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24 January 2008

By fax

Clerk  
Public Accounts Committee  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong  
(Attn : Ms Serena Chu)

Dear Ms Serena Chu,

**The Director of Audit's Report on the  
Hong Kong Tourism Board (HKTB)  
Report No. 49, Chapter 5**

Thank you for your letter of 19 December 2007.

The Administration and HKTB had not agreed any timeframe to guide the submission and approval of HKTB's programme of proposed activities and estimates of its income and expenditure (i.e. its "Business Plan and Budget") before September 2007. This notwithstanding, we had followed the same steps in examining HKTB's programme of proposed activities and estimates of its income and expenditure and seeking the relevant Principal Official's approval in the past years. For 2003-04, the HKTB's programme of proposed activities and estimates of its income and expenditure were largely similar to those of the previous year. Less time was required for examining the detailed proposals.

HKTB's subvention forms part of the overall Government Budget which is subject to vetting and approval of the Legislative Council through the Appropriation Bill and the Vote-on-account Resolution. Section 17A of the HKTB Ordinance (Cap 302) provides that in "[e]ach financial year there shall be paid to the Board out of moneys provided by the Legislative Council the sum the Chief Executive approves for the purpose of assisting the Board to carry out its objects and to exercise its functions". For this purpose, the subvention for HKTB included in the Government Budget follows HKTB's broad heads of income and expenditure and proposed activities for the ensuing financial year as agreed by the Administration. These in turn form the basis of HKTB's programme of proposed activities and estimates of its income and expenditure for the purpose of section 17B of the HKTB Ordinance.

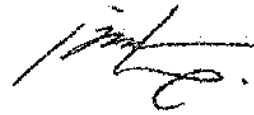
With delegated authority from the Chief Executive, the former Secretary for Economic Development and Labour gave approval of HKTB's programme of proposed activities and estimates of its income and expenditure under Section 17B(1) of the HKTB Ordinance after the enactment of the Appropriation Bill, to take into account the approved subvention and elaboration by HKTB of the broad heads of income and expenditure and proposed activities. It would be impossible to approve any aggregate amount of expenditures under section 17B that exceeded the subvention approved under section 17A as part of the Appropriation Ordinance.

In response to Director of Audit's comments, we have, in consultation with HKTB, introduced a new modus operandus in September 2007 for the implementation of section 17B(1). Specifically, the Secretary for Commerce and Economic Development (SCED) has appointed a date for HKTB to submit its programme of proposed activities and estimates of its income and expenditure to him, i.e. by 28 February of each year. We have agreed with HKTB to advance the process of preparing and examining HKTB's programme of proposed activities and estimates of its income and expenditure. The new modus operandus will allow SCED to approve HKTB's programme of proposed activities and estimates of its income and expenditure on a more timely basis. Although Section 17B(1) of the HKTB Ordinance does not specify a time within which approval is to be given, we shall endeavour to complete the

approval process by 1 April. This approval will, however, have to be made conditional upon LegCo's approval of the Appropriation Bill which includes the subvention for HKTB.

As to the Administration's indication during the passage of the HKTB Bill to appoint members from the Consumer Council and frontline workers of the tourism industry to HKTB, we have submitted the attached information note on our follow up action to the Legislative Council Panel on Economic Development.

Yours sincerely,



( Ms Kinnie Wong )  
for Commissioner for Tourism

cc Secretary for Commerce and Economic Development  
Secretary for Financial Services and the Treasury  
Permanent Secretary for Commerce and Economic Development  
(Commerce, Industry and Tourism)  
Executive Director, Hong Kong Tourism Board  
Director of Audit

## **For information**

### **Legislative Council Panel on Economic Development**

#### **Appointment to Hong Kong Tourism Board**

#### **Purpose**

This paper informs Members of the current arrangement regarding the appointment of representative of the Consumer Council (CC) and frontline worker of the tourism industry to the Hong Kong Tourism Board (HKTB).

#### **Background**

2. In 2001 when the Legislative Council scrutinized the Hong Kong Tourist Association (Amendment) Bill 2001, in the light of the views expressed by the Bills Committee, the Administration indicated its intention to appoint to HKTB representatives of the CC and frontline workers of the tourism industry.

3. Upon enactment of the Hong Kong Tourist Association (Amendment) Ordinance in 2001, the Administration appointed to HKTB the then Chairman of the CC and the then Chairman of the Hong Kong Tourist Industry Employees' General Union of the Federation of Trade Union. The former retired from the CC in September 2005 but his term of appointment in HKTB only expired recently in October 2007. The latter was not re-appointed after his tenure expired in November 2004.

4. At the hearing of the Legislative Council's Public Accounts Committee on 13 December 2007 on Chapter 5 of Audit Report No.49, members expressed concern about the above situation. The following paragraphs set out the Administration's considerations and the appointment arrangements.

## **Arrangements for Appointment**

5. In considering appointments to HKTB, the Administration takes into account the Board's strategies and work, as well as the prospective appointees' abilities, expertise, experience, integrity and commitment to public service, so as to ensure that the best available persons are appointed for effective operation of the Board.

6. Due to the different cycles of appointments to HKTB and the CC and the fact that the appointment is in their personal capacity, it is difficult to maintain cross-membership between HKTB and the CC at all times. We have instead adopted a flexible approach over the years, i.e. to consider the prospective appointee's experience with the CC, and his/her commitment to the cause of consumer protection, etc. Upon retirement of the former CC Chairman from HKTB in October 2007 (as stated in paragraph 3 above), the Administration appointed former Vice-chairman of the CC to fill the vacancy. Such arrangement seeks to ensure adequate expertise and experience in consumer protection in the Board's membership.

7. As regards frontline tourism worker, as the job types involved are very diversified, covering tour guides, travel agencies and airlines workers, and hotel concierge, etc, appointment from any one of these work types is not sufficiently representative of the views of frontline workers as a whole. For more effective and comprehensive engagement of frontline workers in HKTB's work to promote Hong Kong, HKTB seeks the views of different levels of the tourism industry and related sectors in formulating and implementing its marketing strategy and promotional activities. For instance, HKTB representatives attend regularly meetings of tour guide associations, who are also invited to attend HKTB's discussion fora organized from time to time. HKTB also discusses with hotel concierges through their trade organizations on how specific promotional activities will better meet tourists' needs.

8. On the basis of its existing efforts, the Administration has encouraged HKTB to further expand the breadth and depth of engagement with workers at different levels of the tourism sectors, and to institutionalise its existing communication with different players and related sectors of the tourism industry, e.g. inviting frontline workers to workshops and discussion fora periodically. In addition to the existing consultation arrangements with travel trade stakeholders, HKTB has, starting from 2007-08, extended the consultation on HKTB's marketing plans and strategies to cover non-travel trade stakeholders, such as retail and catering industries, as well as academics.

The feedback gathered will be reported regularly to the relevant committees of the Board. Such arrangements facilitate more effective collection of views of frontline tourism workers on HKTB's work.

### **Way Forward**

9. We will review the composition of the Board from time to time and aim to appoint the best available persons having regard to the functions, strategies and operational requirements of HKTB. We will adopt an open and flexible approach to ensure that there are members from tourism-related sectors on the one hand, and a balanced composition on the other to facilitate collection and exchange of different views that will contribute to HKTB's long-term objectives and work.

**Tourism Commission**  
**Commerce and Economic Development Bureau**  
**22 January 2008**