

For discussion
on 14 January 2009

EC(2008-09)15

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 nine months from 16 February 2009 to 15 November 2009 –

1 Administrative Officer Staff Grade C
(D2) (\$122,700 - \$130,300)

PROBLEM

The existing supernumerary Administrative Officer Staff Grade C (AOSGC) (D2) post created under delegated authority in the Tourism Commission (TC) to oversee the Hong Kong Disneyland (HKD) project will lapse on 6 February 2009. There is a need to create a post beyond this date to support Government's examination and discussions with The Walt Disney Company (TWDC) on a possible expansion plan for HKD including any capital realignment arising therefrom of the Hongkong International Theme Parks Limited (HKITP), the joint-venture company that was established to develop and operate HKD.

/PROPOSAL

PROPOSAL

2. We propose to create the supernumerary AOSGC post in TC for nine months from 16 February 2009 to 15 November 2009 to support the Government's discussions with TWDC.

JUSTIFICATION**Existing Supernumerary Post**

3. TC is required to take the overall lead in supporting the examination within the Government and discussions with TWDC on –

- (a) different options to address the maturity of HKITP's commercial loan;
- (b) an expansion plan for HKD proposed by TWDC; and
- (c) possible capital realignment of HKITP.

4. In view of the complexity of the issues involved and the substantial Government investment at stake, we created a six-month supernumerary AOSGC post in August 2008 under delegated authority so that a dedicated directorate officer with sufficient administrative experience could provide support to the Commissioner for Tourism (CT) and other senior officers in the tasks set out in paragraph 3 above. The work of the post holder also includes liaison with different bureaux/departments (B/Ds) and TWDC, assessing different options with input from relevant B/Ds, and making recommendations to CT and other senior officers with a view to formulating the Government's position for discussions with TWDC.

5. In addition to the tasks set out in paragraphs 3 and 4 above, the holder of the supernumerary post also provides support to Government Directors of HKITP in monitoring HKD's performance, including considering the company's annual operation budget and contingency measures amidst the challenging economic situation.

Recent Development

6. On (a), before HKITP's commercial loan matured in end September 2008, the Government and TWDC had explored different options to address its maturity, including seeking an extension of the commercial loan or retiring it with a shareholder's loan from TWDC. With the support of a dedicated directorate officer and following intensive discussions, the Government and TWDC reached an agreement on the handling of the commercial loan in end September 2008, and have taken actions to retire the loan. The shareholders have since been focusing on the HKD's expansion plan and possible capital realignment of HKITP.

7. On (b) and (c), TWDC has proposed building new attractions for HKD which involves a capital realignment plan for HKITP. Both the proposed expansion and capital realignment plans would potentially have significant implications for Hong Kong's tourism landscape and Government's investment in the HKD project. The Government needs to carefully consider the proposals taking account of a number of factors, including the implications for Hong Kong as a leading tourist destination in the region, impact on HKD's attendance and business, incremental economic benefits with reference to tourist arrivals and job creation, financial viability of the expansion project, and return on Government's investment in the HKD project. We are not yet in a position to set out the economic benefits associated with the proposed expansion plan, as Government and TWDC are still in discussion with no conclusion yet being reached on the proposed plan.

Need for Creation of the Supernumerary AOSGC Post

8. The existing supernumerary AOSGC post will lapse on 6 February 2009. We expect that the shareholders' discussion on the proposed expansion and capital realignment plans will not be concluded by that time. We consider it necessary to create a supernumerary AOSGC post for nine months from 16 February 2009 to 15 November 2009, so that a dedicated directorate officer may continue to provide crucial support to these discussions in the critical months ahead. Of note is that the discussions with TWDC call for a large amount of back room work such as developing a negotiation strategy, providing analysis of different options with input from relevant B/Ds, and recommending to senior officers responses by Government at different stages, etc. In carrying out these duties, the post holder needs to coordinate various analyses by relevant B/Ds regarding, for example, the economic and intangible benefits to be brought by the proposed expansion plan for tourism development, the economy and the community at large; impact of the proposed expansion plan on the long-term business outlook of HKD; financial viability of the proposed expansion project; as well as return on Government's investment in the HKD project. In addition, the post holder will also lead some of the discussions with TWDC and be responsible for follow-up actions arising from the outcome of the shareholders' discussions. All these responsibilities require the input of a directorate post at the AOSGC level. The job description for the supernumerary AOSGC post is set out in Enclosure 1.

Encl. 1

9. While we have not set a timetable for the discussions with TWDC, the proposed duration represents our broad assessment of the time required to conclude our discussions with TWDC and to coordinate the immediate follow-up work.

Non-directorate Officers' Support

Encl. 2 10. The AOSGC post will be supported by a team of non-directorate civil service officers comprising one Senior Treasury Accountant, one Administrative Officer, one Executive Officer I and one Personal Secretary I (see the organisation chart at Enclosure 2). All these non-directorate posts are existing posts in TC. Upon expiry of the AOSGC post on 16 November 2009, these non-directorate posts will be redeployed within TC.

Alternatives Considered

Encl. 3 11. Apart from the existing supernumerary AOSGC post created for the HKD project, CT is at present underpinned by one Deputy Commissioner for Tourism (AOSGB) (D3), and four Assistant Commissioner for Tourism (AC forT) (AOSGC/SPEO) (D2) posts including one supernumerary post created for the cruise terminal project. Descriptions of the duties and responsibilities of the existing ACs for T are at Enclosure 3.

12. We have considered the specific suggestion raised by some Members of this Subcommittee at the meeting held on 5 December 2008 that the duties and responsibilities relating to the HKD project be absorbed by the supernumerary directorate post created for the cruise terminal project, i.e. AC for T (4). Our assessment is that the respective duties and responsibilities arising from the HKD and cruise terminal projects are expected to be equally heavy throughout the duration of the proposed supernumerary AOSGC post. Effective and prompt formulation of responses are crucial in taking forward either of the projects. As full and dedicated attention would be required for each of these projects, it would not be feasible for one AC for T to deal with both projects during the relevant period.

13. We have also critically reviewed the scope for reprioritising the duties among the other existing ACs for T (i.e. AC for T (1), AC for T (2) and AC for T (3)) with a view to arranging for one of them to absorb the duties of the proposed supernumerary AOSGC post described in paragraph 8 above. As set out in Enclosure 3, the holders of these existing AC for T posts are currently fully engaged

/with

with their respective portfolios. All of them play a key role in steering tourism policies and projects, and in engaging the tourism trade to achieve agreed policy objectives. At a time of global economic downturn, they are expected to make extra efforts to sustain and promote tourism development and to ensure timely delivery of various tourism projects. Each of them will have to reprioritise duties and responsibilities within their respective schedules to accommodate new tasks in the coming year. As examples of their priority items of work, AC for T(1) will have to deal with urgent issues besetting the travel trade amidst the challenging economic environment; AC for (T)2 will critically review our strategy on MICE (Meetings, Incentive Travels, Conventions and Exhibitions) to advance Hong Kong's position in the midst of fierce competition from neighboring destinations; and AC for (T)3 will focus on speeding up improvement projects and high profile events that will help enhance Hong Kong's appeal to tourists. It would be highly undesirable for any of these ACs for T to set aside a substantial part of his/her existing duties in order to absorb the additional workload relating to HKD, and it is impossible for any of them to absorb the additional workload without seriously hampering the progress on other fronts.

14. Similarly, given the heavy workload of the proposed supernumerary post for the Hong Kong Disneyland project, it is not possible for any of the six other AOSGC posts which are also under the establishment of the Commerce, Industry and Tourism Branch (CITB) but operating separately from the Tourism Commission to take up the duties. The holders of these posts have a full schedule and do not have the spare capacity to absorb the work of the proposed post without seriously affecting their own work. As illustration of their priority items of work in the coming year, they have to focus respectively on the development of additional exhibition facilities in Hong Kong, enhancing the services of the Hong Kong Trade Development Council and Hong Kong Export Credit Insurance Corporation, preparation of the competition law with a view to introducing the legislation into the Legislative Council in 2008-09, formulation of subsidiary legislation arising from a major revision of the Copyright Ordinance in mid-2007 and mapping out the way forward for protecting copyright in the digital environment, protection of intellectual property rights including patents and trademarks, further development of wine trading and distribution businesses in Hong Kong, preparation of subsidiary legislation for implementing a new IT system that facilitates the customs clearance of road cargoes, the provision of support for Small and Medium Enterprises and Hong Kong industrial establishments operating in the Mainland and a comprehensive review of the consumer protection regime in Hong Kong.

/FINANCIAL

FINANCIAL IMPLICATIONS

15. The proposed creation of the supernumerary AOSGC post will bring about an additional notional annual salary cost at mid-point of \$1,518,000. The additional full annual average staff cost, including salaries and staff on-cost is \$2,144,000.

16. Among the four non-directorate posts to be redeployed within the TC, the deployment of the Personal Secretary I post will involve the upgrading a Personal Secretary II post for administrative convenience for nine months to support the AOSGC officer and the team, at a cost of \$114,420 in terms of additional notional annual salary cost at mid-point. The additional full annual average staff cost, including salaries and staff on-cost, is \$102,280.

PUBLIC CONSULTATION

17. We briefed the Legislative Council Panel on Economic Development on the operation of HKD, and consulted Members on this proposal to create the supernumerary AOSGC post for nine months for supporting the Government's discussions with TWDC on a proposed expansion plan for HKD and possible capital realignment of HKITP on 16 December 2008. Members in principle supported the staffing proposal.

BACKGROUND

18. During the first negotiations between the Government and TWDC on the development of a Disney project in Hong Kong, a supernumerary AOSGC post was created in TC under delegated authority for six months from 1 October 1999 to support CT who was leading the Government's negotiations with TWDC. After the Government and TWDC had agreed to proceed with the HKD project, and upon the Finance Committee (FC)'s approval, a supernumerary AOSGC post was created in TC from 1 December 1999 to 31 March 2005 to head up a dedicated team to coordinate, monitor and oversee the work of various parts of the Government in implementing the project (while the supernumerary AOSGC post created under delegated authority lapsed). The FC subsequently approved an extension of the supernumerary post for nine months until 31 December 2005 for the post-holder to help oversee the completion of the HKD project.

19. Since end December 2005, the duties and responsibilities relating to HKD have been absorbed mainly through deployment of staffing resources within TC. Supernumerary posts were created under delegated authority on two occasions to meet special requirements: the first occasion for five months from 1 November 2007 to 31 March 2008 to handle the preparatory work for the discussions between the Government and TWDC on the proposed expansion plan and possible capital realignment of HKITP, and the second occasion for six months from 6 August 2008 to 5 February 2009 to discharge the duties mentioned in paragraphs 3 to 7.

ESTABLISHMENT CHANGES

20. The establishment changes under Head 152 for CITB in the past two years are as follows –

Establishment (Note)	Number of Posts			
	Existing (As at 1 December 2008)	As at 1 April 2008	As at 1 April 2007	As at 1 April 2006
A	18+(1)#	18+(1)	10	10
B	43	42	21	21
C	119	112	75	75
Total	180+(1)	172+(1)@	106	106

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; the supernumerary post created under delegated authority is not included
- # - As at 1 December 2008, there is no unfilled directorate post in CITB.
- @ - The increase of posts includes the en bloc transfer of 60 posts from the former Economic Development and Labour Bureau to CITB upon re-organisation of the policy bureaux of the Government Secretariat on 1 July 2007.

CIVIL SERVICE BUREAU COMMENTS

21. The Civil Service Bureau supports the proposed creation of the supernumerary AOSGC post for nine months from 16 February 2009 to 15 November 2009 to support Government's discussions with TWDC. The grading and ranking of the proposed post are appropriate having regard to the level and scope of responsibilities required.

/ADVICE

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

22. As the proposed AOSGC post is 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
January 2009

**Job Description for
Assistant Commissioner for Tourism (5)**

Post title : Assistant Commissioner for Tourism (5)

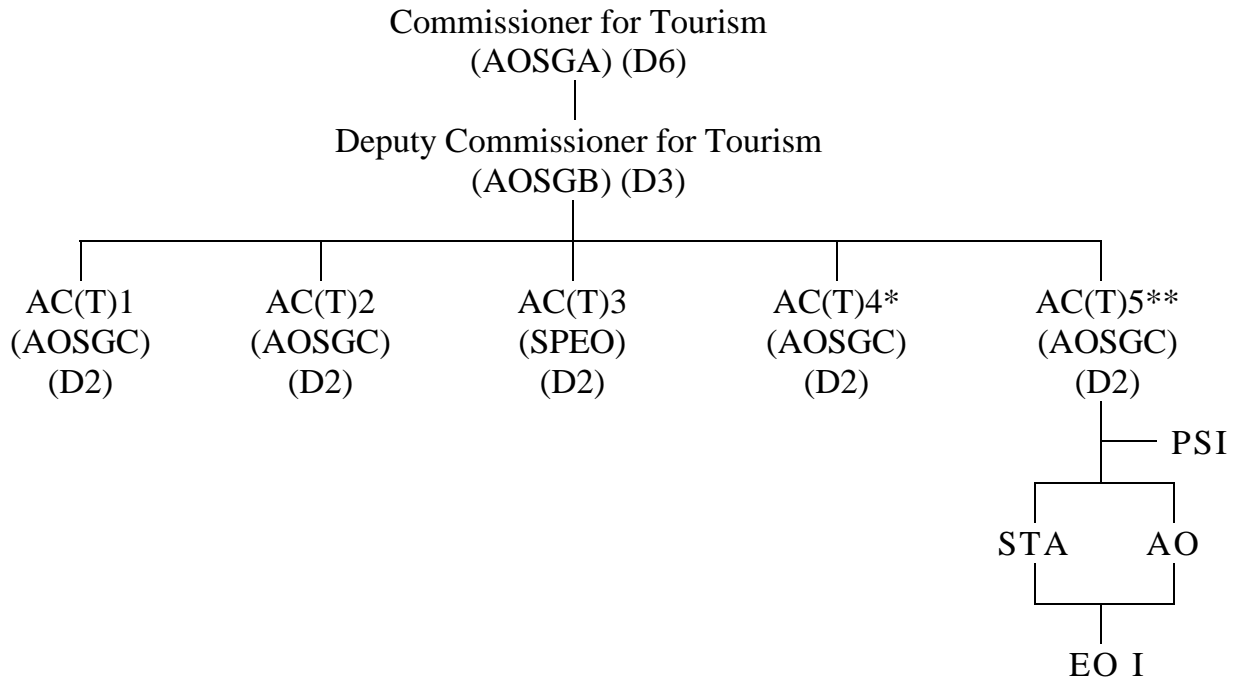
Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Commissioner for Tourism

Main Duties and Responsibilities –

1. To consider the merits of the expansion plan proposed by The Walt Disney Company (TWDC) for the Hong Kong Disneyland (HKD) and recommend responses by the Government, with input from relevant bureaux and departments.
2. To consider the capital realignment plan proposed by TWDC for the Hong Kong International Theme Parks Limited (HKITP) and recommend responses by the Government, with input from relevant bureaux and departments.
3. To serve as one of Government's key points of contact with TWDC for matters relating to the shareholders discussions on the proposed expansion and capital realignment plans.
4. To support / lead working team discussions with TWDC on the proposed expansion and capital realignment plans.
5. To coordinate follow-up actions arising from the outcome of the shareholders' discussion on the proposed expansion and capital realignment plans.
6. To monitor the operation and financial performance of HKD, and provide administrative support to Government Directors on the HKITP Board.

**Proposed Organisation Chart
of the dedicated team in Tourism Commission**



Legend

- | | |
|-------|--|
| AC(T) | Assistant Commissioner for Tourism |
| AOSGA | Administrative Officer Staff Grade A |
| AOSGB | Administrative Officer Staff Grade B |
| AOSGC | Administrative Officer Staff Grade C |
| AO | Administrative Officer |
| EO I | Executive Officer I |
| PS I | Personal Secretary I |
| SPEO | Senior Principal Executive Officer |
| STA | Senior Treasury Accountant |
| * | Supernumerary post up to 31 December 2014 as endorsed by ESC on 26 November 2008 and approved by FC on 12 December 2008. |
| ** | Supernumerary post proposed for creation for nine months up to 15 November 2009. |

**Duties and Responsibilities of
the Existing Assistant Commissioners (Tourism) (ACs for T)**

AC(T)1 is responsible for the formulation of inbound and outbound tourism policy, and the promotion of service quality of the tourism industry. He/she housekeeps the Hong Kong Tourism Board (HKTB), examines HKTB's annual business plan and budget, and closely monitors HKTB's work to improve its corporate governance. AC(T)1 also oversees the work of the Travel Agents Registry and maintains close liaison with the Travel Industry Council of Hong Kong. He/she has to liaise regularly with Mainland authorities on the central, provincial and city levels on tourism issues (including initiatives under CEPA, the Individual Visit Scheme, arrangements for Golden Week tourism traffic, promotion of honest and quality tourism and other issues of mutual concern), and develop tourism cooperation with other countries and areas. He/she also monitors the impact of "Direct Link" on Hong Kong's tourism development and helps formulate measures to address such impact. In the coming months, AC(T)1 will devote particular attention to measures to address issues besetting the travel trade amidst the challenging economic environment.

2. AC(T)2 housekeeps the Ocean Park Corporation, oversees its \$5.5 billion Redevelopment Plan and takes a steer in Ocean Park's hotel development project. He/she is also responsible for formulating policies to promote MICE tourism, co-ordinating inter-departmental support for major MICE events hosted in Hong Kong, fostering manpower development for the MICE sector, and overseeing the recently established Meetings and Exhibitions Hong Kong office under HKTB. He/she is also responsible for steering new measures to facilitate visitor entry and work with relevant authorities on strategies relating to visa-related matters. He/she monitors implementation of new tourism projects including development of the Ngong Ping Piazza, and provides tourism input to Development Bureau and its departments on revitalisation of heritage buildings, hotel development and other bottleneck issues pertinent to tourism development. He/she acts as the main contact point for international tourism organisations and works with and participate in international and regional tourism fora, such as the United Nation World Tourism Organisation, Pacific Asia Travel Association and APEC Tourism Working Group. In addition, he/she conducts regular analysis on Hong Kong's tourism performance, and is Secretary to the Tourism Strategy Group, the Steering Committee on MICE and the Alliance Group on MICE Promotion. In the coming year, he/she will focus on our MICE strategy to advance Hong Kong's position as the preferred destination in the midst of the economic downturn and fierce competition from neighbouring destinations.

3. AC(T)3 is responsible for spearheading enhancement and beautification projects in various tourism districts, which involves planning, public engagement and project co-ordination. Examples include the development of a piazza in Tsim Sha Tsui for which an open design competition is being organised in the coming year, and the Lei Yue Mun project involving the construction of a waterfront promenade and a public landing facility. AC(T)3 will chair a Working Group for the open design competition, and lead her team in public engagement on the management mode of the facilities being planned. With a view to enriching Hong Kong's offering of tourism products, he/she is also tasked to join hands with the concerned stakeholders to develop and enhance the promotion of cultural, heritage and green tourism. He/she also steers and facilitates the staging of major tourism-related events in Hong Kong. Those in the pipeline include the Hong Kong-Japan Tourism Exchange Year 2009, a joint programme between the Hong Kong and Japan governments comprising a series of activities under the themes of local culture, local delicacies, arts, sports and green tourism; and also a territory-wide Wine and Dine Festival to strengthen Hong Kong's position as a destination for good wine and gastronomic delights in Asia. The planning, public engagement and co-ordination work for many of these projects and events take place simultaneously and on an on-going basis. On top of these new initiatives, he/she is also responsible for managing and maintaining the light and sound show "A Symphony of Lights", facilitating the smooth operation of the Hong Kong Wetland Park and Ngong Ping 360, co-ordinating the "Hospitable Hong Kong" Campaign, and handling the office administration and staffing matters of the Tourism Commission.

4. AC(T)4 oversees and coordinates matters relating to the development of a new cruise terminal at Kai Tak, and provides support to an inter-departmental Core Group on the Development of New Cruise Terminal Facilities. On hardware development, his/her priority tasks in 2009 are the engagement of cruise terminal consultants with international experience to draw up specific requirements for building works of the cruise terminal; and co-ordination and liaison with over 20 bureaux and departments for timely preparation of the tender documents for the site formation and the cruise terminal building works. It is our target to seek LegCo funding approval and commence the site formation works by end 2009. In addition, he/she will engage the relevant stakeholders to seek their views on the framework of the tenancy agreement and lease requirements, and prepare for the leasing of the cruise terminal facilities to a cruise terminal operator. On software development, he/she provides secretariat support to the Advisory Committee on Cruise Industry, and works with the Hong Kong Tourism Board, the cruise market and tourism sector to develop strategies to enhance the position of Hong Kong as a regional cruise hub, formulate and implement promotion plans for overseas market, and strengthen connections with neighbouring coastal provinces and establish information exchange platforms. He/she is also responsible for making interim berthing arrangements in the run-up to 2013 and ensuring supply of talents to meet the cruise industry's longer term needs.
