fastest growing segments of the worldwide travel industry and that the berthing facilities at the Ocean Terminal were inadequate to meet the growing demand, particularly in light of the trend of using larger vessels by international cruise companies, the Government decided to construct KTCT in 2008. KTCT is an important tourism infrastructure in Hong Kong which can accommodate simultaneously two largest international cruise ships in the world with gross tonnage of up to 220 000 each. To oversee the relevant tender exercise and to monitor the progress of the construction of KTCT, FC approved on 9 February 2007 the creation of a supernumerary AOSGC post in TC (designated as AC(T)4) for two years from 1 April 2007 to 31 March 2009. FC subsequently approved the extension of the AC(T)4 post twice in 2008 and 2014 to continue to implement the KTCT project, oversee the operation of KTCT and promote cruise tourism in Hong Kong, as well as oversee the operation and development of HKDL (see also paragraphs 19 to 22 below).

8. The Government is committed to developing Hong Kong into a leading regional cruise hub because this not only enriches our tourism portfolios in attracting high-value overnight visitors, but also brings economic benefits to Hong Kong as a result of various economic activities associated with cruise tourism, including those relating to travel agents, tourist attractions, replenishments and transportation, etc.

9. In the past few years, having regard to the changing landscape and environment of the cruise market, the Government set strategic directions and initiatives on cruise tourism development in Hong Kong, which were reflected and promulgated every year in the Policy Addresses, Policy Agendas as well as Budget Speeches. In taking forward the strategic directions and initiatives for developing cruise tourism, the Government has been working closely with the Hong Kong Tourism Board (HKTB), cruise lines and the travel trade. Examples of the Government's initiatives include the setting up of the Asia Cruise Fund in 2014 to foster regional cooperation and encourage cruise lines to include participating ports in their cruise itineraries; streamlining immigration arrangements for Mainland

/passengers

passengers taking cruise trips in Hong Kong in 2015; launching “fly-cruise” programmes to diversify source markets outside the Mainland in 2016; introducing additional new initiatives for intensifying promotion to deepen market penetration in Southern China and encouraging more spending by cruise passengers through the shore excursion products development scheme in 2017; and leveraging on the opportunities to be brought about by the commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link to encourage the trade to launch “rail-cruise” tourism products and step up promotion in major cities along the high speed rail network so as to open up more source markets and enhance market penetration in 2018.

Latest performance of cruise tourism in Hong Kong

10. The efforts of the Government and the parties concerned have yielded encouraging results. The number of ship calls and cruise passenger throughput in Hong Kong saw steady and healthy growth from 2013 to 2017. The number of ship calls at KTCT went up from 28 in 2014 (its first full year of commissioning) to 186 in 2017 (+564%); and this has led to an increase in the total number of ship calls in Hong Kong as a whole from 89 in 2013 to 245 in 2017 (+175%). Passenger throughput recorded a higher percentage rise of 373% between 2013 and 2017 as the size and capacity of the cruise ships visiting Hong Kong increased during the same period. A summary of the number of ship calls and passenger throughput from 2013 to 2017 is as follows –

Year	No. of Ship Calls		Cruise Passenger Throughput	
	KTCT	Hong Kong	KTCT	Hong Kong
2013	9	89	46 158	191 062
2014	28	140	130 608	366 981
2015	56	142	264 572	452 768
2016	95	191	424 868	677 031
2017	186 [#]	245	784 073	903 084

[#] KTCT received a total of 190 cruise ships in 2017. Four of them were one-night cruises with no itinerary and were excluded following international convention.

11. Back in the earlier years when the Government was considering the construction of KTCT, it was projected that the number of ship calls and cruise passenger throughput in Hong Kong as a whole would range from 181 to 258 and from 564 102 to 1 041 031 respectively by 2023. With the joint efforts of the Government, HKTBC, the terminal operator and the travel trade, together with the confidence that cruise lines have in the Hong Kong market, the number of ship calls and cruise passenger throughput in Hong Kong as a whole in 2017 (as shown in the above table) have both achieved the then projected performance by 2023, six years ahead of schedule.

12. While significant progress has been made in developing cruise tourism in Hong Kong over the past few years, we aspire to be a leading cruise hub in the region. Indeed, in the Development Blueprint for Hong Kong's Tourism Industry (the Development Blueprint) published by the current term Government in the Chief Executive's Policy Address in October 2017, the development of cruise tourism forms an integral part of our strategies to develop Hong Kong into a world-class premier tourism destination. The Government will constantly review its strategies and formulate initiatives to develop cruise tourism in the light of the dynamic changes in the market environment.

Driving cruise tourism development in Hong Kong

13. Looking ahead, the future of cruise tourism in Hong Kong will face both opportunities and challenges. In terms of opportunities, we believe that Hong Kong has competitive edges to provide unique and unparalleled travelling experience to cruise passengers. Apart from locating at the doorstep of the huge Mainland market, we have a very comprehensive aviation network in Hong Kong with over 1 100 flights every day, connecting 220 destinations, and we can reach over half of the world's population within five hours of flight time. This enables Hong Kong to reach a very wide network of source markets for a diversified mix of cruise passengers. Moreover, we expect that Hong Kong's cruise tourism will benefit from the planned commissioning of major cross-boundary infrastructure including Hong Kong-Zhuhai-Macao Bridge and Guangzhou-Shenzhen-Hong Kong Express Rail Link, which will expand our catchment area in the Mainland and enable cruise lines to penetrate deeper in some of the source markets due to the shortened travelling time. The opportunities under the "Belt and Road" Initiative and the development plan for a city cluster in the Guangdong-Hong Kong-Macao Bay Area will also help drive the growth of our cruise tourism industry.

14. On the other hand, the commissioning of new cruise ports in Southern China, namely Nansha and Shenzhen, will present both collaboration opportunities and challenges to us. In this regard, Hong Kong should position itself as a regional destination offering a diverse range of travelling experiences for our cruise passengers and is not just a port pursuing the sheer number of berthing of ships. Cruise passengers can experience different attractions, from internationally renowned theme parks to a glimpse of local historical and cultural tours; worldwide gourmet food; unique scenery both in the city and the countryside which can be reached by a half-hour ride from downtown; as well as the year-round events in Hong Kong. We also have a wide variety of cruise products covering different consumer segments. In 2017, we had cruise vessels from a total of 16 brands calling at KTCT, with ship calls comprising around 85% turnaround calls and

15% transit calls. Indeed, amongst the cruise passengers visiting Hong Kong in 2017, around 61% of the passenger throughput was from non-Mainland markets, which was different from the market segments currently served by other ports in Southern China. Moreover, we would continue to leverage on our comprehensive aviation network to diversify our source markets and attract passengers from Southeast Asia and long-haul markets to Hong Kong. We believe that Hong Kong, being an international city, should also position ourselves as the gateway for international cruise passengers who would like to experience cities in Southern China. In 2017, amongst the cruise passengers visiting Hong Kong, about 35% of the passenger throughput was from long-haul markets. We thus see much room for collaboration with other ports in Southern China, including developing itineraries featuring multiple destinations.

15. In our recent engagement with trade stakeholders (including cruise lines, travel agents, hotels, tourist attractions, retailers and academia), it was generally agreed that in line with our overall development strategy, we should seek to diversify our source markets, attract more ship deployments to Hong Kong, and entice cruise passengers to stay longer and spend more. We will continue to closely engage these stakeholders and play to the strength of our transport infrastructure, international coverage of our aviation network, opportunities arising from the “Belt and Road” Initiative and the Guangdong-Hong Kong-Macao Bay Area, as well as a wide variety of our attractions and cruise products, so as to entice more passengers to come to Hong Kong to take cruises (for turnaround calls) or choose itineraries that cover Hong Kong (for transit calls). Likewise, promotion and marketing efforts targeting our source markets will be stepped up. Our goal is to, by making good use of our strengths, develop Hong Kong not just as a port for berthing cruise ships, but also as an appealing destination for passengers to visit.

16. Looking forward, we will need continued directorate support by the AC(T)4 post to take forward various important tasks as set out above, including the regular review of our strategies for cruise tourism development. AC(T)4 will formulate specific plans to cultivate partnership and in particular, to unleash Hong Kong’s edges in the face of the emerging challenges and opportunities with the commissioning of other new ports in Southern China, and under the “Belt and Road” Initiative and the Guangdong-Hong Kong-Macao Bay Area. In addition, AC(T)4 will continue to serve as the focal point of contact with the international cruise trade, particularly with the top executives of cruise lines at headquarters level, and the local cruise trade to understand the latest market trends and the factors that affect their deployment decisions. AC(T)4 will also continue to provide support to the Advisory Committee on Cruise Industry chaired by the Commissioner for Tourism to engage the trade in the process of formulating our strategic directions and specific measures and initiatives in enhancing cruise tourism in Hong Kong.

/Overseeing

Overseeing the operation and enhancing utilisation of Kai Tak Cruise Terminal

17. The continued directorate input of AC(T)4 is also needed to lead the multi-disciplinary Cruise Team in overseeing the performance of the terminal operator and coordinate the efforts of various government departments in ensuring smooth operation (including improving its transport connectivity) and good maintenance of this important tourism infrastructure. AC(T)4 is responsible for monitoring both the day-to-day operation and the business development of KTCT, and is required to work in close collaboration with the terminal operator to attract more ship calls and increase the overall utilisation of the terminal building.

18. While KTCT itself is not positioned as a shopping mall like the Ocean Terminal, the Government has been working closely with the terminal operator and other concerned parties to bring more people to the area. AC(T)4 will lead the dedicated Cruise Team in TC and adopt a multi-pronged strategy to improve the vibrancy of KTCT. The first and foremost is to continue to enhance the transport connectivity in the area near KTCT. The second strategy is to leverage on and exploit the opportunities brought by the operation of the ancillary commercial area of the terminal building to bring more people to KTCT. Apart from aiming at fully leasing out the ancillary commercial area, TC will explore opportunities for the shops to make good use of the communal area of the terminal building to drive more people to KTCT and its surrounding area. The third strategy is to continue to drive and facilitate the hosting of more non-cruise events, which have proven to be very effective in driving more patronage to KTCT. Our past experience suggests that the large variety of private and public non-cruise events (e.g. sports events, product launches, media events, corporate events and car shows, etc.) have successfully encouraged many members of the general public to go to KTCT and liven up the area. With the increasingly busy cruise schedule, we will further explore ways to identify slots for hosting non-cruise events at KTCT. The fourth strategy is to explore partnering with non-government organisations, such as sports associations or other organisations in Hong Kong, to support their use of the communal area and facilities of KTCT for ad-hoc or regular activities (e.g. sports training) so as to enhance the utilisation of the terminal. Furthermore, we believe that as various developments in the vicinity of KTCT, including hotels, office buildings, Kai Tak Sport Park, Kai Tak Tourism Node, etc., come on stream in the coming years, they will form a commercial and entertainment cluster and create much synergy to greatly enhance the people flow and the vibrancy of the area.

/Hong Kong

Hong Kong Disneyland Resort and its expansion and development plan

19. Since its commissioning in September 2005, HKDL has been an important and strategic tourism infrastructure in Hong Kong which promotes and diversifies our tourism industry. Up to fiscal year 2017 of HKDL, it has received more than 70 million guests, generated about \$90.9 billion of value-added at 2015 prices to Hong Kong (equivalent to around 0.35% of Hong Kong's Gross Domestic Product) and created 232 500 jobs (in terms of man-years). With FC's approval on 2 May 2017 on the financial arrangements of the expansion and development plan at the Phase 1 Site of HKDL (the Phase 1 Expansion), construction works is now underway to bring in new attractions and offerings progressively from 2018 to 2023 in order to renew the attractiveness of HKDL and to bring it to a new higher level.

20. In February 2009, FC approved the creation of a supernumerary AOSGC post in TC (designated as Assistant Commissioner for Tourism (5)) for nine months to undertake duties and responsibilities relating to the development of HKDL. Upon the lapse of this post in November 2009, its duties and responsibilities have been absorbed internally by the post of AC(T)4 which was until then responsible only for the development of KTCT and cruise tourism. Since then, the post holder of AC(T)4 has taken on additional duties in providing policy guidance to HKDL's operation and on-going expansion plans (e.g. the third hotel development), as well as housekeeping the work of the Hongkong International Theme Parks Limited (HKITP), i.e. the joint venture set up by the Government and The Walt Disney Company (TWDC) for the HKDL project.

21. We need the continued directorate input of AC(T)4 in leading the Disney Team in TC, providing policy guidance to and monitoring the operation and performance of HKDL, and co-ordinating with government departments on the discussion with TWDC on the long-term development of HKDL. AC(T)4 has been supervising the operation and housekeeping the work of HKITP and will continue to provide policy guidance to HKDL in devising suitable strategies to respond to the dynamic market environment while the Phase 1 Expansion is on-going. AC(T)4 and the Disney Team will continue to closely monitor and scrutinise the financial performance of HKDL and, in the light of its performance, co-ordinate with relevant government departments on the discussion with TWDC on the overall directions of the long-term development of HKDL.

22. Following FC's approval in May 2017 of the Government's funding injection to HKITP as mentioned in paragraph 19 above, a series of construction works under the Phase 1 Expansion has commenced since the latter half of 2017

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and various new facilities will be completed progressively between 2018 and 2023. Under the charge of AC(T)4, the Disney Team will provide input to the Phase 1 Expansion and monitor the progress of the construction works, and the first new attraction under the Phase 1 Expansion, namely “Moana: A Homecoming Celebration” stage show was launched at a new outdoor venue at Adventureland in May 2018 as scheduled. AC(T)4 and the Disney Team will work with relevant government departments in resolving possible challenges HKDL may encounter to ensure timely delivery of the new attractions and offerings and within budget.

Proposed job description

- Encl. 1 23. The job description of AC(T)4 is set out at Enclosure 1. AC(T)4 will report to the Deputy Commissioner for Tourism.

Non-directorate officers’ support

- Encl. 2 24. The post of AC(T)4 will continue to be supported by the Cruise Team and the Disney Team comprising 13 non-directorate civil service officers and two non-civil service contract staff. The organisation chart of the team is set out at Enclosure 2.

ALTERNATIVES CONSIDERED

25. Before the lapse of the supernumerary AC(T)4 post on 1 January 2018, the Commissioner for Tourism is supported by one Deputy Commissioner at Administrative Officer Staff Grade B level, four Assistant Commissioners at AOSGC/Senior Principal Executive Officer level, and the Registrar of Travel Agents at Principal Executive Officer level.

26. The major duties of the above officers included coordinating work on policy and projects/initiatives to facilitate tourism development, preparing for the legislation for the establishment of the Travel Industry Authority and implementation of the new regulatory framework for the tourism sector in Hong Kong, promoting quality and honest tourism, overseeing the hotel supply, facilitating the implementation of the waterpark and hotel projects of the Ocean Park, formulating and coordinating MICE (Meetings, Incentive, Conventions, Exhibitions) tourism initiatives, taking forward new tourism projects/initiatives such as Kai Tak Tourism Node and the pilot scheme on food trucks, monitoring and facilitating smooth operation of the existing tourist attractions such as revamping the light and sound show “A Symphony of Lights”, Hong Kong Wetland Park, Ngong Ping 360 and Peak Tramway, coordinating the development and promotion

of green, heritage, cultural and creative tourism, housekeeping HKTB, and overseeing the operation of the Travel Agents Registry. Following the publication of the Development Blueprint in October 2017, they are also required to take forward various initiatives under the respective strategies and implementation goals as set out in the Development Blueprint (including implementing the 12 new initiatives to promote the development of the tourism industry with the additional funding under the 2018-19 Budget). In addition, they have to continue to work closely with the tourism trade and the Mainland and overseas tourism authorities on initiatives in tourism promotion and development, as well as promoting the service quality of the tourism industry.

27. 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 on an on-going basis without compromising the performance of their existing duties. The organisation chart of TC is at Enclosure 2.

FINANCIAL IMPLICATIONS

28. The proposed creation of the permanent AOSGC (D2) post will bring about an additional notional annual salary cost at mid-point of \$2,094,600. The additional full annual average staff cost, including salaries and staff on-cost, is \$2,916,000. We will include the necessary provision in the Estimates from 2018-19 onwards.

29. All the non-directorate posts mentioned in paragraph 24 above are existing posts in TC. No additional staff cost is involved arising from the proposed creation of the permanent AOSGC post.

PUBLIC CONSULTATION

30. We consulted the Panel on Economic Development on the proposal to create the supernumerary AC(T)4 post on 27 November 2017. Members in general supported the proposal and expressed views and concerns on the utilisation and vibrancy of KTCT. As requested by Members, supplementary information (CB(4)406/17-18(01)) (Enclosure 3) about the strategies and comprehensive plan to liven up KTCT and how the post holder of AC(T)4 could assist in taking forward the strategies and initiatives was provided to the Panel on 22 December 2017.

Encl. 3

31. We also consulted ESC on the proposal to create the supernumerary AC(T)4 post at its meetings on 26 March and 9 April 2018, and the proposal was supported by ESC. As set out in paragraphs 3 to 5 above, in the light of views of some Members, we reported to ESC on 15 June 2018 our revised proposal to create

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Encl. 4

one permanent AOSGC post. ESC Members noted the revised proposal at its meeting on 20 June 2018. In addition, supplementary information (ESC147/17-18(01)) (Enclosure 4) was provided to ESC as requested on 15 June 2018.

ESTABLISHMENT CHANGES

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

Establishment (Note)	Number of Posts			
	Existing (As at 1 June 2018)	As at 1 April 2018	As at 1 April 2017	As at 1 April 2016
A [@]	20+(2) [#]	18+(1)	18+(2)	18+(1)
B	75	75	71	59
C	148	146	132	128
Total	243+(2)	239+(1)	221+(2)	205+(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

@ - excluding supernumerary posts created under delegated authority

- As at 1 June 2018, there were 2 unfilled directorate posts in the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

CIVIL SERVICE BUREAU COMMENTS

33. The Civil Service Bureau supports the creation of the above proposed permanent AOSGC post in TC. The grading and ranking of the proposed post are considered appropriate having regard to the level and scope of responsibilities required.

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

34. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the permanent AOSGC post mentioned above is appropriate.

Commerce and Economic Development Bureau
July 2018

Job Description
Assistant Commissioner for Tourism (4)

Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Commissioner for Tourism

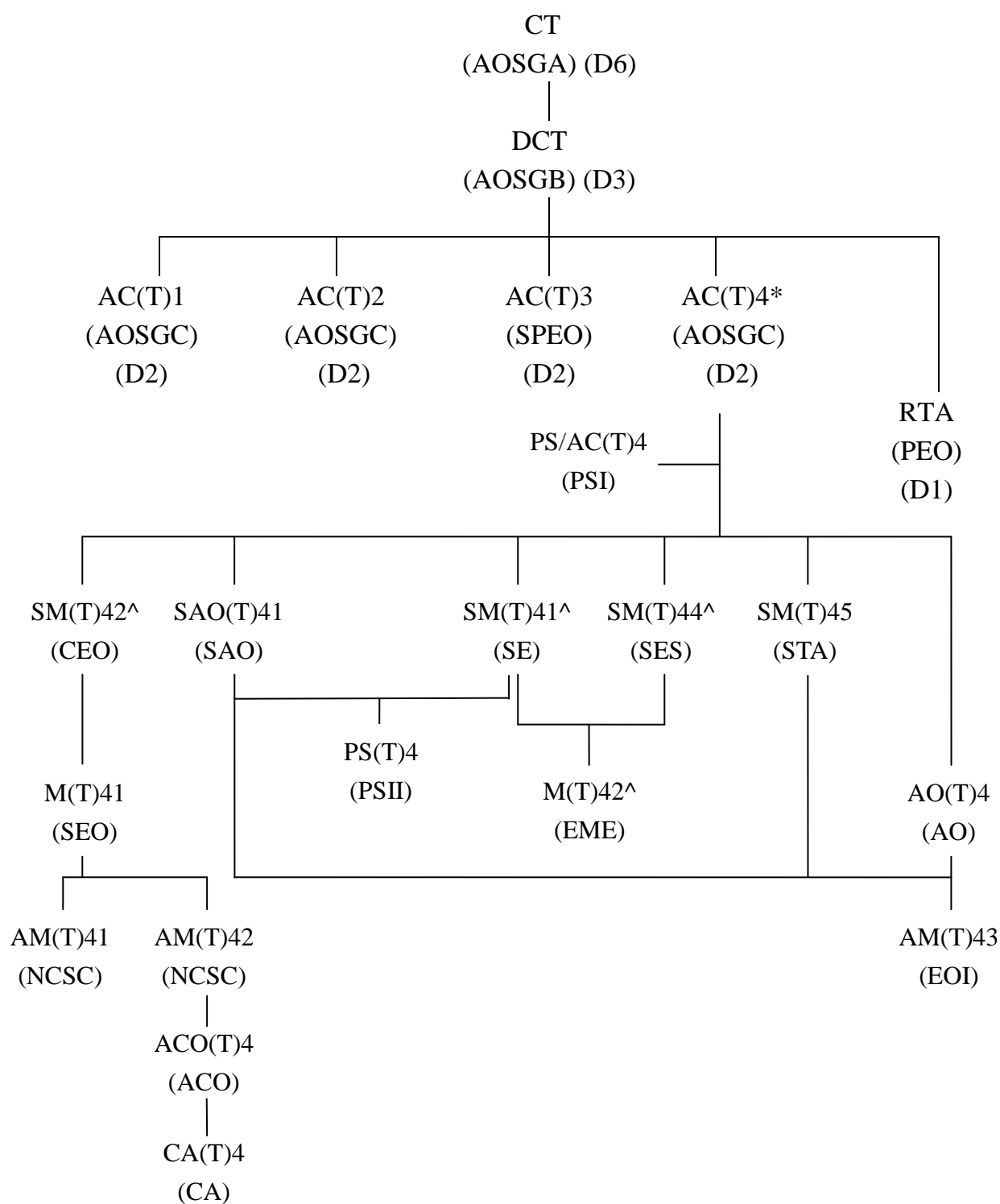
Main Duties and Responsibilities –

1. To lead a dedicated team within the Tourism Commission (TC) of the Commerce and Economic Development Bureau (CEDB) to promote cruise tourism in Hong Kong and oversee and co-ordinate the development and operation of the Kai Tak Cruise Terminal (KTCT). The major duties include –
 - (a) To formulate the strategic directions for driving the development of cruise tourism in Hong Kong.
 - (b) To liaise with the relevant authorities in the Central People's Government, relevant Government authorities and organisations in the Mainland and nearby ports, including in the contexts of the "Belt and Road" initiative and the development plan for a city cluster in the Guangdong-Hong Kong-Macao Bay Area, to cultivate collaboration and partnership to further drive the development of cruise tourism in Hong Kong.
 - (c) To monitor and review the performance of the terminal operator of KTCT.
 - (d) To support the work of the Advisory Committee on Cruise Industry.
 - (e) To work together with the Hong Kong Tourism Board and key stakeholders in the cruise industry in developing strategies to enhance the position of Hong Kong as a regional cruise hub.
2. To lead a dedicated team within TC of CEDB to oversee and monitor the operation of the Hong Kong Disneyland Resort (HKDL), including its future expansion projects. The major duties include –

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- (a) To support the Government Directors on business relating to the Board of the Hongkong International Theme Parks Limited (i.e. the joint venture set up by the Government and The Walt Disney Company for the HKDL project) and the Steering Committee on the Implementation of Hong Kong Disneyland.
- (b) To take forward and monitor the expansion plan within Phase 1 site of HKDL from 2017 up to 2023.
- (c) To monitor the financial performance of HKDL and work closely with HKDL to devise strategies to promote the business performance of HKDL.

**Organisation Chart of Tourism Commission,
Commerce and Economic Development Bureau**



* Post lapsed on 1 January 2018. A permanent AOSGC post is proposed to be created with immediate effect upon approval of the Finance Committee.

^ Time-limited posts

Legend

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

**Legislative Council
Panel on Economic Development**

Retention of a Supernumerary Directorate Post in the Tourism Commission:

**Supplementary Information Following the Discussion
at the Meeting on 27 November 2017**

Purpose

This note sets out –

- (a) the Government's strategies and comprehensive plan to liven up the Kai Tak Cruise Terminal ("KTCT") and how the post-holder of Assistant Commissioner for Tourism (4) can play a leadership role in taking forward the strategies and initiatives; and
- (b) further information relating to the possible development of a cross-boundary heliport in the vicinity of the KTCT.

Government's strategies and comprehensive plan to liven up KTCT

Background

2. Located at the tip of the runway of the former Kai Tak Airport and commissioned in June 2013, the KTCT is the first major development completed in the Kai Tak development area. Before the sites in its vicinity and road infrastructures are fully developed, the transport connectivity of the KTCT is, to a certain extent, constrained at the moment. Nonetheless, the Government has made sustained efforts in improving the transport services to the areas around the KTCT in the past years.

3. The KTCT is a purpose-built infrastructure with core functions of receiving cruise ships and handling large number of passengers. Its ancillary commercial areas are mainly to support cruise operations. The people flow to the KTCT is therefore less when there is no cruise operation. Indeed, many other major cruise terminals around the world (e.g. Vancouver and Melbourne) are closed during some months in the year when there are no cruise calls. The "column-less" design of the terminal building enables it (except for boundary-crossing facilities within the permanent restricted areas) to be used for non-cruise events when it is not in use for cruise operation. The open space at the rooftop of the building, managed by the Leisure and Cultural Services Department, is open to the public

every day (please refer to the photos at [Annex A](#)). Unlike the Ocean Terminal which has very large commercial area alongside its berthing facilities, the KTCT is not positioned as a shopping mall and its layout was presented to the Legislative Council back in 2010. Commercial floor space including retail / office / hotel spaces will be provided at various sites in the Kai Tak development in accordance with the outline zoning plan, including three commercial sites and the Tourism Node located in the former Kai Tak Runway adjacent to the KTCT¹. While promoting the cruise business of the KTCT remains our core objective, the Government works closely with the terminal operator and other event organisers in driving and facilitating more activities to be held within the KTCT so as to bring more visitors to the area as far as possible.

Strategies and comprehensive plan

4. The post-holder of Assistant Commissioner for Tourism (4) will lead the team in the Tourism Commission in adopting a multi-pronged strategy to bring more people to the KTCT in order to better utilise the facilities thereat. The first and foremost strategy is to continue to improve the transport connectivity to the KTCT. We believe that the continuously improving transport infrastructure and services is conducive to enhancing the accessibility of and bringing more people to the KTCT (*please see paragraphs 10 to 11 below*).

5. The second strategy is to leverage on and exploit the opportunities that the operation of the ancillary commercial areas of the KTCT can help in bringing more people to the areas around the KTCT. Apart from aiming at fully leasing out the ancillary commercial areas, we will explore opportunities for the shops to make good use of the communal areas of the terminal building to drive more people to the KTCT and its surrounding areas (*please see paragraphs 12 to 16 below*).

6. The third strategy is to continue to drive and facilitate the hosting of more non-cruise events at the KTCT. Our past experience suggests that the large variety of private and public non-cruise events (e.g. sports events, product launches, media events, corporate events and car shows, etc.) has successfully driven many of the general public to the KTCT and liven up the area. With the increasingly busy cruise schedule, we will further explore ways to identify slots for more non-cruise events at the KTCT (*please see paragraphs 17 to 18 below*).

¹ On the prevailing draft Kai Tak Outline Zoning Plan No. S/K22/5 gazetted under Section 5 of the Town Planning Ordinance (Cap. 131) on 17 February 2017, four sites along the Runway are zoned for commercial / tourism-related uses (namely, Site 4C4 (with Gross Floor Area (GFA) of around 80,000 m²), Site 4C5 (with GFA of around 57,000 m²), Site 4B5 (with GFA of around 90,000 m²) and the Tourism Node site (with GFA of around 229,000 m²)) in the vicinity of the KTCT. Some of the residential sites along the Runway would also contain commercial elements on its ground and/or lower floors.

7. The fourth strategy is to explore the possibility to partner with non-Government organisations, such as sports associations or other organisations in Hong Kong, to support their use of the communal areas and facilities of the KTCT for ad-hoc or regular events (e.g. sports training).

8. The fifth strategy is to continue to facilitate the trade in bringing more tour groups to the open space, including the Kai Tak Cruise Terminal Park and the Runway Park. The Government Flying Service (“GFS”) is also considering the viability of transferring the airframe of one of GFS’ retired fixed-wing aircraft (Jetstream 41) to the Kai Tak Runway Park for display to complement the Park’s aviation design theme. We believe this initiative will help attracting more people to the KTCT and the surrounding areas.

9. Further elaborations of the above strategies and comprehensive plan are set out in the ensuing paragraphs.

Details

10. In terms of transport infrastructure and services, we have made continuous improvements notwithstanding the nearby sites are still pending to be developed. Specifically, we completed the refurbishment works of a pier right next to the KTCT in March 2016, making transportation by sea possible. Since December 2016, there have been daily² licensed ferry services connecting Kwun Tong and North Point with the KTCT. Since August 2016, the weekend and public holiday services of franchised bus Route 5R, which runs between the KTCT and Ngau Tau Kok, have been upgraded to daily services. Furthermore, the fleet of minibus Route 86, which provides daily services to Kowloon Bay, has been expanded with higher frequency and longer operating hours.

11. Looking ahead, the Transport Department is preparing for the commissioning of a new bus route connecting the KTCT with Kowloon Tong MTR station within the first half of 2018. The Civil Engineering and Development Department (“CEDD”) is constructing the realigned and widened Shing Fung Road for completion in phases before 2019 to increase its capacity. CEDD is also committed to expediting the works of the remaining section of Shing Fung Road (i.e. Road D3 Metro Park section) which links the KTCT with the precinct of the future MTR Kai Tak station. The construction is expected to commence in 2018. With the upcoming commissioning of Tai Wai to Hung Hom section of the MTR Shatin to Central Link (including Kai Tak station) in 2019, the transport connectivity of the Kai Tak development area will be further improved and the KTCT will be increasingly accessible by the general public. The post-holder of

² Licensed ferry services are provided at peak hours during weekdays, and full day during weekends and public holidays.

Assistant Commissioner for Tourism (4) and his team will continue to work towards the target of further improving the transport connectivity through different means.

12. In terms of the ancillary commercial areas in the terminal building, the post-holder of Assistant Commissioner for Tourism (4) will lead the team and work with the terminal operator to make the best endeavours in ensuring that they are fully leased at all times. There is at present a shop which has ceased operation at the KTCT and that the terminal operator is having legal dispute with its sub-tenant and the vacant possession of the shop is yet to be secured. Once the on-going legal procedures between the terminal operator and its sub-tenant can be completed and that vacant possession of the 2 200-square-metre shop recovered, the terminal operator will be urged to lease out the shop as soon as possible. Indeed, the operator has already been making efforts in looking for potential sub-tenants with a view to reducing the time gap between obtaining vacant possession of the shop and its opening for business again. Meanwhile, if any commercial operations (including restaurants and souvenir shops for tour groups in Kowloon City and other districts) are interested in using that commercial area, they are welcome to approach the terminal operator direct for discussing the commercial arrangements.

13. Apart from leasing of the commercial areas of the terminal building, we will facilitate and encourage the sub-tenants to make better use of the communal areas of the terminal building in order to bring more people to the KTCT. For instance, we have facilitated the use of the outdoor communal area as a side venue for wedding banquets held in a restaurant in the adjacent commercial area. In the coming month, a family-themed restaurant will commence operation on the roof top floor of the terminal building. We are in discussion with the restaurant for turning some of the communal areas into children playing areas which would make it attractive to the family segment. The post-holder of Assistant Commissioner for Tourism (4) will lead the team in synergising the commercial operations at the KTCT and the communal areas to increase the number of people thereat.

14. There are suggestions to increase the commercial areas of the KTCT such that there could be a cluster of commercial operations for driving more people there. We would like to point out that the KTCT is a purpose-built infrastructure to handle a large volume of cruise passengers at a time (please refer to the photos at **Annex B**). The layout and floor areas of the KTCT, including ancillary facilities for quarantine, immigration and customs, are designed to cater for the cruise-specific functional and operational purposes. Therefore, increasing the commercial areas of the KTCT, while not compromising its efficient operations in handling cruise passengers, is not possible. Moreover, as the various developments (including hotels, office buildings, Kai Tak Sports Park, Kai Tak Tourism Node etc.) in the vicinity of the KTCT come on stream in the coming years, they will form a commercial-cum-entertainment cluster and will create much

synergy to greatly enhance the people flow and vibrancy of the area.

15. That notwithstanding, at the request of the Tourism Commission, the terminal operator has arranged temporary pop-up stores at the passenger waiting halls of the KTCT during the days with ship calls, so as to provide more commercial activities (such as selling souvenirs and drinks) in the terminal building (please refer to the photos at Annex C). We will explore the feasibility and commercial viability of extending the concept of temporary pop-up stores to other parts of the terminal building to increase the commercial activities thereat. This aligns with the substance of the suggestions to increase the commercial areas at the KTCT as mentioned in paragraph 14 above.

16. Meanwhile, the Energizing Kowloon East Office of the Development Bureau is making preparation for selecting a non-profit-making organisation to operate a weekend flea market on the Tourism Node site pending land disposal to bring more vibrancy to the area. The proposal will provide opportunities for participation by those who are interested, and young persons in particular, and bring more people to the areas surrounding the KTCT during weekends and public holidays.

17. As regards non-cruise events, the successful hosting of many private and public events at the KTCT and its vicinity has proven to be effective in heightening the public's interests and drawing more people to the KTCT. In the past years, there were 48 events, involving a total of 185 days (including setting up and dismantling) with participants ranging from several hundreds to over 50 000 that took place at the KTCT (please refer to the photos at Annex D). In January 2018, the major shore events of the Volvo Ocean Race will be held at the Runway Park next to the KTCT. We expect the event will drive a considerable number of visitors to that area.

18. The post-holder of Assistant Commissioner for Tourism (4) will lead the team in the Tourism Commission in facilitating the hosting of non-cruise events and motivating the terminal operator in attracting more non-cruise events to take place at the KTCT. Specifically, we will help resolve interfacing issues with relevant Government departments (e.g. Immigration Department and Customs and Excise Department) to enable the use of the terminal building and the apron even when there is one cruise ship at berth. This is particularly important as the cruise calendar of the KTCT is getting increasingly busy. Taking November 2017 as an example, we had a total of four events covering eight days (including setting up and dismantling) held at the KTCT while in the same month, the KTCT received 22 ship calls with 18 days with ships at berth. The terminal operator will also allocate resources and hire dedicated staff to promote the use of the KTCT as non-cruise event venue. We will continue to drive more events and hence, more people to visit the KTCT.

Information relating to possible development of a cross-boundary heliport in the vicinity of KTCT

19. According to the policy bureaux concerned, a site located at the tip of the former Kai Tak Runway has been reserved for the development of a cross-boundary heliport. To better utilise land resources, the site has also been identified for establishing a GFS Kai Tak Division, under a co-location arrangement with the future cross-boundary heliport operator(s), in order to maintain GFS' emergency operations under different weather conditions while preserving the development potentials of the northern shore of Lantau.

20. In the process of reviewing the share-use of the Kai Tak site, the Government has endeavoured to engage the commercial helicopter community and reflect their views into the co-location arrangement, which was designed on the basis that the feasibility for providing commercial helicopter services in future would be retained. Sufficient space, including a helicopter parking pad and a take-off pad, and around 2 600 m² on the first floor of the terminal building of the KTCT, have been reserved to cater for the possible development of cross-boundary helicopter services at the site in future. The Government will continue to engage the commercial helicopter community with a view to gauging the industry's views for providing cross-boundary helicopter services at the Kai Tak site. With the co-location arrangement mentioned above, the proposed GFS Kai Tak Division would not be in conflict with the feasibility of the possible development of a cross-boundary heliport thereat.

21. For the proposed establishment of GFS Kai Tak Division under the co-location arrangement, relevant departments consulted the District Councils of Kwun Tong, Wong Tai Sin and Kowloon City, as well as the Harbourfront Commission on the proposal in mid to late 2017. The Legislative Council will also be consulted on the capital works project in the coming months.

Tourism Commission
Commerce and Economic Development Bureau
December 2017

Photos of Kai Tak Cruise Terminal Park



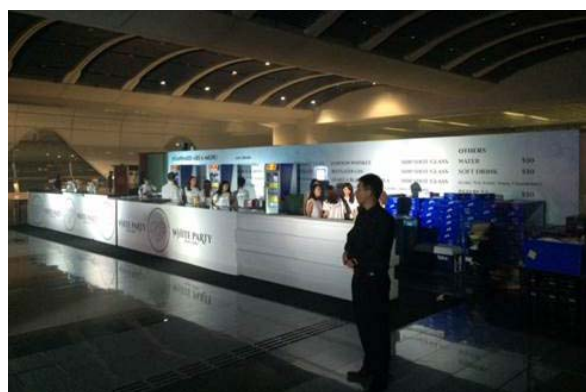
Photos of KTCT during cruise operations



Photos of temporary pop-up stores at KTCT



Photos of non-cruise events at KTCT



Legislative Council
Establishment Subcommittee of Finance Committee

*The Government's response to the follow-up actions raised
at the Establishment Subcommittee meeting on 9 April 2018*

PURPOSE

This paper sets out the Government's response to the follow-up actions in respect of EC(2017-18)22 as raised at the Establishment Subcommittee ("ESC") meeting on 9 April 2018.

THE GOVERNMENT'S RESPONSE

(a) *Whether the Government would consider making the Administrative Officer Staff Grade C ("AOSGC") post permanent, or allow the post to lapse upon expiry of the three-year period*

2. Some members of ESC expressed that promoting cruise tourism in Hong Kong, overseeing the operation of the Kai Tak Cruise Terminal ("KTCT"), and overseeing the operation and development of the Hong Kong Disneyland Resort were on-going duties of the Government, and requested the Government to consider creating a permanent AOSGC post, instead of a supernumerary post for three years as proposed in EC(2017-18)22. In view of these views and after detailed consideration, the Government agrees that creating a permanent AOSGC post to handle the relevant duties would facilitate the designated directorate officer to take forward the said duties on an on-going basis, details of which are set out in the note for ESC vide ECI(2018-19)5. We will submit the revised proposal, i.e. the proposed creation of a permanent AOSGC post, to the Finance Committee ("FC") for consideration and approval.

(b) *Progress of the detailed feasibility study ("DFS") for Environmentally Friendly Linkage System ("EFLS") for Kowloon East, including the expected completion date and whether the Government will publish the study report*

3. DFS for EFLS for Kowloon East is undertaken by the Development Bureau ("DEVB") / the Civil Engineering and Development Department ("CEDD"). As mentioned in DEVB's written reply in April 2018 to a question raised by a Legislative Council ("LegCo") Member for the Special FC meeting, in light of diverse public views on the most suitable mode of green transport ("GT") for

EFLS and its alignment, CEDD has taken more time to carry out DFS in two stages, with the first stage assessing various GT modes on an equal basis to identify the most suitable one for Kowloon East. In the interim public consultation completed by CEDD in mid-2017, the public generally supported the suggestion of adopting an elevated GT mode. CEDD is now proceeding with the second stage of DFS, which is to develop a viable EFLS scheme, including determining its network coverage, alignment, station locations, etc., and conducting associated technical assessments to ascertain its feasibility. Upon completion of DFS, the way forward, implementation programme and construction cost estimation for the EFLS project will be formulated. CEDD expects that the study will be completed in 2018 and they will announce the findings afterwards.

(c) *Specific measures to improve the operation of KTCT, including enhancing cruise berthing arrangements, enhancing transport connectivity for KTCT, providing assistance to shop tenants at KTCT to improve business, and studying the possibility of relocating shops in the Kowloon City District dedicated to serving tour groups to KTCT*

4. KTCT is a purpose-built construction with core functions of receiving cruise ships and handling large number of passengers at a time. The Government and the terminal operator have made sustained efforts in improving the operation of KTCT so as to bring experience with convenience and efficiency to visitors.

5. Regarding cruise berthing arrangements, the terminal operator has, at the request of the Government, put in place a mechanism for allocation of berthing slots. Under the mechanism, applications by homeport / turnaround calls and mega cruise ships which frequently berth at KTCT would be accorded priority in allocation of berthing slots provided that the applications are submitted before the berth booking deadline (normally around two years before actual berthing). It is, therefore, a misunderstanding that homeport calls at KTCT are not accorded priority in the allocation of berthing slots at KTCT. However, to better utilise the berthing resources and as a matter of fairness, all applications received after the berth booking deadline will be handled on a first-come-first-served basis. In the past, there were cruise ships with homeport calls at KTCT not being allocated berthing slots because the relevant applications were submitted after the berth booking deadline.

6. As regards improving transport connectivity, given that KTCT is located at the tip of the runway of the former Kai Tak Airport and is the first major development project in the Kai Tak development area upon its completion and opening in June 2013, it is inevitable that the current transport connectivity for KTCT is somehow constrained before the nearby sites and road infrastructures are

fully developed. Notwithstanding, the Government has been making sustained efforts in the past years on this front, details of which are set out in the supplementary information (CB(4)406/17-18(01)) provided to the LegCo Economic Development Panel on 22 December 2017.

7. Looking ahead, a new franchised bus route connecting KTCT and Festival Walk in Kowloon Tong will provide daily service from late June 2018. We have requested the bus company to use vehicles with luggage racks. The bus company will also consider providing special service / short-working service where necessary to shorten the time for cruise passengers to leave KTCT. In addition, the widening works of existing roads leading to KTCT (Cheung Yip Street and Shing Fung Road) to be completed in 2019 will double the traffic capacity of these roads. In the future, the MTR Shatin to Central Link (including Kai Tak Station) and the Road D3 (Metro Park Section) in Kai Tak will also provide a more comprehensive transport network to connect KTCT.

8. As for the assistance to the shop tenants at KTCT, the Tourism Commission (“TC”) and the terminal operator have been paying close attention to how to assist the shop tenants to improve business and responding to the tenants’ requests. Specifically, at the request of a shop tenant at KTCT, TC removed a partition separating the shop concerned and the passenger waiting hall to facilitate access to the shop by passengers waiting to board. The relevant works was completed within a month after the tenant had raised such request. The terminal operator also arranged discussion between travel agencies operating inbound tours and some shop tenants to broaden the customer source, and allowed coaches heading for these shops to use the nearest coach bays for free.

9. TC is aware of the suggestion of introducing shops that operate in the Kowloon City District and mainly serve tour groups to KTCT. Views of the Kowloon City District Council (“KCDC”) on this suggestion are divided. In the past few months, the Commerce and Economic Development Bureau arranged a familiarisation visit to KTCT for the Chairman of KCDC, LegCo Member representing the trade and companies operating inbound tour groups, and explored the feasibility of arranging existing restaurants at KTCT to provide inbound tour groups with catering services.

10. Shops at KTCT are managed by the terminal operator and leased out on a commercial basis. While there is currently no vacant shop for lease at KTCT, the Government is open to the above-mentioned suggestion. Commercial organisations interested in operating at KTCT are welcome to contact the terminal operator direct to discuss the relevant commercial arrangements.

(d) *Analysis report on terminal operation by KTCT's operator and details of its operating strategies to improve visitor flow*

11. Since the commissioning of KTCT in mid-2013, the terminal operator regularly attends the meetings of the KTCT Management Committee chaired by TC to report to the Government the operation of KTCT and its operating strategies. In addition, the terminal operator has to submit to TC an annual operating report and regular reports on its business discussion and liaison with the trade. The terminal operator has its commercial strategies to liaise with various cruise lines and conducts sales meetings regularly. The rising number of ship calls at KTCT over the years reflects the effectiveness of the terminal operator's work. During the regular meetings of the KCTC Management Committee, the terminal operator has also put forward different measures to improve the visitor flow at KTCT, and some of these measures have already been implemented, such as widening the pavement at the transport interchange to improve the pedestrian environment, adjusting the operating mode of lifts to raise their efficiency, and improving the barriers along the coach bays for enhanced safety. On the other hand, the Government has requested the terminal operator to endeavour to lease out all of the seven shops at the terminal building, and the seven shops have all been leased out since the second half of 2017. As requested by the Government, the terminal operator also utilises the cruise operation area of KTCT to host large-scale events when there is no ship call and the cruise operation is not affected. Under the existing busy schedule of ship calls, the terminal operator successfully arranged three large-scale events held at KTCT in April 2018. Since the commissioning of KTCT from 2013, there have been over 50 events with different nature held at KTCT to better utilise the terminal space and attract more visitors.

Tourism Commission
Commerce and Economic Development Bureau
June 2018