

**For discussion
on 26 November 2008**

EC(2008-09)11

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 retention of the following supernumerary post in the Tourism Commission, Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) for a period of five years and nine months from 1 April 2009 to 31 December 2014 –

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

PROBLEM

The existing supernumerary Administrative Officer Staff Grade C (AOSGC) (D2) post created in the Tourism Commission (TC) to take forward the Government's plan of developing the new cruise terminal facilities in Kai Tak will expire on 31 March 2009. There is a need to retain this post to oversee the implementation of the cruise terminal project as Government has decided to finance the project and lease the facilities to a cruise terminal operator.

/PROPOSAL

PROPOSAL

2. We propose to retain the supernumerary AOSGC post in TC for five years and nine months from 1 April 2009 to 31 December 2014 to take forward the development of the new cruise terminal in Kai Tak.

JUSTIFICATION**Existing Supernumerary Post**

3. In February 2007, the Finance Committee (FC) approved vide EC(2006-07)12 the creation of a supernumerary AOSGC post in TC of the then Economic Development and Labour Bureau for two years from 1 April 2007 to 31 March 2009 to head a dedicated team for overseeing the open land tender and monitoring progress of the construction of the cruise terminal at Kai Tak.

Recent Development

4. The Government issued an open land tender for the new cruise terminal project in November 2007. The tender closed in March 2008. Two submissions were received but neither of them fully conformed to the tender requirements.

5. After the last unsuccessful land tender and having reviewed the latest market situation, the Government has decided to finance and develop the new cruise terminal project for leasing to a cruise terminal operator, while retaining the ownership of the site and the terminal.

6. To expedite the construction of the cruise terminal with a view to commencing operation of the first berth in 2013, we plan to invite open tender for two contracts and proceed with the preparatory work in parallel. The first is the site formation works contract, involving the construction of berthing facilities of the cruise terminal. The second is the design and build contract for the cruise terminal building, including the construction of customs, immigration and health quarantine facilities and other supporting facilities (CIQP). To prepare for the latter contract, we shall engage cruise terminal consultants with international experience through a competitive tender, to draw up specific requirements for the cruise terminal building.

7. We propose that the existing supernumerary AOSGC should continue to lead the dedicated team; coordinate and oversee the implementation of the project until 31 December 2014, to tie in with the scheduled completion of the major construction work; and monitor the initial operation of the cruise terminal operator.

The Dedicated Team

8. The dedicated team will work on the hardware development of the cruise terminal as follows –

- (a) to draw up specific requirements for the tender of the cruise terminal building with the help of cruise terminal consultants with international experience from now to 2010. The team will liaise closely with the market to ensure that the facilities and the operation of the cruise terminal will meet the needs of the cruise industry. It will also coordinate the works of some 20 bureaux and departments involved in the project and resolve interface and inter-departmental issues;
- (b) to coordinate, monitor and oversee the work of various parties during the construction stage from 2010 to 2014/15 for timely commissioning of the first berth in 2013 and full commissioning of the cruise terminal building in 2014/15;
- (c) to provide support to the Tourism Task Force chaired by the Financial Secretary and the Core Group on the Development of New Cruise Terminal Facilities to monitor the overall progress of the project; and
- (d) to work closely with the cruise industry on implementation of interim berthing arrangements before completion of the cruise terminal.

9. To ensure that future operation of the cruise terminal would meet international standards and enhance the position of Hong Kong as a regional cruise hub, the dedicated team will be responsible for preparing the leasing arrangement, including –

- (a) to start consulting the market in early 2009 on the requirements for the future cruise terminal operator, such as experience in the operation of cruise terminals, performance pledges and rental arrangements etc, to ensure that the leasing arrangement would meet the industry's needs;
- (b) to prepare leasing arrangement and government requirements for the lessee by 2010, taking into account industry's feedback;

/(c)

- (c) to lease the cruise terminal to an operator through a competitive tender in 2011;
- (d) to liaise with the cruise terminal operator and the industry for the smooth commissioning of the first berth in 2013 with temporary facilities, and the full commissioning of the new cruise terminal in 2014/15; and
- (e) to monitor the initial performance of the cruise terminal operator.

10. On software development, the dedicated team will continue to support the Advisory Committee on Cruise Industry (ACCI); and jointly develop strategies with the Hong Kong Tourism Board (HKTB) and the trade, in order to strengthen the position of Hong Kong as a regional cruise hub. The relevant tasks include –

- (a) formulating plans in training talents. In this regard, the ACCI has completed a questionnaire survey to ascertain the manpower requirement and training needs of the cruise market, and has worked out an action plan and implementation timetable, to cater for the needs of the cruise market;
- (b) formulating and implementing promotion plans for overseas market, including participation in a number of international cruise forums and arranging various hospitality activities for cruise vessels visiting Hong Kong with an aim to enriching their passengers' experience in Hong Kong; and
- (c) strengthening connections with neighbouring coastal provinces, and establishing information exchange platforms. In this regard, through TC's liaison, HKTB will launch a cruise tourism website for the cruise industry by the end of this year. The website, with information on berthing facilities as well as tourist attractions in Hong Kong and neighbouring provinces, will facilitate cruise operators to develop cruise itineraries and pre- and post-cruise land excursions.

Need for Retention of the Supernumerary AOSGC Post

11. In view of the complexity and importance of the tasks mentioned above, as well as the tight timeframe of the cruise terminal project, we consider it essential to retain the existing supernumerary AOSGC post for five years and nine months until 31 December 2014 for leading the dedicated team during this critical period. The proposed term ties in with the scheduled completion of the major construction work for the cruise terminal facilities.

12. We consider it critical to have a directorate officer with extensive administrative experience, a good grasp of management issues and strong leadership to lead the dedicated team to discharge the tasks set out in paragraphs 8 to 10 above. The AOSGC will monitor closely the development of the project and provide strategic analysis, identify potential issues and recommend practical solutions to the Commissioner for Tourism and other senior officers.

Encl. 1 13. The job description for the supernumerary AOSGC post is set out in Enclosure 1. The AOSGC will continue to report to the Deputy Commissioner for Tourism.

Non-directorate Officers' Support

Encl. 2 14. The AOSGC post will continue to be supported by a team of
Encl. 3 non-directorate civil service officers comprising one Senior Engineer (occupying a time-limited post), one Senior Administrative Officer, one Senior Executive Officer, one Executive Officer I, two secretarial staff, one Assistant Clerical Officer (ACO)¹, and one non-civil service contract (NCSC) Assistant Manager². As the cruise terminal project evolves, we shall strengthen the team on a need basis, by bidding for new resources under the established procedures or redeployment of existing resources. The proposed organisation chart of the dedicated team in TC is at Enclosure 2. The implementation timeframe for the cruise terminal project is at Enclosure 3.

15. The Architectural Services Department will create three additional time-limited non-directorate posts (one Senior Architect, one Architect and one Building Services Engineer) from 2009-10 to 2014-15 to take up the extra workload arising from the implementation of the project. Other relevant bureaux/departments will also apply for recurrent staff resources at a later stage for the provision of Government services including CIQP services after the cruise terminal commences operation.

/Alternative

Note ¹ The ACO post is now on loan from another office. We will create a new ACO post in April 2009 to regularise the present on loan arrangement and the cost involved will be absorbed within Commerce and Economic Development Bureau's own resources.

Note ² The duties of the NCSC Assistant Manager include trade facilitation in the interim berthing arrangement and liaison with the industry.

Alternative Considered

16. We have critically examined the existing directorate staffing in TC to explore the possibility of identifying spare capacity to perform the duties of the proposed supernumerary AOSGC post. The Commissioner for Tourism is at present supported at directorate level by one Administrative Officer Staff Grade B, two AOSGCs, one supernumerary AOSGC for the Disney Project³ and one Senior Principal Executive Officer. The officers are responsible for formulating tourism policies and strategies, overseeing the Ocean Park Redevelopment Plan and the proposed hotel development projects, coordinating MICE (Meetings, Incentive, Conventions, and Exhibitions) tourism initiatives, implementing new tourism projects (e.g. the Aberdeen Tourism Project, development of a piazza in Tsim Sha Tsui, the Lei Yue Mun Waterfront Enhancement Project, etc.), monitoring existing tourism attractions (e.g. Ngong Ping 360, Hong Kong Wetland Park, Hong Kong Disneyland), developing green, heritage and cultural tourism, housekeeping the HKTB, and overseeing the operation of the Travel Agents Registry. They also work closely with the tourism trade and the Mainland authorities on initiatives in tourism promotion and development (e.g. implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement, pilot measures to enhance tourism trade cooperation between Hong Kong and Guangdong, to work with Mainland provinces and cities for promoting the “Honest and Quality Tours” etc.), as well as promoting the service quality of the tourism industry. In addition, they need to liaise with international tourism organisations including the United Nations World Tourism Organisation to keep Hong Kong abreast of world trends in tourism and enhance Hong Kong’s profile in the international arena. As they are already fully engaged with their own portfolios, it is not possible for them to absorb the duties for the proposed supernumerary AOSGC post without compromising their existing responsibilities. This is particularly so when the workload and responsibilities of the proposed post will be the heaviest during the construction, leasing and initial commencement of cruise terminal operation.

FINANCIAL IMPLICATIONS

17. The proposed retention 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 \$2,038,000.

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Note ³ The supernumerary post to expire in February 2009. We shall seek the views of the Legislative Council Panel on Economic Development in December 2008 for retaining this post.

18. The total notional annual salary cost of seven non-directorate civil service posts in the dedicated team at mid point is \$4,046,000; and the full annual average staff cost, including salaries and staff on-cost, is \$5,720,000. In addition, a provision of \$398,000 per annum would be required for the NCSC Assistant Manager.

19. We shall include the necessary provision in the draft Estimate for 2009-10 to meet the cost of this proposal.

PUBLIC CONSULTATION

20. We briefed the Legislative Council Panel on Economic Development on the Government's plan to fund and develop a new cruise terminal at Kai Tak for leasing to a cruise terminal operator, and consulted Members on the proposal of retaining the supernumerary AOSGC post to implement the cruise terminal project on 24 October 2008. Members in principle supported the staffing proposal.

BACKGROUND

21. The FC approved the creation of the supernumerary AOSGC post in TC for a period of two years with effect from 1 April 2007 at its meeting on 9 February 2007 to take forward the development of a new cruise terminal at Kai Tak through open land tender. As a result of the last unsuccessful land tender and having reviewed the latest market situation, the Government announced on 30 September 2008 its plan to fund and develop the new cruise terminal at Kai Tak for leasing to a cruise terminal operator after completion. This will allow greater certainty in commencing operation of the first berth in mid 2013, as compared with another land tender. We shall proceed with leasing of the terminal facilities in advance, for the facilities to be operated by the lessee in 2013, pending the completion of the full-fledged cruise terminal building in 2014/15.

ESTABLISHMENT CHANGES

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

/Establishment

Establishment (Note)	Number of Posts			
	Existing (As at 1 November 2008)	As at 1 April 2008	As at 1 April 2007	As at 1 April 2006
A	18+(2)#	18+(3)	10	10
B	43	42	21	21
C	119	112	75	75
Total	180+(2)	172+(3) @	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

- As at 1 November 2008, there is no unfilled directorate post in Commerce, Industry and Tourism Branch (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

23. The Civil Service Bureau supports the proposed retention of the supernumerary AOSGC post for five years and nine months to coordinate and monitor the development of cruise terminal at Kai Tak. The grading and ranking of the proposed post are appropriate having regard to the level and scope of the responsibilities required.

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

24. As the proposed AOSGC post is on a supernumerary basis, its retention, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Job Description
Assistant Commissioner for Tourism (4)

Post title : Assistant Commissioner for Tourism (4)

Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Commissioner for Tourism

Main Duties and Responsibilities –

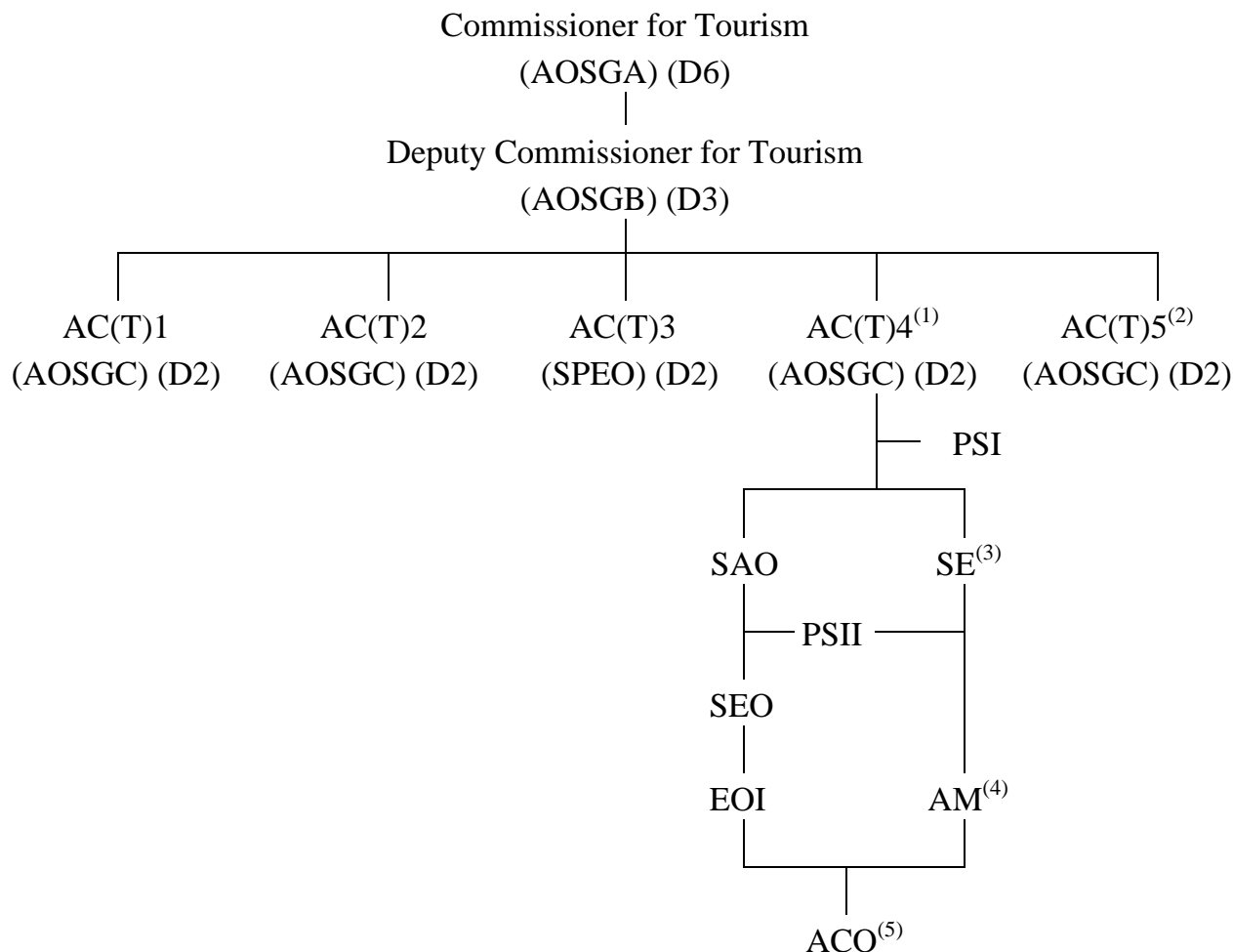
1. To lead a dedicated multi-discipline team within the Tourism Commission of the Commerce and Economic Development Bureau to oversee and coordinate the development of the new cruise terminal by –
 - (a) supporting the Tourism Task Force chaired by the Financial Secretary and the Core Group on the Development of New Cruise Terminal Facilities to monitor the overall progress of the cruise terminal;
 - (b) engaging cruise terminal consultants with international experience to draw up specific requirements for the design and build tender of the cruise terminal building through a competitive tender;
 - (c) coordinating and liaising with various bureaux and departments for timely preparation of the tender documents for the works of site formation and the cruise terminal building;
 - (d) liaising with relevant bureaux and departments to monitor the construction works to facilitate timely completion of the first berth and the cruise terminal building in accordance with the programme;
 - (e) liaising with relevant bureaux and departments for preparation of lease documents for leasing the cruise terminal facilities to a cruise terminal operator and launching the lease tender; and
 - (f) monitoring the operation of the cruise terminal operator during the initial period of the lease.

2. To support the Advisory Committee on Cruise Industry formed by the Government, the market and the Hong Kong Tourism Board, to –

/(a)

- (a) develop strategies to enhance the position of Hong Kong as a regional cruise hub;
 - (b) facilitate the cruise industry in making alternative berthing arrangements as and when necessary before the commissioning of the new cruise terminal;
 - (c) liaise with neighbouring provinces in joint promotion and itinerary development; and
 - (d) facilitate manpower development for the cruise market and related tourism sectors in Hong Kong.
3. To engage the cruise market and travel trade, both local and international, in performing the above duties to ensure that the new cruise terminal will meet the evolving market needs.

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



Legend

AC(T)	Assistant Commissioner for Tourism
ACO	Assistant Clerical Officer
AM	Assistant Manager
AOSGA	Administrative Officer Staff Grade A
AOSGB	Administrative Officer Staff Grade B
AOSGC	Administrative Officer Staff Grade C
EOI	Executive Officer I
PSI	Personal Secretary I
PSII	Personal Secretary II
SAO	Senior Administrative Officer
SE	Senior Engineer
SEO	Senior Executive Officer
SPEO	Senior Principal Executive Officer

- Note
- (1) Supernumerary post proposed to be retained from 1 April 2009 to 31 December 2014
 - (2) A 6-month supernumerary post due for expiry in February 2009. Relevant Legislative Council Panel to be consulted on the case for retaining the post
 - (3) Time-limited post due for expiry by 31 March 2012
 - (4) Being filled by non-civil service contract staff
 - (5) Time-limited post to be created for the period from 1 April 2009 to 31 July 2015

Implementation Timeframe of Cruise Terminal Project

Tasks	Target dates
Seek Legislative Council (LegCo) funding approval for the site formation works upon finalisation of tender documents, and commence the site formation works thereafter	2009
Engage cruise terminal consultants with international experience through a competitive tender to draw up specific requirements for the design and build tender of the cruise terminal building	2009
Consult local and overseas markets, and take into account international experience for preparation of lease documents	2009 and 2010
Seek LegCo funding approval for the cruise terminal building works upon finalisation of design and build tender documents and prequalification of tenderers, and commence the building works thereafter	Early 2011
Appoint the lessee for the cruise terminal development through competitive tender	2011/12
Commissioning of the first berth with temporary facilities	Mid 2013
Commissioning of the new cruise terminal with permanent facilities	2014/15
