

香港特別行政區政府  
商務及經濟發展局  
工商及旅遊科



COMMERCE, INDUSTRY AND TOURISM BRANCH  
COMMERCE AND ECONOMIC  
DEVELOPMENT BUREAU  
GOVERNMENT OF THE HONG KONG  
SPECIAL ADMINISTRATIVE REGION

香港添馬添美道二號  
政府總部西翼二十三樓

23/F, WEST WING  
CENTRAL GOVERNMENT OFFICES  
2 TIM MEI AVENUE  
TAMAR, HONG KONG

本函檔號 Our Ref. : TC CR T3 22/28/13  
來函檔號 Your Ref. : CB4/PAC/R75

電話號碼 Tel. No.: 2810 2087  
傳真號碼 Fax No.: 2121 1468/2147 5834

5 January 2021

Urgent By Email: [wyjan@legco.gov.hk](mailto:wyjan@legco.gov.hk)

Ms Wendy Jan  
Clerk to Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms Jan,

**Public Accounts Committee**

**Consideration of Chapters 7 and 8  
of the Director of Audit's Report No. 75**

I refer to your two letters dated 23 December 2020.

As requested, I attach CEDB's responses (in English) to the issues raised in the Appendices of your letters for PAC's consideration, please.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Maggie Chow', written in a cursive style.

(Miss Maggie Chow)  
for Secretary for Commerce and Economic Development

**Public Accounts Committee**  
**Director of Audit's Report No. 75 Chapters 7 & 8**  
**Response of the Commerce and Economic Development Bureau**

**Chapter 7 Hong Kong Tourism Board: Corporate governance and administrative issues**

**Part 2: Corporate Governance**

**11) According to para. 2.21, the Commerce and Economic Development Bureau has never entered into a Memorandum of Administrative Arrangements with the Hong Kong Tourism Board as required under Financial Circular No. 9/2004 since the establishment of HKTB in April 2001. What is the reason behind? What specifically are the established practices and guidelines mentioned in para. 2.24(a)?**

The Memorandum of Administrative Arrangement (MAA) is meant to set out the responsibilities of subvented body concerned and the Government as a monitoring body. While Commerce and Economic Development Bureau (CEDB) has not signed a Memorandum of Administrative Arrangement with Hong Kong Tourism Board (HKTB), CEDB and HKTB have put in place a set of effective established practices and guidelines over the years for both parties to discharge their respective responsibilities, which is elaborated below:

- (a) HKTB Ordinance (Cap. 302) – the Ordinance provides the statutory framework under which HKTB shall perform its functions and sets out clearly the Government's powers and monitoring responsibilities in the operation of HKTB (e.g. provision of financial resources, appointment of members etc.);
- (b) Annual monitoring of HKTB through the Annual Business Plan and Budget - under the Ordinance, HKTB is required to submit its budget and programmes for the next financial year for approval of Secretary for Commerce and Economic Development (SCED) (under delegated

authority from Chief Executive) before an appointed date (28 February);

- (c) Accountable to the public - a paper on the Annual Business Plan and Budget is submitted to the Panel on Economic Development of Legislative Council at its meeting at the beginning of each year (usually in February);
- (d) Draft Estimates vetted by CEDB - CEDB vets HKTB's financial resources requests. The supported funding is included in Programme 7 under the Controlling Officer's Report of Head 152 of the Draft Estimates for the financial year;
- (e) Performance Indicators - after SCED approved the Annual Business Plan and Budget, CEDB will request HKTB to set out Performance Indicators for its programmes and activities;
- (f) Quarterly Progress Reports - HKTB is required to submit Quarterly Progress Reports to the Controlling Officer (i.e. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)) on the progress of its work and use of subvention;
- (g) Through the TC-HKTB-TIC Joint Liaison Meeting - Tourism Commission (TC), HKTB and Travel Industry Council of Hong Kong (TIC) will discuss matters of mutual interests periodically. HKTB also makes use of this forum to report on the latest state of play of the various key areas of work; and
- (h) Board and Committees - through participation in HKTB's Board meetings and Committee meetings by the Commissioner for Tourism (CT), who is the Deputy Chairman of the Board, CT will monitor the performance of HKTB and give views on HKTB's programmes at the meetings as appropriate.

CEDB will adopt the recommendations of the Audit Commission and enter into a MAA with HKTB within this year in accordance with the Financial Circular No. 9/2004.

### **Part 3: Human resource management and other administrative issues**

**12) According to para. 3.6 to 3.11, HKTB has carried out too few pay structure reviews for its Head Office staff and Worldwide Offices staff, and has never reviewed the remuneration of staff at the top three tiers for 20 years. It is obvious that the latter is contrary to the requirements stated under Circular Memorandum No. 2/2003 issued by the Administration Wing. Has the Secretary for Commerce and Economic Development noted this problem? If so, has any follow-up action been taken?**

HKTB's existing policy is to conduct review on its Head Office (HO) and Worldwide Offices' (WWO) staff pay structure by its consultant every three years. The last review on the staff of HO and WWO were conducted in 2017 and 2018 respectively, and the findings were reported to HKTB Staff and Finance Committee (S&FC) in 2018 and 2019. CT also participated in the exercise. The next review on the HO staff has started since 2020, and is expected to be completed in Q1 2021. The review on the WWO staff is expected to be conducted in 2021.

As regards the remuneration of the top three tiers (i.e. Executive Director (ED), Deputy Executive Director, General Managers and Regional Directors) of HKTB's senior executives, around May every year, the Chairman of HKTB and the S&FC will form the Remuneration Review Committee to review the performance of the staff of the top three tiers to determine the rate of salary adjustment and give approval on the variable pay proposal for the top three tiers. CT also participates in the exercise.

Besides, HKTB submits its annual report to SCED every year. The report covers information regarding the remuneration of ED and other senior executives. The annual report is published in December each year for tabling at LegCo and access by members of the public as well.

The above shows that CEDB has all along been participating in the reviews of the remuneration of the top three tiers of HKTB's senior executives, and the annual pay adjustment exercise.

That notwithstanding, CEDB accepts the view of the Audit Commission, and will ensure that HKTB will submit to CEDB every three years a report on the number, ranking and remuneration of staff in the top three tiers, following the timeline for the review of staff pay structures. The next report is expected to be submitted in April 2021.

### **Others**

**13) The Director of Audit pointed out in Report No. 49 of 2007 that there were a number of management and administrative problems in HKTB, whereas some of the problems were noted again in the Report this year. What implementation plan did HKTB and CEDB, which was responsible for regulating HKTB, adopt to follow up on the recommendations in the Report No. 49? Why do the same problems still exist at present?**

CEDB expresses gratitude to the Audit Commission for conducting the audit review on HKTB with valuable recommendations. CEDB and HKTB have all along attached great importance to the views and recommendations of the audit reports. HKTB had implemented in 2009 the recommendations in Report No. 49 of 2007. Examples include

completion of the review of procurement matters, financial policies and procedures, as well as extending the consultation on the business plan and budget to persons/ institutions of other trades.

For the recommendations in this Report, CEDB has started to follow up closely with HKTB on all the recommendations. Some of the recommendations have been put into practice and implemented gradually with a view to further improving the governance and management of HKTB. In fact, HKTB has established a working group steered by the ED, with members including heads of various divisions, which will review each of the recommendations of the Audit Commission and formulate appropriate follow-up plans. For the 38 recommendations in the two Audit Reports, HKTB has completed follow up actions on 15 recommendations. It is expected that HKTB will complete follow-up actions of another 17 recommendations in June 2021, and the remaining recommendations within 2021-22. The Internal Audit Division and Finance Division of HKTB will closely monitor the progress of the improvement plan, and will regularly report to HKTB Audit Committee, the Board and the Government of the progress. CEDB will also report on the relevant progress to the Public Accounts Committee of the Legislative Council.

**Chapter 8 Hong Kong Tourism Board: Efforts in promoting tourism**

**Others: Helping Measures to the Travel Trade and Hotel Trade**

**13) Please list out the helping measures to the Travel Trade and Hotel Trade implemented by the Administration from June 2019 to November 2020 in form of a table. Please also provide the details of measures, benefitted organisations, and the budget and the actual expenditure of the measures in the table.**

Please refer to the Annex for details.

**Reply to the Public Accounts Committee of the Legislative Council  
on the questions and information requested  
for Chapter 8 of the Director of Audit's Report No. 75  
Hong Kong Tourism Board: Efforts in promoting Tourism**

**Question (13) - Government's Helping Measures to the Travel Trade and Hotel Trade**

<b>Helping Measures</b>	<b>Details</b>	<b>No. of Organisations Benefitted</b>	<b>Budget</b>	<b>Actual Expenditure/Revenue foregone (as at Dec 2020)</b>
1. Waiver of travel agent licence fees	Waive the fees for new issue, renewal or duplicate of a licence for travel agents and fees for amending a licence for an additional address from 1 Oct 2019 to 30 Sep 2021.	About 1,800 travel agents	Estimated revenue foregone: \$22.1 million	Revenue forgone: \$11.9 million from 1 Oct 2019 to 30 Nov 2020



## Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue forgone (as at Dec 2020)
2. Waiver of hotel licence fees	<p>(i) Each hotel will benefit ranging from \$2,980 to \$73,000 (calculated as per the renewal of licence) (depending on the scale of hotels and validity period of licences).</p> <p>(ii) The waiver of licence fees was implemented on 1 October 2019 (effective period is 12 months) and was extended by another 12 months starting from 1 October 2020.</p>	<p>➤ 1 Oct 2019 to 30 Sep 2020: 316 hotel licensees</p> <p>➤ 1 Oct 2020 to 30 Sep 2021 (as at 30 Nov 2020): 59 hotel licensees</p>	<p>➤ Estimated revenue forgone: \$5.72 million from 1 October 2019 to 30 September 2020</p> <p>➤ \$5.02 million from 1 October 2020 to 30 September 2021</p>	<p>➤ Revenue forgone: \$3.5 million from 1 October 2019 to 30 September 2020</p> <p>➤ \$0.65 million from 1 October 2020 to 30 September 2021 (as at 30 November 2020)</p>
3. Rental concession of Government venues	(i) Government venues offered 50% rental concession for six months from Oct 2019	Operators of food trucks	Estimated revenue forgone	Revenue forgone respectively: \$39,000

## Appendix

<b>Helping Measures</b>	<b>Details</b>	<b>No. of Organisations Benefitted</b>	<b>Budget</b>	<b>Actual Expenditure/Revenue foregone (as at Dec 2020)</b>
	<p>to Mar 2020.</p> <p>(ii) Government venues increased rental concession from 50% to 75% for six months, from Apr 2020 to 30 Sep 2020, and extended the concession for six more months till 31 Mar 2021.</p>		<p>respectively: \$138,000</p> <p>\$158,000</p>	<p>\$27,000</p>
<p>4. Waiver of Government fees and charges</p>	<p>The Government waived the renewal fees for Food Factory Licence, registered commercial vehicle licence and vehicle examination fee for two years.</p>	<p>13 food truck operators</p>	<p>Estimated revenue foregone: \$178,000</p>	<p>Revenue forgone: \$94,000</p>
<p>5. Food Licence Holders Subsidy Scheme</p>	<p>The Government provided a one-off subsidy of \$80,000 to each licence holder of a valid food business licence of any one</p>	<p>13 food truck operators</p>	<p>Estimated revenue foregone: \$1.04 million</p>	<p>Revenue forgone: \$1.04 million</p>

## Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue forgone (as at Dec 2020)
	of the eight targeted categories (including Food Factory Licence) issued by the Food and Environmental Hygiene Department.			
6. Offering fees and rent reduction for cruise lines berthing at Kai Tak Cruise Terminal (KTCT) and existing tenants of KTCT	To support cruise lines' continuous deployment in Hong Kong and promote the business of relevant sectors, the Government uses the turnover rent received from the terminal operator of KTCT to offer, through the operator, fees and rent reduction for cruise lines and existing tenants for the	10 cruise lines and 12 tenants	Estimated revenue forgone: \$62 million	Revenue forgone: \$13.55 million (as at 30 Nov 2020)

## Appendix

<b>Helping Measures</b>	<b>Details</b>	<b>No. of Organisations Benefitted</b>	<b>Budget</b>	<b>Actual Expenditure/Revenue foregone (as at Dec 2020)</b>
	period from 1 Dec 2019 to 31 Mar 2021 <sup>1</sup> .			
7. Travel Agents Subsidy Scheme	To provide each eligible travel agent with a subsidy of \$80,000.	1,719 licensed travel agents	\$140 million	\$137.52 million
8. Tourism Industry Support Scheme under the second round of Anti-epidemic Fund (AEF)			\$1,079 million	about \$740.75 million (as at 18 Dec 2020)
(a) Travel Agents and Practitioners Support Scheme	(i) to provide each of the eligible licensed travel agents with cash subsidy ranging from \$20,000 to	➤ Some 1,560 travel agents have been disbursed with subsidies	\$851 million	about \$587 million (as at 18 Dec 2020)

<sup>1</sup> In view of the pandemic situation, the Government has suspended the immigration services at cruise terminals since 5 Feb 2020.

## Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>\$200,000 (depending on the number of its employees);</p> <p>(ii) to provide each travel agent's staff and freelance accredited tourist guide and tour escort whose main occupation is tourist guide or tour escort a subsidy equivalent to \$5,000 monthly for six months;</p>	<p>➤ Some 17,700 persons have been disbursed with subsidies</p>		
(b) Hotel Sector Support Scheme	to provide each eligible hotel a one-off subsidy of \$300,000 or	316 licensed hotels	\$115 million	\$113.6 million

## Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>\$400,000 (depending on the number of guestrooms under the licence).</p> <p>The Scheme was launched on 18 Apr 2020 and closed on 18 May 2020.</p>			
(c) Tour Service Coach Drivers (Mainly Serving Tourists) Support Scheme	The Government provided a one-off subsidy of \$10,000 to each eligible tour service coach driver.	3,418 tour service coach drivers	\$93 million	\$34.18 million
(d) Waiving the monthly fixed rent and management	To waive monthly fixed rent and management fees of the terminal operator of KTCT for the period from 1 Jun 2020 to 31 Mar 2021.	1	\$10 million	\$4.34 million (as at 14 Dec 2020)

## Appendix

<b>Helping Measures</b>	<b>Details</b>	<b>No. of Organisations Benefitted</b>	<b>Budget</b>	<b>Actual Expenditure/Revenue foregone (as at Dec 2020)</b>
<p>fees of the terminal operator of KTCT</p> <p>- Providing refund to cruise lines in respect of berth deposits for cancelled ship calls during suspension of immigration service</p>	<p>To provide refund to cruise lines in respect of berth deposits for cancelled ship calls during suspension of immigration service on the condition that the cruise lines re-schedule on or before 31 May 2021 prospective ship calls anytime at KTCT or Ocean Terminal.</p>	<p>7 cruise lines</p>	<p>\$10 million</p>	<p>\$1.63 million (as at 14 Dec 2020)</p>
<p>9. Tourism Industry Support Scheme under the third round of AEF</p>	<p>(i) To provide each of the licensed travel agents with a cash subsidy, directly proportional to the</p>	<p>➤ Some 1,560 travel agents have been disbursed with subsidies</p>	<p>\$397 million</p>	<p>about \$356 million (as at 18 Dec 2020)</p>

# Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>number of staff members they have, using a subsidy level (i.e. \$5,000) per travel agent staff member as the basis of calculation. Travel agent without any staff will also be getting a one-off subsidy of \$5,000;</p> <p>(ii) to provide each travel agent's staff and freelance accredited tourist guide and tour escort whose main occupation is tourist guide or tour escort a one-off subsidy of \$15,000; and</p> <p>(iii) to provide each eligible</p>	<p>➤ Some 17,600 persons have been disbursed with subsidies</p>		



## Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>tour service coach driver a one-off subsidy of \$6,700.</p>	<p>➤ 3,418 persons have been disbursed with subsidies</p>		
<p>10. Tourism Industry Additional Support Scheme (“Chief Executive’s 2020 Policy Address”)</p>	<p>(i) To provide each of the licensed travel agents with a cash subsidy; the subsidy level for travel agents with 10 staff members or less will be at a flat rate of \$100,000 each; the subsidy level for travel agents with 11 staff members or more will be directly proportional to the number of staff members they have, using a subsidy</p>	<p>➤ Some 1,200 travel agents have been disbursed with subsidies. The remaining applications are being processed. (The estimated beneficiaries were about 1,700 travel agents.)</p>	<p>\$564 million</p>	<p>about \$142 million</p>

## Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
	<p>level of \$10,000 per staff member as the basis of calculation;</p> <p>(ii) to provide each travel agent's staff and freelance accredited tourist guide and tour escort whose main occupation is tourist guide and tour escort a one-off subsidy of \$15,000; and</p> <p>(iii) to provide each eligible tour service coach driver a one-off subsidy of \$6,700.</p>	<p>➤ Applications are being processed, hence the subsidies are not yet disbursed (The estimated beneficiaries were about 19,000 persons).</p> <p>➤ Some 3,400 persons have been disbursed with subsidies (The estimated</p>		

## Appendix

Helping Measures	Details	No. of Organisations Benefitted	Budget	Actual Expenditure/Revenue foregone (as at Dec 2020)
		beneficiaries were about 3,400 persons).		
11. Travel Agents Incentive Scheme	To provide incentive payments for travel agents based on the number of inbound and outbound overnight travellers they serve. The maximum number of eligible travellers for which incentive payments can be disbursed to a travel agent is 1 000, which includes inbound travellers (incentives of HK\$120 each) and outbound travellers (incentives of HK\$100 each).	Some 1,700 travel agents	about \$100 million	about \$54 million (for applications received up to Oct 2020)
12. Green Lifestyle Local Tour	To provide travel agents with	Some 1,700	\$100 million	about \$1.87 million

## Appendix

<b>Helping Measures</b>	<b>Details</b>	<b>No. of Organisations Benefitted</b>	<b>Budget</b>	<b>Actual Expenditure/Revenue foregone (as at Dec 2020)</b>
Incentive Scheme	incentive payments based on the number of green lifestyle local tour participants they serve. Each travel agent is eligible to a maximum of incentive payments of HK\$200,000 (incentives of HK\$200 for each tour participant).	travel agents		(as at 30 Nov 2020)