

立法會
Legislative Council

LC Paper No. CB(1)1862/04-05
(These minutes have been seen
by the Administration)

Ref: CB1/PL/ES/1

Panel on Economic Services

**Minutes of meeting held on
Thursday, 2 June 2005, at 10:45 am
in the Chamber of the Legislative Council Building**

- Members present** :
- Hon James TIEN Pei-chun, GBS, JP (Chairman)
 - Hon Abraham SHEK Lai-him, JP (Deputy Chairman)
 - Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
 - Dr Hon David LI Kwok-po, GBS, JP
 - Hon Fred LI Wah-ming, JP
 - Dr Hon LUI Ming-wah, JP
 - Hon CHAN Kam-lam, JP
 - Hon SIN Chung-kai, JP
 - Hon Howard YOUNG, SBS, JP
 - Hon LAU Chin-shek, JP
 - Hon Miriam LAU Kin-yee, GBS, JP
 - Hon Jeffrey LAM Kin-fung, SBS, JP
 - Hon Andrew LEUNG Kwan-yuen, SBS, JP
 - Hon WONG Ting-kwong, BBS
 - Hon Ronny TONG Ka-wah, SC
 - Hon CHIM Pui-chung
 - Hon KWONG Chi-kin
 - Hon TAM Heung-man
- Members attending** :
- Hon Emily LAU Wai-hing, JP
 - Hon Tommy CHEUNG Yu-yan, JP
 - Hon Albert CHAN Wai-yip

**Public Officers
attending**

: Agenda item IV

Mr Stephen IP
Secretary for Economic Development and Labour

Ms Eva CHENG
Commissioner for Tourism

Ms Maisie CHENG
Deputy Commissioner for Tourism

Agenda item V

Ms Eva CHENG
Commissioner for Tourism

Ms Maisie CHENG
Deputy Commissioner for Tourism

Miss Patricia SO
Assistant Commissioner for Tourism

Mr Raymond CHAN
Senior Assistant Law Officer (Civil Law)

**Attendance by
invitation**

: Agenda item IV

Hong Kong Tourism Board

The Hon Mrs Selina CHOW
Chairman

Ms Clara CHONG
Executive Director

Mrs Grace LEE
Deputy Executive Director

Agenda item V

MTR Corporation Limited

Mr Rod HOCKIN
Project Manager

Ms Teresa CHEUNG
Legal Manager General

Skyrail-ITM (Hong Kong) Limited

Mr Ken CHAPMAN
CEO and Managing Director

Mr David CLARE
General Manager

Clerk in attendance : Mr Andy LAU
Chief Council Secretary (1)2

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Ms Anita SIT
Senior Council Secretary (1)9

Miss Winnie CHENG
Legislative Assistant (1)5

Action

I Confirmation of minutes and matters arising

(LC Paper No. CB(1)1494/04-05 - Minutes of meeting held on 25 April 2005)

The minutes of the meeting held on 25 April 2005 were confirmed.

II Information papers issued since last meeting

(LC Paper No. CB(1)1438/04-05(01) - Tables and graphs showing the import and retail prices of major oil products from April 2003 to March 2005 furnished by the Census and Statistics Department

LC Paper No. CB(1)1461/04-05(01) - Referral from the Complaints Division regarding construction of Container Terminal 10 in Northwest Lantau

LC Paper No. CB(1)1501/04-05(01) - Referral from Legislative Council Members' meeting with Southern District Council on 7 April 2005 regarding the development of tourism project in the Southern District)

Action

2. Members noted the information papers issued since last meeting.

III Items for discussion at the next meeting scheduled for 27 June 2005

- (LC Paper No. CB(1)1647/04-05(01) - List of outstanding items for discussion
LC Paper No. CB(1)1647/04-05(02) - List of follow-up actions)

3. Members agreed that the following items proposed by the Administration would be discussed at the next meeting scheduled for 27 June 2005 –

- (a) Pilotage (Dues) (Amendment) Order 2005;
(b) Ocean Park's Redevelopment Plans; and
(c) Future Development of the Electricity Market in Hong Kong - Views Collected during the Stage I Consultation.

IV Global marketing campaigns launched by the Hong Kong Tourism Board

- (LC Paper No. CB(1)1647/04-05(03) - Information paper by the Administration
LC Paper No. CB(1)1671/04-05(01) - Letter dated 6 May 2005 from Hon SIN Chung-kai regarding the operation and funding for the Hong Kong Tourism Board (HKTB)
LC Paper No. CB(1)1671/04-05(02) - The Administration's reply to Hon SIN Chung-kai's letter dated 6 May 2005
LC Paper No. FC87/04-05 - Supplementary information on the additional funding of \$470 million allocated to HKTB in 2005-06 and 2006-07 for launching global marketing campaigns)

4. The Chairman remarked that Mrs Selina CHOW would attend this discussion session in the capacity of the Chairman of the Hong Kong Tourism Board (HKTB).

Presentation by the Administration and HKTB

5. The Secretary for Economic Development and Labour (SEDL) advised that in 2004, the total visitor arrivals reached 21.8 million and the total tourism expenditure amounted to HK\$91.8 billion. Visitor arrivals in the first quarter of 2005 increased by 11% year-on-year, and the long-haul markets even grew by 20.4%. Even when compared with the situation before the SARS outbreak, the growth in visitor arrivals

Action

for both short haul and long haul markets was significant and indeed Hong Kong had outpaced its neighbouring destinations in the recovery of tourism after the SARS outbreak. The World Tourism Organization had recently announced the entry of Hong Kong among the top ten tourism destinations in the world in 2004. Hong Kong ranked seventh and was the only city on the top-ten list. The effectiveness of HKTB's work was evidenced by these results.

6. SEDL further said that the strengthening of Hong Kong's tourism promotion work was necessary amidst the increasing competition from other countries / places in the Asia Pacific region. HKTB had identified 16 key overseas markets and 24 cities in the Mainland as targets of its marketing campaigns. Hong Kong's tourism would proceed to a new stage with the opening of the Hong Kong Disneyland and other new tourist attractions in the coming two years. Hong Kong must capitalize on these opportunities to promote Hong Kong globally and establish Hong Kong as a "must-visit" destination in Asia.

7. With the aid of Powerpoint, the Commissioner for Tourism (CT) briefed members on the mechanisms for monitoring the work of HKTB and the main points included –

- (a) the channels through which the Government monitored the work of HKTB;
- (b) the composition of the Board of HKTB;
- (c) how the Board of HKTB and its committees oversaw the work of HKTB;
- (d) the procedures for scrutiny of the annual work plan and budget of HKTB;
- (e) the procedures for scrutiny of individual events / products of HKTB; and
- (f) the procedures for the submission of its annual report and audited accounts by HKTB to the Government.

8. With the aid of Powerpoint, Mrs Selina CHOW, Chairman of HKTB (C/HKTB) briefed members on the following –

- (a) the transformation taken place in various aspects of HKTB since the former Hong Kong Tourist Association was reconstituted as HKTB in 2001;
- (b) the objectives of HKTB;
- (c) the types of expertise required to perform the functions of HKTB; and
- (d) the size and structure of HKTB's staffing establishment in the Head Office of HKTB.

Action

9. Ms Clara CHONG, Executive Director of HKTB (ED/HKTB), briefed members on the following –

- (a) the competitive environment of tourism in the Asia Pacific region and HKTB's marketing strategy;
- (b) the results of HKTB's marketing work in the wake of the outbreak of SARS;
- (c) the performance of Hong Kong's tourism markets in 2004 and in the first four months of 2005;
- (d) the planned uses of the additional funding of \$470 million for HKTB in 2005-06 and 2006-07, which included the launching of a thematic global marketing campaign named "2006 Discover Hong Kong Year", the launching of a promotional programme targeted at business and family visitors and enhancement to the Quality Tourism Services (QTS) Scheme;
- (e) the estimated return (in terms of additional visitor arrivals, additional nights of visitor stay and additional tourism expenditure) from Government's investment of \$470 million; and
- (f) the estimated number of visitor arrivals and tourist expenditure in 2005 and 2006.

Discussion

10. Mr Fred LI said that the additional funding of \$470 million was public money and thus proper mechanisms should be in place to ensure that the public money would be well spent. He sought information / explanation on the following –

- (a) how the remuneration packages of HKTB's staff compared to other government subvented organizations and to the relevant market levels;
- (b) whether there was a "Fattening the top and thinning the bottom" phenomenon in HKTB given that there was only a small reduction in the actual number of staff at the top and middle levels (a reduction of 7 staff at Bands A to C between 1999-2000 and 2005-06) vis-à-vis a large reduction at the lowest level (a reduction of 81 staff at Band D between 1999-2000 and 2005-06), and an increase in the actual average monthly salary of Band A staff by some \$22,000 between 1999-2000 and 2005-06 vis-à-vis a modest increase of \$278 for Band D staff;
- (c) how the Government would monitor the use of the additional funding by HKTB;

Action

- (d) the amount of sponsorship from the private sector for the trade familiarization visits organized by HKTB for overseas trade representatives; and
- (e) whether consideration had been given for HKTB and the Trade Development Council to share the use of overseas offices to achieve savings.

11. SEDL advised that since there was no comparable marketing organisation like HKTB among government subvented organizations, no direct comparison could be made in staff remuneration between HKTB and other government subvented organizations. It would be more appropriate to make the comparison with the remuneration packages of local employees who were employed in jobs of a similar nature.

12. C/HKTB advised that in 2002, HKTB had commissioned an independent human resources consultant (Hay Group) to conduct a comprehensive comparison of the compensation and benefits for each level of staff in the organisation with those in the market and recommend appropriate remuneration packages. In 2004, the Hay Group revalidated the comparisons and the findings indicated that the remuneration levels of HKTB's staff were comparable to those in the market.

13. C/HKTB further said that since the transformation of HKTB to become a strategic marketing and publicity organization in 2001, it had been necessary for HKTB to recruit additional professional staff to cope with the work requirements. In parallel, HKTB had emphasized the need to streamline the organizational structure and maintain a lean organization. As such, HKTB had adopted the approach of multi-tasking in staff deployment and thus HKTB's staff were now responsible for a variety of functions and duties.

14. As regards the monitoring of the implementation of HKTB's work, CT advised that as outlined in her briefing earlier on, there was an established and stringent process in vetting and approving HKTB's annual business plan and budget. HKTB was required to submit its annual business plan and budget to the Government. Before implementing individual initiatives such as launching campaigns, mega events or new products, HKTB was required to submit detailed plans, concept of the activities as well as implementation plans, etc, to the respective committees set up under the Board of HKTB. HKTB's management had to report its progress of work regularly to the Board.

15. As regards financial monitoring, CT advised that the accounts of HKTB had to be audited by an external auditor appointed by the Government, and then submitted to the Audit Committee and the Board of HKTB for approval. HKTB also had to submit its annual report and the audited accounts to the Government. The Government was required to table the respective documents to the Legislative Council in accordance with the HKTB Ordinance (Cap. 302).

Action

16. CT also advised that for the additional funding for HKTB in 2005-06 and 2006-07, apart from the above monitoring mechanism, HKTB was required to submit quarterly reports on the use of the funds. The Government had also requested HKTB to maintain separate accounts for managing and auditing the additional funding, and to submit a separate audited account and financial report to the Government.

17. On the suggestion of accommodating the overseas offices of TDC and HKTB under one roof to achieve savings, C/HKTB said that the nature and contents of the marketing activities of TDC and HKTB were very different, and as such there were few opportunities for the two organizations to merge organizationally or pool their resources together for common purposes.

18. With regard to the co-operation with the local travel trade in organizing trade familiarization visits for overseas travel trade representatives, ED/HKTB advised that HKTB maintained a very good cooperative relationship with the local travel trade. HKTB kept them updated of HKTB's marketing plans and promotional programmes, and where possible, would schedule HKTB's activities to tie in with the trade's own publicity activities for their overseas counterparts. In most cases, hotel accommodation and air tickets for the participants of the trade familiarization visits were sponsored by the local travel trade. HKTB was mainly responsible for arranging the activities during the visits.

19. Mr Tommy CHEUNG said that under the HKTB Ordinance, there was only one restaurant operator sitting on the Board of HKTB. He considered this arrangement not fair to the catering industry. There were over 10 000 restaurants in Hong Kong but there was only one restaurant operator sitting on the Board, whilst there were some 100 hotels in Hong Kong but there were two hotel operators sitting on the Board.

20. Mr Tommy CHEUNG recalled that the Hong Kong Food Festival had been staged for some years since 1985 but was no longer held in recent years. Given that Hong Kong was famed as a "cuisine paradise", it was a pity that there was no special event dedicated to promote the catering industry in Hong Kong. The coordination of the Government and HKTB was necessary for holding such an event. In the past few years, only some relatively small scale events publicizing the eateries in some districts had been held and for these events, HKTB's support had been limited. He urged the Government and HKTB to consider reviving the staging of the Hong Kong Food Festival on a regular basis.

21. SEDL advised that through the QTS Scheme, HKTB had done a lot in promoting the restaurants in Hong Kong. HKTB had also hosted or co-hosted a number of food exhibitions and cuisine competitions in recent years. He however concurred that this area of work could be further strengthened.

22. C/HKTB advised that it was HKTB's policy not to provide financial subsidies to individual commercial enterprises. HKTB could assist in publicizing the activities held by trades or local communities. In many of HKTB's events and activities,

Action

HKTB had enlisted the participation of the catering industry. At present, over 1 000 restaurant outlets had obtained accreditation under the QTS Scheme.

23. Mr Tommy CHEUNG enquired about the situation of disposal of unused publicity materials by HKTB. ED/HKTB advised that it was important that HKTB provided visitors with up-to-date and accurate travel information. Overall, the percentage of unused booklets containing general travel information that had been disposed of was 3.8% and that of unused printed materials to promote individual events or products was 10%. She explained that for individual events which lasted for a short period, HKTB would be inclined to print a greater amount of the publicity materials in one-go so as to ensure that there were sufficient publicity materials for distribution at over 150 spots before and during the events without the need to make additional printing orders, which would be a much more expensive exercise.

24. Mr Howard YOUNG said that whilst he supported the transformation of HKTB from a publicity agency to a strategic marketing agency with a broadened base of service targets and business partners, he was concerned that the level of support from HKTB for the local tourism industry had been much reduced due to need for HKTB to also provide support for various tourism-related industries. He was particularly concerned whether HKTB had reduced its support or subsidies for the overseas promotional activities of Hong Kong's inbound travel agencies.

25. ED/HKTB advised that all along HKTB provided a marketing platform for the travel trade's participation in various overseas promotional activities. In recent years, HKTB had injected more resources in taking part in overseas promotional exhibitions so that the trade could widen their networks and enhance the effectiveness of their publicity work. In addition, HKTB also organized events to facilitate the local travel trade to get acquainted with and reach deals with their overseas counterparts.

26. Mr Howard YOUNG sought clarification on certain media reports that the salary of ED/HKTB was pegged to the number of visitor arrivals. C/HKTB clarified that as a performance incentive, there was a variable pay component in the remuneration package for ED/HKTB. The variable pay was determined having regard to how far the various quantitative and qualitative objectives laid down in HKTB's Annual Business Plan had been achieved.

27. Mr LEUNG Kwan-yuen commented that HKTB was akin to a marketing-cum-publicity company. It was difficult to measure the marketing effectiveness of any marketing company. Compared to an ordinary international marketing company, the budget of HKTB was on the low side. Since HKTB was a government subvented body, it was important that there was a transparent method to measure the marketing effectiveness of HKTB. He thus enquired what indicators were used by HKTB to measure the effectiveness of its work.

28. C/HKTB concurred that objective indicators should be laid down when drawing up the marketing and promotional programmes for subsequent evaluation of the effectiveness of these programmes. In measuring the marketing effectiveness,

Action

HKTB had established four key performance indicators, namely visitor arrivals, length of stay, satisfaction level and spending. For mega events, HKTB provided updates and reports to the Government on a regular basis. She remarked that since 2001 when the former HKTA was reconstituted as HKTB, each year, HKTB's performance had exceeded the targets for the year. In 2003-04, following the SARS outbreak, HKTB was granted additional funding of some \$300 million to implement the 'Global Tourism Revival Campaign'. The results of the campaign had well exceeded the relevant targets.

29. CT added that after each mega event, evaluation of the effectiveness of the event would be made. Key performance indicators would be looked into. They included the number of participants, the participants' satisfactory level, their intention to revisit Hong Kong, their interest to participate in the same event again and whether they would recommend the event to friends and relatives etc.

30. SEDL added that in recent years, many countries had accorded priority to promoting their tourism industry and thus had injected a lot of resources on marketing and publicity campaigns. Hong Kong must not be complacent and had to strengthen the work to promote Hong Kong's tourism amid the strong competition.

31. Mr Jeffrey LAM enquired about the strategy to attract more business travellers and their families to visit Hong Kong. Citing the successful experience of the Cheung Chau Bun Festival, he enquired if HKTB had plans to organize or promote more cultural heritage events in Hong Kong to attract overseas visitors.

32. ED/HKTB advised that the average per capita spending of business visitors was 20% more than the average visitors. HKTB would launch strategic promotions targeting at them and would encourage them to bring their family members to visit Hong Kong. Apart from coordinating with the local travel trade to introduce more special offers for these travelers, HKTB had recently launched a Personal Digital Assistant (PDA) leisure guide, which allowed visitors to access a comprehensive, interactive guide with recommended events, shopping, dining, sightseeing information, as well as a digital map with indications on the locations of special shops and restaurants. Business visitors could simply download the information from HKTB's website to their PDAs before they came to Hong Kong.

33. C/HKTB said that HKTB was sometimes criticized of lacking innovative ideas in its marketing campaigns. Since the development cost of a new tourism product was very high, to ensure cost-effectiveness, HKTB always had to bear in mind that its work must be market-oriented and thus it must keep tracking the markets. Based on HKTB's surveys, long-haul visitors were particularly fond of festivals and events with strong cultural heritage elements. With the additional funding, HKTB would strengthen this area under the "2006 Discover Hong Kong Year" campaign, with the aim of broadening the base of long-haul tourists.

34. In reply to Mr Jeffrey LAM's enquiry about the results of the mega events held by HKTB in the past year, ED/HKTB advised that based on HKTB's survey, 66% of

Action

the visitors indicated that they would revisit Hong Kong to participate in the events, 94% would recommend Hong Kong and the events to their friends and relatives, and over 70% responded that the events enriched their experience in Hong Kong. These mega events also provided the local travel and travel related trade partners with valuable opportunities to promote their business to visitors.

35. Ms Emily LAU said that at the special Finance Committee meeting on 12 April 2005 to examine the Estimates 2005-06, members had raised a number of questions on the funding provisions for HKTB. In view of the concerns raised, members made a visit to HKTB on 26 April 2006 with a view to obtaining a better understanding on how the funding provisions would be monitored. While she considered it necessary for Members to monitor the results of the additional funding, she queried whether all the additional funding should come from taxpayers. Since commercial enterprises would benefit from the additional tourism expenditure, it would be reasonable for them to shoulder all or part of the expenditure on the promotional activities.

36. SEDL responded that it was very difficult, if not impossible, to calculate the respective shares of the additional economic benefit for various sectors or trades. With more tourists coming to Hong Kong and with their extended stay and increased spending, various sectors of the economy and the whole community would benefit. Some of the additional tourism expenditure would be channeled directly to the public coffer in the form of tax collected e.g. the Hotel Accommodation Tax. However, the Administration did not see merits in the suggestion of recovering from the relevant sectors or trades the expenditure on the promotional activities of HKTB.

37. In reply to Ms Emily LAU's enquiry, CT clarified that at present, HKTB had a staffing establishment of 321 posts but the actual number of staff was 289. C/HKTB remarked that it was well known within the local travel trade that staff of HKTB had to work a lot of overtime without overtime pay. Over the past years, HKTB had exercised stringent control over its expenditure and thus had maintained a lean staffing structure.

HKTB

38. Referring to the list of trade promotion activities to be held under the "2006 Discover Hong Kong Year" campaign as set out in paragraph 5 of LC Paper No. CB(1)1647/04-05(03), Ms Emily LAU requested HKTB to provide a detailed budget breakdown for these activities.

39. Mr Abraham SHEK expressed appreciation for the efforts made by HKTB in providing the comprehensive information in response to Mr SIN Chung-kai's questions. He considered that the monitoring of the funding provisions allocated to statutory bodies like HKTB by the Legislative Council (LegCo) should focus on the value-for-money aspects. LegCo should not seek to monitor the day-to-day operation and management of the bodies, which should be the function of the respective governing boards.

Action

40. Mr Abraham SHEK said that in recent years, the Administration and HKTB might have placed too much emphasis on the Mainland tourist market. He considered that given that many countries and places were also targeting at the Mainland market and the Mainland people could now choose to visit many other countries and places, Hong Kong would inevitably have a reduced share of the Mainland market in future. He enquired whether HKTB had any plan to strengthen its promotion work in other markets to compensate for the reduction in Hong Kong's share of the Mainland market.

41. SEDL agreed with Mr SHEK's observation about the increasing competition for the Mainland tourist market. He said that so far, tourism statistics revealed a satisfactory situation and trend of visitor arrivals from the Mainland, but the Administration and HKTB would sustain their efforts in tourism development and promotion .

42. C/HKTB advised that HKTB always bore in mind the need to maintain a balanced market portfolio. HKTB recognized that Hong Kong must not rely heavily on a single market. The Mainland tourist market was indeed a big market with huge potential. It was however changing very rapidly. HKTB must keep abreast of the changes and adjust its marketing strategy in respect of the Mainland market accordingly. On another front, HKTB would sustain its marketing efforts in long haul markets and cultivate other high potential markets.

43. On Mr Abraham SHEK's concern about the apparent lack of tourist information services for Mainland visitors, C/HKTB advised that apart from the four HKTB Visitor Information & Services Centres, HKTB also operated a Visitor Hotline, which was multilingual with Mandarin services. Besides, HKTB would also operate an information centre in Beijing and made use of the media in the Mainland to disseminate travel information to Mainland people. SEDL added that through various channels, Mainland people could obtain comprehensive travel information on Hong Kong before they arrived in Hong Kong.

44. Mr Albert CHAN said that he did not subscribe to the way HKTB presented its work performance, which contained too much praises and attributed the increase in visitor arrivals entirely to its work. He observed that HKTB had the following shortcomings and asked HKTB to respond –

- (a) the staffing establishment at the top and middle levels was oversized;
- (b) the salaries of top and middle level staff were too high;
- (c) HKTB held too many promotional activities and the activities were sumptuous, thereby wasting public money;
- (d) HKTB's promotional activities lacked diversity (e.g. in inviting overseas reporters to shoot special feature programmes on Hong Kong, HKTB only arranged the reporters to visit the popular tourist spots and refused to

Action

arrange visits to other places, especially the less developed places); and

- (e) HKTB's services were poor (e.g. an overseas travel agent had repeatedly contacted HKTB for assistance in organizing tours to Hong Kong, but HKTB was not willing to provide assistance).

45. Regarding Mr Albert CHAN's comment that HKTB had too large an establishment for the top and middle ranks and the issue of whether the salaries of the top and middle level staff were too high, C/HKTB said that she had addressed these issues earlier on and thus would not repeat her response.

46. On the allegation that HKTB was not prudent in its spending, C/HKTB said that what was most important was whether there were proper mechanisms to evaluate the cost-effectiveness of HKTB's work and to prevent the use of resources on ineffective activities. Again, HKTB and the Administration had addressed this issue earlier on. As regards the other two points raised by Mr Albert CHAN, she advised that HKTB did not provide direct services to overseas tour agencies. It might be more appropriate for overseas tour agencies to contact the Travel Industry Council of Hong Kong for assistance in organizing tours to Hong Kong. So far, the feedback from the overseas media organizations invited by HKTB to visit Hong Kong had been generally favourable and their reports on Hong Kong in their home countries were very positive. At times, HKTB might not be able to entertain special requests. She requested Mr CHAN to refer any complaint about HKTB that he had received to HKTB for appropriate follow-up actions.

47. Mr Albert CHAN requested HKTB to provide the following supplementary information –

- (a) how the salary of the Executive Director of HKTB was compared to a directorate officer of the civil service (specifically whether the salary of the Executive Director was higher than D8 (\$181,050) / D9 (\$204,800) of the Directorate Pay Scale of the Civil Service); and
- (b) the number and nature of overseas conferences and visits attended by HKTB in the past few years, the relevant expenditure and the persons representing HKTB to attend these conferences.

HKTB

48. Mr Ronny TONG expressed concern that there would be duplications in the promotional activities to be staged with the additional funding of \$470 million and the promotional activities funded under the normal yearly provision for HKTB. In reply to his enquiry, C/HKTB and ED/HKTD advised that discounting the additional funding, the provision for HKTB in 2005-06 would be about \$460 million, of which 40% was for staff salaries and overhead expenses and the remaining 60% was for marketing activities. They assured members that there would be no duplication in the use of the additional funding and the normal funding provision. The \$470 million additional funding would be specifically used for the following three purposes –

Action

- (a) launching the “2006 Discover Hong Kong Year” campaign, which was a time-limited thematic global marketing campaign;
- (b) launching the promotional programme targeted at business and family visitors; and
- (c) enhancing the QTS Scheme.

49. They also referred members to HKTB’s reply to Questions No. 10 and 11 raised by Mr SIN Chung-kai (LC Paper No. CB(1)1671/04-05(02)), in which HKTB had set out the respective promotional activities under HKTB’s baseline promotion campaign programme for 2005-06 and the programme under the “2006 Discover Hong Kong Year” campaign. They advised that the two campaigns complemented each other to achieve synergies and maximize promotional efforts.

50. While expressing appreciation to HKTB for the providing answers to all his questions, Mr SIN Chung-kai said that he had to ask the questions because he had found it difficult to obtain the needed information in HKTB’s annual report. He suggested that HKTB should include more substantive information on its work and expenditure in its annual report to facilitate Members and the public to monitor its work.

51. C/HKTB responded that information on the staffing structure and the remuneration for HKTB’s staff was available in HKTB’s annual report and Auditor’s Report. She remarked that previously, the Auditor’s Report, which had been submitted to the Government and the Legislative Council, had not been uploaded onto HKTB’s website. The then consideration was that making the information so publicly available would not be to the advantage of HKTB from the market competition angle as most overseas counterpart organizations did not make public similar information on their part.

52. Noting that CT was the Vice Chairman of the Board of HKTB and sat on all the committees under the HKTB, Mr SIN Chung-kai queried whether the Government could exercise effective monitoring on HKTB given the significant involvement of CT in the work of HKTB. He also suggested that HKTB should invite the Director of Audit to conduct a value-for-money study on the additional funding of \$470 million for HKTB.

53. CT responded that it was more desirable for the Government to exercise ongoing monitoring over the work of HKTB though direct participation in its Board and committees. This arrangement enabled the Government to exercise monitoring at both the planning stage as well as the implementation stage. Where necessary, as in the vetting of HKTB’s financial reports and accounts, the Government would seek advice from outside specialists or from the Financial Services and the Treasury Bureau. Having regard to past experience, she considered that the present mechanism and arrangements were effective.

Action

54. SEDL said that it was up to the Public Accounts Committee to decide if a value-for-money study should be conducted on HKTB's work.

55. Noting that HKTB would step up surveillance and review the current complaint handling mechanism to afford better protection to visitors, Mr SIN Chung-kai enquired about the resources allocated for this area of work. C/HKTB advised that the QTS Scheme had been very successful and the target was to increase the number of merchant outlets accredited under the Scheme from 5 200 to 6 000 in the next two years. To ensure that the accredited merchant outlets continued to meet the stringent standards of service excellence, HKTB needed to step up surveillance by increasing the number of its "undercover" customers. She undertook to provide information on the staffing and funding provisions for stepping up surveillance and reviewing the current complaint handling mechanism under the QTS Scheme.

HKTB

56. Mr CHAN Kam-lam commented that tourism was one of the pillars of the local economy, and he appreciated HKTB's heavy responsibility and workload on promoting Hong Kong's tourism. Citing the Cheung Chau Bun Festival, he pointed out that there were other traditional festivals and cultural activities of local communities that were worth promoting to tourists. Recognition of the tourism value of these festivals / activities by HKTB would provide an important basis for their branding and for seeking commercial sponsorship for the festive activities. He enquired if HKTB had any plan to create branding for these traditional festivals / activities in its promotional work.

57. C/HKTB said that one major objective underlying the "City of Life : HK is It!" campaign launched in 2001-02 was to establish a partnership relationship with the 18 districts in Hong Kong. During the campaign, there had been a lot of discussions and liaison between HKTB and the districts. HKTB was very willing to provide support for festive activities held by local communities, but HKTB must carefully assess whether these activities could attract tourists. Resource constraints faced by HKTB were also a consideration. With the additional funding, HKTB could do more in this regard.

58. Mr CHAN Kam-lam urged HKTB to play a more active role in promoting traditional festivals of local communities in Hong Kong, through the creation of branding and the provision of advice to the local communities. C/HKTB responded that HKTB would try to offer assistance and facilitate the staging of these local events as long as HKTB had the required resources.

59. CT noted Mr CHAN Kam-lam's suggestion that HKTB or the Administration should put up more promotional decorations at the cross-boundary control points to publicize the campaigns and events of HKTB.

60. In reply to Mr Ronny TONG, the Chairman said that if, upon the provision of supplementary information by HKTB, members considered it necessary to further discuss the subject at the Panel, they might so suggest for the Panel's consideration.

Action

V Progress of the Tung Chung Cable Car Project and the Tung Chung Cable Car Bylaw

(LC Paper No. CB(1)1647/04-05(04) - Information paper by the Administration

LC Paper No. CB(1)1647/04-05(05) - Powerpoint presentation material provided by the Administration)

61. CT advised that the Tung Chung Cable Car Project (the Project) was in good progress, and was expected to complete in early 2006. The Administration planned to move a motion in June 2005 for the Legislative Council to approve the proposed Tung Chung Cable Car Bylaw (the proposed Bylaw), which was to enable MTR Corporation Limited (MTRCL) and its appointed operator to manage the Cable Car System properly and to ensure the safety of the passengers.

62. With the aid of Powerpoint, Mr David CLARE, General Manager of Skyrail-ITM (Hong Kong) Limited (the company appointed by MTRCL to operate and manage the Project), briefed members on the major features of the Cable Car System, the estimated patronage in the first year of operation, the new attractions under the Project, and the objectives and content of the proposed Bylaw.

63. The Chairman noted that the maximum capacity of each cabin of the Ngong Ping Skyrail was 17 people (10 seated and 7 standing) and the cable car trip took about 20 to 25 minutes. He was concerned whether there would be safety problems or inconvenience caused to standing passengers during the trip.

64. CT advised that Skyrail-ITM (Hong Kong) Ltd had rich experience in operating a similar facility in Australia. She envisaged that the passengers would like to have 360 degrees panoramic views of the surrounding environment during the trip, and therefore it was likely that they would not remain seated in one position throughout the trip.

65. Mr David CLARE and Mr Ken CHAPMAN, CEO and Managing Director of Skyrail-ITM (Hong Kong) Ltd, advised that the Ngong Ping Skyrail was a bi-cable system. The cabins of the system would remain very stable under the vast majority of weather conditions, and thus passengers would experience a stable and smooth ride. In fact, some designs of this type of cable car system did not provide seats in the cabin. The capacity of 17 people (10 seating and 7 standing) was the maximum capacity. It was envisaged that only on busy days would there be standing passengers on the cabins. There would be management procedures in place to take care of the elderly and/or disabled passengers. Mr CHAPMAN also advised that when there was a very heavy patronage of the Ngong Ping Skyrail, the system could be adjusted to run faster so that the trip could be shortened to 17 to 18 minutes.

66. The Chairman enquired about the relationship between the fare of the Cable Car System and the non-fare revenue generated from the commercial premises of the Cable Car System. CT advised that there would be about 15 retail shops as well as

Action

themed attractions and a teahouse at the Ngong Ping Village. MTRCL was discussing with prospective tenants on the tenancy terms. The fares of the Cable Car System had not yet been finalised. It was envisaged that during the initial operating period, fare revenue would be the main source of revenue for the Cable Car System.

67. In respect of the proposed Bylaw, Mr Howard YOUNG enquired which parts of the Cable Car System area would be posted with a warning notice under section 4 of the proposed Bylaw to signify that entrance by any member of the public into those parts would be forbidden, unless authorized by an official and except under any circumstances specified in the notice. In this connection, he also enquired whether the immediate vicinity of the pylons of the Cable Car System would be fenced.

68. Ms Teresa CHEUNG, Legal Manager General of MTRCL, advised that the warning notice would be posted mainly at those areas which might pose danger to unauthorized entrants, such as plant rooms and the operational area of the Cable Car System (except for the passenger boarding and landing points). The full text of the Bylaw would be displayed at all the entrances of the Cable Car System area.

69. Mr Rod HOCKIN confirmed that the immediate vicinity of the pylons of the Cable Car System would be secured by wire fences, so as to prevent unauthorized access to the area.

70. The Chairman concluded that the Panel supported the Project and the introduction of the proposed Bylaw.

VI Any other business

71. There being no other business, the meeting ended at 12:45 pm.