

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 creation of the following supernumerary post in the Tourism Commission, Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) for a period of 24 months with immediate effect upon approval of the Finance Committee –

1 Senior Principal Executive Officer
(D2) (\$171,200 - \$187,150)

PROBLEM

The Tourism Commission (TC) needs dedicated staff at directorate level to lead a Preparatory Team with a view to planning and implementing the preparatory work for the establishment of the Travel Industry Authority (TIA) and a new regulatory regime of the travel industry.

PROPOSAL

2. We propose a supernumerary Senior Principal Executive Officer (SPEO) (D2) post, designated as Assistant Commissioner for Tourism (Preparatory Team), be created in TC for a period of 24 months with immediate effect upon

/approval

approval of the Finance Committee to assist in the establishment and initial operation of TIA and making transitional arrangements.

JUSTIFICATION

3. At present, a two-pronged regulatory regime is implemented in respect of the travel industry of Hong Kong. On one hand, the Travel Agents Registry (TAR) under TC is responsible for issuing licences to travel agents and carrying out related work, including financial surveillance of travel agents, under the Travel Agents Ordinance (Chapter 218). On the other hand, the Travel Industry Council of Hong Kong (TIC) is responsible for undertaking trade self-regulation of travel agents, tourist guides and tour escorts through promulgating codes of conduct and directives as well as implementing a disciplinary mechanism.

4. Further to the general consensus reached after the public consultation in 2011, the Government decided to reform the existing regulatory regime through establishing an independent statutory body (namely TIA) to implement a licensing and regulatory system, so as to regulate travel agents, tourist guides and tour escorts in a holistic and impartial manner. Our overall policy objectives are to continuously enhance the professionalism of the travel trade and foster the healthy long-term development of the travel industry.

5. In March 2017, the Government introduced the Travel Industry Bill (the Bill) into the Legislative Council (LegCo). The Bill is being scrutinised by LegCo.

To establish the new regulatory regime for travel industry in a timely manner

6. The establishment of TIA as the independent statutory body is an important regulatory reform to the travel industry of Hong Kong. As the Chief Executive mentioned in the Policy Address released in October 2017, the Government seeks LegCo's assistance in expediting the scrutiny and early passage of the Bill for establishing TIA and implementing the new regulatory regime in a timely manner, with a view to strengthening the protection of rights of Hong Kong's outbound travellers and inbound tourists. Subject to the progress of LegCo's scrutiny, the Bill is expected to be passed in end 2018 at the earliest, such that TIA can be established within 2019 for embarking on the formulation of implementation details of the new regulatory regime.

7. The two-pronged regulatory regime underpinned by TAR and TIC has been in operation for over 30 years. We expect that the work involved in migrating from the existing regulatory regime to the new one will be voluminous and complex. As a new independent statutory regulatory body, TIA will need to

/grasp

grasp the licensing system being implemented by TAR for travel agents, the accreditation systems being implemented by TIC for tourist guides and tour escorts, as well as the trade regulatory work of TIC. On the basis of the above, TIA will need to formulate the requirements and procedures on issuing and renewing licences, a series of subsidiary legislation and administrative measures, inspection and investigation arrangements, disciplinary proceedings, etc. under the framework of the new Travel Industry Ordinance, so as to come up with a well-developed and comprehensive regulatory regime. The Government will also need to formulate an independent appeal mechanism with reference to the proceedings of handling appeals against the decisions made by TAR and TIC under the existing regulatory regime.

8. In fact, TAR and the Police are currently responsible for licensing and law enforcement functions under the Travel Agents Ordinance (Chapter 218) respectively. TIA will need to closely liaise with these departments in order to smoothly take up such functions. In addition, as an organisation practising trade self-regulation for years, TIC has formulated various administrative measures, including the general codes of conduct, codes of business practice covering outbound tour business, inbound travel service and study tours, code of advertising practice, as well as directives and guidelines applicable to travel agents, outbound and inbound travel services. TIA will need to thoroughly and holistically understand TIC's regulatory work, adapt the existing administrative measures as appropriate, and formulate new ones having regard to market developments to ensure that the new regulatory regime can keep pace with the times whilst facilitating the transition of existing travel agents, tourist guides and tour escorts to the new regime.

9. Furthermore, TIA will need to maintain close liaison with the current statutory Travel Industry Compensation Fund (TICF) Management Board and its secretariat, which is currently provided by TAR, to ensure that TICF and relevant applications can be smoothly passed to the newly established TIA. In future, TIA will also need to allocate a certain percentage amount from TICF to set up a Travel Industry Development Fund for enhancing the professionalism of the travel industry. To ensure that the development fund meets the trade's needs, TIA will conduct consultation with travel agents, tourist guides and tour escorts on the uses of the fund.

To plan and undertake preparatory tasks in a holistic manner

10. To make early preparations for the establishment of TIA and implementation of the new regulatory regime, and having regard to the scale and complexity of the work involved, we propose creating a supernumerary SPEO post for a period of 24 months to lead a Preparatory Team to, in co-ordination and liaison with various stakeholders, including relevant Government departments, TIC, etc.,

/plan

plan and undertake a number of important preparatory tasks in a holistic manner, including –

- (a) to follow up the appointment exercise of the Chairperson and members of TIA;
- (b) to formulate the governance framework and work plans for TIA, establish relevant committees, and provide secretariat support to TIA and these committees to facilitate the execution of the work plans;
- (c) to formulate internal administrative, personnel, accounting, financial management, stores and procurement rules and procedures for TIA;
- (d) to arrange office accommodation for TIA, with tasks including procuring stores and equipment and establishing an information technology system to support the operation of TIA;
- (e) to formulate the strategy, timetable and procedures on the recruitment of TIA's staff, as well as the remuneration packages of the staff;
- (f) to recruit the Executive Director and other staff of TIA, and arrange staff training (including training on law enforcement);
- (g) to make transitional arrangements, in co-ordination with relevant Government departments (including TAR and the Police), TIC, TICF Management Board, etc., which include formulating subsidiary legislation, rules and procedures related to licensing and regulation (including the formulation of administrative measures with reference to TIC's codes, directives and guidelines, as well as disciplinary and appeal procedures) under the new regulatory regime, transferring relevant records of licensed travel agents and accredited tourist guides and tour escorts to TIA, taking over TICF as well as establishing a Travel Industry Development Fund, etc.; and
- (h) to conduct trade consultation and public education.

11. We expect that TIA will need about two years to finish all necessary preparations in order to take over the licensing and trade regulatory functions from TAR and TIC respectively for the full implementation of the new regulatory regime. To ensure smooth handover, the above preparatory work needs to be led and supervised by a directorate officer, particularly one who has worked in various bureaux/departments and possesses profound administrative experience.

/Proposed

Proposed job description

- Encl. 1 12. The proposed job description of Assistant Commissioner for Tourism (Preparatory Team) is set out at Enclosure 1. He/she will report to the Deputy Commissioner for Tourism.

Non-directorate officers' support

- Encl. 2 13. The post of Assistant Commissioner for Tourism (Preparatory Team) will be supported by eight non-directorate officers in the Preparatory Team. The organisation chart of the Preparatory Team is set out at Enclosure 2.

ALTERNATIVES CONSIDERED

14. TC is headed by the Commissioner for Tourism at Administrative Officer Staff Grade A level, who is supported by one Deputy Commissioner at Administrative Officer Staff Grade B level, four Assistant Commissioners at Administrative Officer Staff Grade C/SPEO level, and the Registrar of Travel Agents (RTA) at Principal Executive Officer level.

15. The major duties of the above officers include co-ordinating work on policy and projects/initiatives to facilitate tourism development; taking forward the legislative work for the establishment of TIA and implementation of the new regulatory regime for Hong Kong's travel industry; promoting quality and honest tourism; overseeing the supply of hotels; facilitating the implementation of the waterpark and hotel projects of the Ocean Park; formulating and co-ordinating MICE (Meetings, Incentive travels, Conventions and Exhibitions) tourism initiatives; taking forward new tourism projects/initiatives; monitoring and facilitating the smooth operation of existing tourism attractions; co-ordinating the development and promotion of green, heritage, cultural and creative tourism; housekeeping the Hong Kong Tourism Board; overseeing the operation of the Kai Tak Cruise Terminal and promoting the development of cruise tourism of Hong Kong; overseeing the operation and development of the Hong Kong Disneyland Resort; and overseeing the operation of TAR.

16. Following the Government's release of the "Development Blueprint for Hong Kong's Tourism Industry" in October 2017, the officers above are taking forward various initiatives and measures under the respective strategies and implementation goals as set out in the Blueprint, which include to continue working closely with the tourism trade and authorities in the Mainland and overseas in taking forward measures on tourism promotion and development, as well as enhancing the service quality of the tourism industry. Their workload is already very heavy. On trade regulation, in particular, before the full implementation of the

Travel Industry Ordinance, RTA remains responsible for issuing and renewing travel agent licences and providing secretariat support to TICF Management Board. It will not be viable for RTA to take up the preparatory work for establishing the new regulatory regime without adversely affecting the quality and efficiency of his work.

17. As the officers above have been fully engaged with their own heavy portfolios, it will not be operationally feasible for any of them to take up the additional duties of Assistant Commissioner for Tourism (Preparatory Team) without seriously affecting their current work. The organisation chart of TC is at Enclosure 2.

FINANCIAL IMPLICATIONS

18. The proposed creation of the supernumerary SPEO (D2) post will bring about an additional notional annual salary cost at mid-point of \$2,179,800. The additional full annual average staff cost, including salaries and staff on-cost, is \$2,916,000.

19. As for the eight non-directorate civil service posts in the Preparatory Team referred to in paragraph 13 above, the notional annual salary cost at mid-point is \$7,197,780 and the full annual average staff cost, including salaries and staff on-cost, is \$10,243,000.

20. We will include the necessary provision in the draft Estimates of the relevant financial years to meet the cost of this proposal.

PUBLIC CONSULTATION

21. We consulted the Panel on Economic Development on the above staffing proposal on 17 July 2018 and obtained the support of the Panel. In response to Member's enquiry, we submitted to the Panel on 30 August 2018 a preliminary timetable of the major preparatory tasks to be undertaken by the Preparatory Team to assist in the establishment and initial operation of TIA.

ESTABLISHMENT CHANGES

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

/Establishment

Establishment (Note)	Number of Posts			
	Existing (As at 1 November 2018)	As at 1 April 2018	As at 1 April 2017	As at 1 April 2016
A [@]	21+(3) [#]	18+(1)	18+(2)	18+(1)
B	78	75	71	59
C	151	146	132	128
Total	250+(3)	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 November 2018, there was one unfilled directorate post in the Commerce, Industry and Tourism Branch

CIVIL SERVICE BUREAU COMMENTS

23. The Civil Service Bureau supports the creation of the proposed supernumerary SPEO post in TC for 24 months. 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

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

Commerce and Economic Development Bureau
November 2018

Proposed Job Description
Assistant Commissioner for Tourism (Preparatory Team)

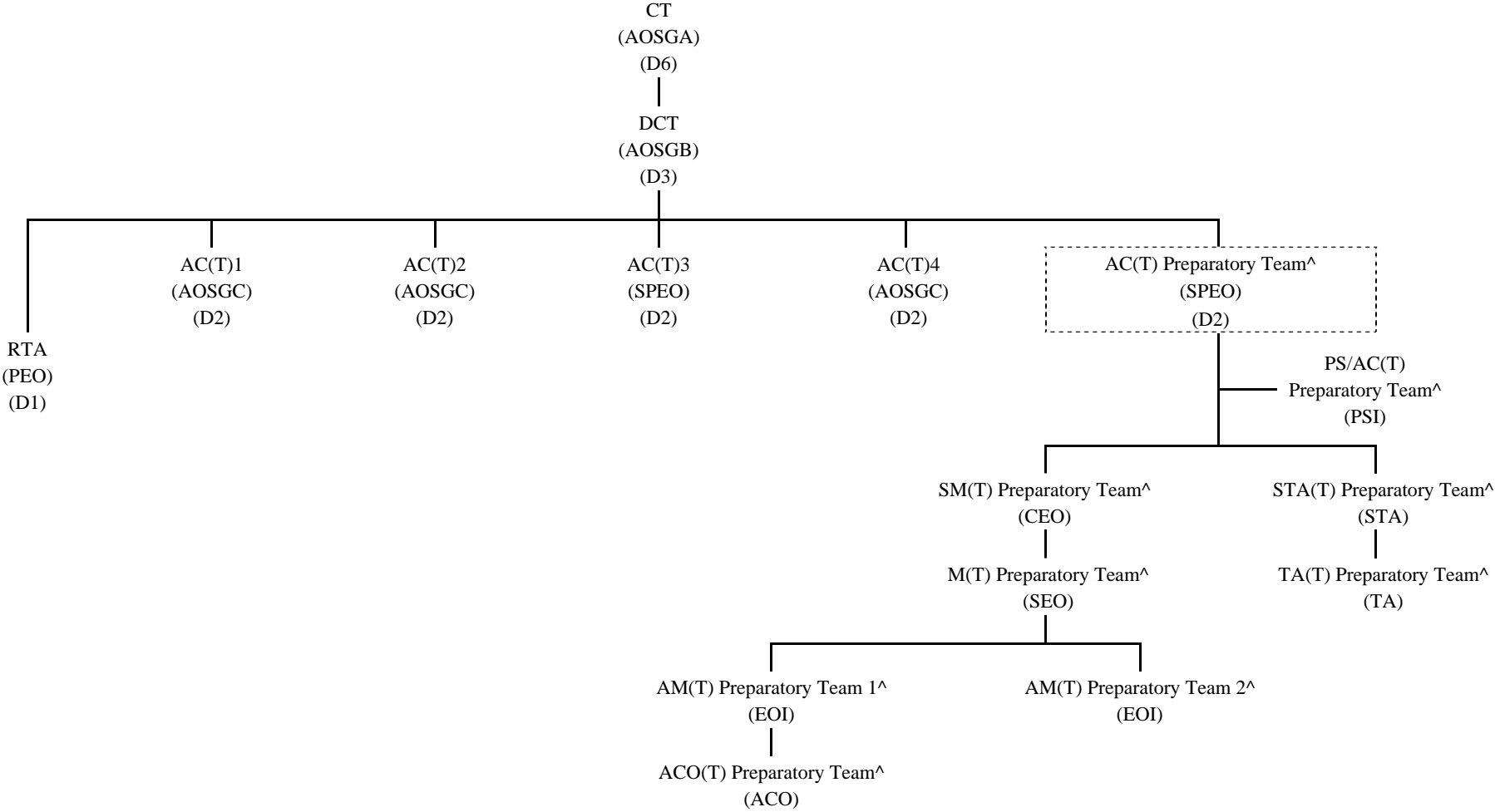
Rank : Senior Principal Executive Officer (D2)

Responsible to : Deputy Commissioner for Tourism

Main Duties and Responsibilities –

1. To lead a Preparatory Team in planning and undertaking preparatory tasks for establishing the Travel Industry Authority (TIA) and implementing the new regulatory regime;
2. To follow up the appointment exercise of the Chairperson and members of TIA;
3. To assist TIA in formulating and executing the governance framework and work plans, establishing relevant committees, and providing secretariat support;
4. To assist TIA in its initial operation, with tasks including formulating internal administrative, personnel, accounting, financial management, stores and procurement rules and procedures, arranging office accommodation, setting up an information technology system, conducting staff recruitment and arranging staff training, etc.;
5. To assist TIA in making transitional arrangements, in co-ordination with relevant stakeholders, which include formulating subsidiary legislation, rules and procedures related to licensing and regulation under the new regulatory regime, transferring relevant records of licensed travel agents and accredited tourist guides and tour escorts to TIA, taking over the Travel Industry Compensation Fund as well as establishing a Travel Industry Development Fund, etc.; and
6. To assist TIA in conducting trade consultation and public education.

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



Legend

- [Dashed Box] - Supernumerary directorate post to be created
- ^ - Time-limited posts

AC(T) - Assistant Commissioner for Tourism
ACO - Assistant Clerical Officer
ACO(T) - Assistant Clerical Officer (Tourism)
AM(T) - Assistant Manager (Tourism)
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
EOI - Executive Officer I
M(T) - Manager (Tourism)
PEO - Principal Executive Officer
PS/AC(T) - Personal Secretary/Assistant Commissioner for Tourism
PSI - Personal Secretary I
RTA - Registrar of Travel Agents
SEO - Senior Executive Officer
SM(T) - Senior Manager (Tourism)
SPEO - Senior Principal Executive Officer
STA - Senior Treasury Accountant
STA(T) - Senior Treasury Accountant (Tourism)
TA - Treasury Accountant
TA(T) - Treasury Accountant (Tourism)