

Follow up on ES Panel meeting (2 June 2005)

- (a) **Detailed breakdown for the trade promotion activities under the “2006 Discover Hong Kong Year” campaign as listed in paragraph 5 of LC Paper No. CB(1)1647/04-05(03)**

Please see attached annex for detailed breakdown.

- (b) **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)**

The remuneration package of the Executive Director (ED) was pegged to the Directorate scale of the Government Master Pay Scale prior to 2001, with other allowances similar to civil service package such as accommodation and education allowances, that were not reflected in the base salary. In 2001, the former Hong Kong Tourist Association approved, and the Government endorsed the revamp of the remuneration package for the ED with salary level de-linked from the Government Master Pay Scale and pegged with the market level. As a result, the fringe benefits mentioned above were no longer separately remunerated. The new package was applied to the new ED recruited in 2001 through open recruitment.

As the remuneration package of the ED, HKTB and civil servants are structured in a different way, it is not appropriate to compare their salary levels. The review of the remuneration of statutory and other bodies commissioned by the Government in 2001 (i.e. the Hay Consultancy Study) did not compare the remuneration levels of the statutory bodies with the civil service pay scale as well. It assessed the reasonableness of the packages of the senior executives against relevant organizations of similar job nature in the private sector, with which these bodies compete for talents, and considering the unique circumstances of these bodies,

determined an appropriate level and mix of remuneration for the senior executives. The review confirmed that the remuneration package of ED, HKTB was comparable with market levels.

In 2004, the remuneration of ED, HKTB was \$3.763 million. The Hay Group consultants, who are commissioned by the HKTB to conduct a comprehensive comparison of the compensation and benefits for each level of the HKTB staff with those in the market, confirmed that the remuneration of all levels of staff of the HKTB is within reasonable market levels.

- (c) 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 and visits

Please refer to the following table –

	FY2003/04	FY2004/05
No. of overseas conferences/visits	69	92
Purpose	<ul style="list-style-type: none"> - Support the staging of major overseas functions and promotions - Co-ordinate and lead HK trade delegations to overseas tradeshows / travel missions / roadshows - Meet overseas travel trade leaders - Attend international tourism forums / conventions - Conduct market studies and research - Operational support such as audit of worldwide offices, support for systems migration. 	
Persons representing the HKTB in attending	<p>Depending on the nature and purpose of the events and the work that needed to be carried out, the level of participation by HKTB senior executives and staff vary. For major promotion functions, HKTB will be represented by the Chairman, the ED, or other senior executives. These functions may also be supported by working staff. For other operational matters, such as conducting research and audit, responsible staff will be involved. The average size of delegation is 2.3 participants per event.</p>	
Expenditure	\$3.18 m	\$2.86 m

(d) the staffing and funding provisions for the stepping up surveillance and reviewing the current complaint handling mechanism under the Quality Tourism Service Scheme

\$3m has been budgeted in 2005/06 and 2006/07 to step up merchant surveillance and policing of unauthorized use of QTS logo, as well as to review and enhance the complaint handling mechanism.

In terms of merchant surveillance, in addition to the current 4,000 mid-year surveillance visits to merchant outlets, the technical assessor will increase the frequency of surveillance visits by 40% to ensure their compliance with the scheme. HKTB will also step up policing on the use of the QTS logo by unauthorized merchants to protect the integrity of the Scheme.

On complaint handling, HKTB will work closely with merchants to find out and address the root causes of complaints with special focus on high risk sectors prone to visitor complaints with a view to preventing similar complaints.

Five additional staff will be recruited to implement the above measures.

Detailed budget breakdown for the trade promotion activities under “2006 Discover Hong Kong Year” campaign

(HK\$ M)

	Initiatives & Details	05/06 Budget	06/07 Budget	Total
1.	Trade Launch of the “2006 Discover Hong Kong Year” campaign	6.2	4.6	10.8
(i)	<u>Staged a Trade Launch for the “2006 Discover Hong Kong Year” campaign in Hong Kong between 17 and 19 May.</u> During the event, leaders of the <u>international travel industry</u> were briefed on Hong Kong’s new tourism infrastructure facilities, itineraries and products, and the business opportunities brought by the campaign. They were also encouraged to leverage on the new tourism facilities to repackage and promote Hong Kong. The three-day programme comprised mainly exchanges between the travel trade partners and visit of tourism facilities, which allowed delegates to discover Hong Kong’s hidden treasures, in addition to the familiar dining and shopping attractions. Altogether 220 international trade representatives (including tour wholesalers, travel agents, airlines and cruise companies) from 23 countries and regions took part in the programme. Following the Trade Launch, the HKTB will roll out its promotions for the “2006 Discover Hong Kong Year” campaign in major source markets and motivate sales, packaging and promotion of tours and itineraries by the travel trade.			
(ii)	<u>Arrange a web-based training programme “Discover Hong Kong Year Hong Kong Specialist”:</u> to spread in-depth knowledge about the new products and the “2006 Discover Hong Kong Year” among the overseas travel trade so as to help them promote Hong Kong packages. Other initiatives include revamp the web site of the <i>Hong Kong Specialist</i> programme, which features different language versions, and develop a CD-ROM version for certain markets. As an incentive, 100 frontline agents will be selected from among the training programme participants to come and experience Hong Kong.			

	Initiatives & Details	05/06 Budget	06/07 Budget	Total
(iii)	<u>Participation in more trade shows in emerging and major source markets</u> : take part in the Moscow International Travel and Tourism Exhibition (MITT) in March 2006, which is expected to attract over 90,000 travel trade partners and consumers, and enhance presence at various shows, including the International Travel Expo (ITE) in Hong Kong (June 2005) and the Pacific Asia Travel Association (PATA) Travel Mart in Kuala Lumpur (September 2005). In addition to enhancing the design and packaging of the Hong Kong booth, more public relations and direct mail promotions before and after the shows will be organised to raise awareness of HKTB's promotional activities.			
(iv)	<u>Leverage on the 'Year of China in France' in 2004 and 'Year of France in China' in 2005</u> : Capitalising on the various cultural exchange programmes in Mainland China, Hong Kong and France, the HKTB will strengthen its promotions in France, in particular in cities such as Paris and Lyon. Through roadshows and seminars, the HKTB will highlight the tourism developments and new business opportunities in Hong Kong.			
(v)	<u>Launch trade promotions through travel trade magazines</u> : advertise in influential publications such as <i>TTG China</i> and <i>Travel Weekly</i> . Through interviews and these publications' e-newsletters, introduce the "2006 Discover Hong Kong Year" and the latest tourism products to the travel trade.			
2.	Trade Familiarisation Visits	4.2	3.4	7.6
	The completion of several new hotels, tourism projects and new convention facilities will offer more venues for conventions, exhibitions and incentive travel. In addition to attracting more business travellers, these new facilities will foster the growth of leisure travels. Building on this trend, the HKTB will invite more travel trade representatives to come to Hong Kong for familiarisation.			

	Initiatives & Details	05/06 Budget	06/07 Budget	Total
(i)	<u>Invite representatives of the travel industry and travel agents in emerging markets to visit Hong Kong:</u> between now and March 2007, organise an additional 12 familiarisation programmes for trade representatives from emerging markets, including India and the Netherlands, with an estimated 180 participants.			
(ii)	<u>Enhance participation in familiarisation programmes for major markets:</u> these include Mainland China, South Korea, the Philippines and Thailand. Between now and March 2007, organise an additional 60 familiarisation programmes for 1,620 trade representatives.			
(iii)	<u>Organise the ‘Hong Kong Salutes the World’ programme towards the end of 2005 or early 2006:</u> this serves as a premiere to the “2006 Discover Hong Kong Year”. Some 200 CEOs and senior executives from the international travel trade will be invited to Hong Kong to witness and participate the activities under the programme.			
(iv)	<u>Leverage on the opening of AsiaWorld Expo in early 2006:</u> highlight the new travel experiences in the “2006 Discover Hong Kong Year” to the MICE (meetings, incentives, conventions and exhibitions) organisers and media guests attending the opening ceremony of AsiaWorld-Expo.			
(v)	<u>Organise the <i>Meeting Your Choice</i> programme in the 2nd quarter of 2006:</u> invite 50 MICE planners to participate in the programme so as to promote the new attractions and itineraries of the “2006 Discover Hong Kong Year” in addition to the convention and exhibition facilities.			
3.	Business Development (Meetings, Incentives, Conventions & Exhibitions)	5.2	5.0	10.2
(i)	<u>Launch global publicity campaign:</u> advertise in publications that target business travellers, such as <i>Business Week</i> , which enjoys extensive coverage across Asia and the Mainland, and also in <i>Guangzhou Daily</i> . Other channels, such as Internet advertising and direct mail, will also be used. The above advertising is expected to reach 30 million business travellers and an additional 50,000 MICE organisers.			

	Initiatives & Details	05/06 Budget	06/07 Budget	Total
(ii)	<u>Participate in travel shows:</u> Strengthen participation in four trade shows, namely the Incentive Travel & Meeting Executives Show in the US (September of 2005 & 2006), the Incentive Travel & Conventions, Meeting Asia in Thailand (October of 2005 & 2006), the European Incentive & Business Travel & Meetings Exhibition in Spain (November/December of 2005 & 2006) and the Asia Pacific Incentives & Meeting Expo in Australia (June 2006). Set up pavilion/booth at the shows to promote Hong Kong as the premier convention and exhibition destination. In addition, reinforce integrated trade promotions before and after the shows, such as conducting seminars and meetings to brief participants about potential business opportunities, and organising media activities. These activities are expected to reach an additional 600 MICE organisers.			
(iii)	<u>Strengthen information dissemination:</u> produce new marketing materials, such as a new <i>Incentive and Meeting Product Guide</i> and brand new promotional videos.			
(iv)	<u>Organise familiarisation programmes:</u> organise the <i>Discover Hong Kong Year Hong Kong Incentive Specialist</i> training programme. Among the participants, invite 100 agents to become Hong Kong Specialists, so as to bring more meetings, conventions, exhibitions and incentive travel to Hong Kong.			
(v)	<u>Bundle special privileges and welcome programmes:</u> such as welcome banners for MICE events. Co-ordinate with the travel trade to provide special offers and privileges for participants.			
	Total (1) + (2) + (3)	15.6	13.0	28.6