

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Controlling officer: the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) will account for expenditure under this Head.

Estimate 2009–10 **\$1,221.1m**

Establishment ceiling 2009–10 (notional annual mid-point salary value) representing an estimated 164 non-directorate posts as at 31 March 2009 rising by five posts to 169 posts as at 31 March 2010. **\$78.3m**

In addition, there will be an estimated 20 directorate posts as at 31 March 2009 reducing by one post to 19 posts as at 31 March 2010.

Commitment balance **\$43.0m**

Controlling Officer's Report

Programmes

Programme (1) Director of Bureau's Office	This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Commerce and Economic Development).
Programme (2) Commerce and Industry Programme (3) Subvention: Hong Kong Trade Development Council	These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development).
Programme (4) Posts, Competition Policy and Consumer Protection Programme (5) Subvention: Consumer Council	These programmes contribute to Policy Area 4: Posts, Competition Policy and Consumer Protection (Secretary for Commerce and Economic Development).
Programme (6) Travel and Tourism Programme (7) Subvention: Hong Kong Tourism Board	These programmes contribute to Policy Area 5: Travel and Tourism (Secretary for Commerce and Economic Development).
Programme (8) Public Safety	This programme contributes to Policy Area 7 : Public Safety (Secretary for Commerce and Economic Development).

Detail

Programme (1): Director of Bureau's Office

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	7.3	12.2	9.6 (–21.3%)	12.1 (+26.0%)
				(or –0.8% on 2008–09 Original)

Aim

2 The aim is to ensure the smooth operation of the Office of the Secretary for Commerce and Economic Development.

Brief Description

3 The Office of the Secretary for Commerce and Economic Development is responsible for providing support to the Secretary for Commerce and Economic Development in undertaking political work. This includes the support provided by the Under Secretary and the Political Assistant. The office is also responsible for providing administrative support to the Secretary for Commerce and Economic Development in carrying out her duties. The work includes the planning, co-ordination and implementation of all arrangements for the Secretary's public, media and community functions.

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Programme (2): Commerce and Industry

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	125.9	157.6	137.1 (–13.0%)	155.7 (+13.6%)
				(or –1.2% on 2008–09 Original)

Aim

4 The aims are to encourage Hong Kong's trading partners, through multilateral, regional and bilateral means, to remove barriers to trade; to promote Hong Kong's strengths so as to maintain international business confidence in Hong Kong; to develop Hong Kong as a competitive and knowledge-based economy by increasing the added value and productivity of Hong Kong's industries and enhancing the long-term competitiveness of small and medium enterprises (SMEs); to foster our trading and investment ties with the Mainland and support our businesses in seizing the opportunities created by the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA); to attract external direct investment to Hong Kong; to maintain a modern and comprehensive intellectual property protection regime which complies fully with international standards; to promote and support Hong Kong's professional services; and to strengthen exchanges and co-operation with Taiwan.

Brief Description

5 The Commerce, Industry and Tourism Branch's main responsibilities under this programme are to:

- formulate policies on trade promotion;
- formulate policies to attract more external direct investment to Hong Kong;
- formulate policies to support SMEs;
- provide support to local businesses operating in the Mainland;
- foster friendship and understanding between the business communities of Hong Kong and our major markets;
- institute measures and arrangements to facilitate international trade and gain market access for Hong Kong's products and services;
- promote and safeguard the market access of Hong Kong's products and services through overseeing the active participation in the multilateral trading system including further trade liberalisations under the World Trade Organization (WTO);
- enhance the mutually beneficial economic relationship between the Hong Kong Special Administrative Region and the Mainland through the CEPA;
- formulate policies on protection of intellectual property rights;
- support the further development of wine-related businesses in Hong Kong; and
- administer the Professional Services Development Assistance Scheme (PSDAS) to help enhance the external competitiveness and standard of professional services.

6 During 2008–09, the Branch:

- reviewed the current strategy as well as both the institutional and governance arrangements for the promotion of inward investment into Hong Kong;
- oversaw active participation in the work of the WTO including the current round of multilateral trade negotiations;
- oversaw active participation in the Asia-Pacific Economic Cooperation (APEC) for the implementation of action plans to achieve the goal of free and open trade and investment in the Asia Pacific region by the year 2020;
- oversaw efforts in concluding consultations with the Mainland on further liberalisation under the CEPA as well as the other services liberalisation and facilitation measures for early and pilot implementation in Guangdong Province, and in liaising closely with the Mainland authorities to ensure the smooth implementation of the CEPA and the Guangdong pilot measures;
- maintained close and effective liaison with the Mainland authorities at central and provincial levels, and assisted the trade, through the Task Force to Support the Processing Trade and Mainland study missions, to cope with challenges arising from Mainland's new policies and policy adjustments on processing trade;
- implemented the enhancement measures for the SME Funding Schemes;
- oversaw enhancement measures introduced by the Hong Kong Export Credit Insurance Corporation;

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

- pursued a series of supportive measures to enhance the further development of wine-related businesses in Hong Kong, covering areas including customs facilitation, trade and investment promotion, manpower training and education, use of heritage buildings for wine-related purposes, combating counterfeits, and teaming up with trading partners;
- brought into operation new liability provisions in the Copyright (Amendment) Ordinance 2007 by phases after rolling out publicity and public education programmes targeted at the relevant stakeholders;
- released the Government's preliminary proposals to strengthen copyright protection in the digital environment, consulted the public on the proposals, and engaged stakeholders with a tripartite forum through which online service providers (OSPs), copyright owners and users explored ways to effectively combat online piracy, including drawing up a voluntary code of practice for OSPs;
- took forward the preparation of the legislative proposal to set out the numeric limits within which the "business end-user copying/distribution offence" in the Copyright Ordinance will not apply;
- continued to oversee efforts aimed at promoting awareness of and respect for intellectual property rights in the business sector, including programmes designed to assist business, in particular SMEs, to achieve compliance with intellectual property rights;
- refined the draft Import and Export (Electronic Cargo Information) Regulation to enable smooth implementation of the Road Cargo System, an electronic advance cargo information system for customs clearance of road cargoes, having regard to the fine details of the system development tender awarded in January 2009;
- completed the tender exercise for the provision of the post-2009 Government Electronic Trading Services (GETS); and
- managed the PSDAS.

Matters Requiring Special Attention in 2009–10

7 During 2009–10, the Branch will:

- enhance efforts to promote Hong Kong's stable and business-friendly commercial environment;
- continue to promote a free, open and non-discriminatory multilateral trading system through overseeing the active and constructive participation in the work of the WTO including the current round of multilateral trade negotiations;
- continue to oversee the efforts in working towards the APEC goal of free and open trade and investment in the Asia Pacific region by the year 2020;
- continue to oversee the efforts to ensure the smooth and effective implementation of the CEPA, as well as measures for early and pilot implementation in Guangdong Province, and to further the development of the CEPA and other liberalisation and facilitation measures;
- continue to maintain close communication and co-operation with the Mainland authorities on trade and investment issues;
- help strengthen collaboration among agencies responsible for promoting Hong Kong overseas in developing strategies for city branding and publicity;
- continue to assist the trade to adjust to changes in Mainland's policy on processing trade through industrial restructuring and upgrading, relocating their operations and developing new markets;
- work with the industry to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital;
- examine feasibility and consult the public on the Phase 3 Expansion of the Hong Kong Convention and Exhibition Centre;
- continue to support the further development of wine-related businesses in Hong Kong;
- continue to work with the SME Committee to monitor and review the operation of the SME Funding Schemes;
- introduce the Import and Export (Electronic Cargo Information) Regulation into the Legislative Council to ensure that the Regulation is passed in good time, thereby allowing the Road Cargo System to be rolled out in 2009–10;
- oversee the launching of the Road Cargo System, including encouraging the industry to switch to the System as early as possible during the 18-month transitional period;
- work together with the service providers awarded with the post-2009 GETS contracts to prepare for smooth inception of the new contracts;

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

- introduce into the Legislative Council an amendment bill related to the “business end-user copying/distribution offence” in the Copyright (Amendment) Ordinance 2007, and roll out targeted public education programmes before bringing the offence into operation;
- firm up the Government’s proposals for strengthening copyright protection in the digital environment ; and
- continue to oversee efforts to promote respect for intellectual property rights in the business sector, particularly amongst SMEs.

Programme (3): Subvention: Hong Kong Trade Development Council

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	350.0	360.0	360.0 (—)	370.8 (+3.0%)
				(or +3.0% on 2008–09 Original)

Aim

8 The aim is to facilitate the Hong Kong Trade Development Council (HKTDC) to perform its statutory functions, i.e. to promote, assist and develop Hong Kong’s trade with places outside Hong Kong, with particular reference to exports; and to make such recommendations to the Government as it sees fit in relation to any measures which it considers would achieve an increase in Hong Kong’s trade.

Brief Description

9 The HKTDC is the statutory organisation that promotes Hong Kong’s external trade. With a global network of more than 40 offices, including 11 in the Mainland, the HKTDC:

- creates global marketing and sales opportunities for Hong Kong’s merchandise and service industries through its international trade promotion events, trade fairs in Hong Kong and product/service magazines;
- connects Hong Kong companies with potential buyers and sellers around the world through its databank and business-matching services;
- provides business information and market intelligence through a wide range of services, including its Internet portal;
- enhances and promotes the capability of Hong Kong industries through comprehensive development/training programmes, international image/brand-name promotion activities and a Design Gallery to showcase innovative Hong Kong products; and
- reinforces Hong Kong as a global marketplace in the Asia-Pacific region through corporate relations and business promotion activities around the world, including support for six bilateral committees and 32 Hong Kong business associations in 24 countries.

10 The key performance measures in respect of promoting Hong Kong’s external trade are:

Indicators

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
trade and services promotion			
events.....	648	725	643
companies participating.....	66 672	66 398	66 000
local fairs			
no. of overseas buyers	295 755	288 521	294 900
no. of fairs.....	33	33	35
business-matching enquiries worldwide			
automated business-matching†.....	8 598 000	N.A.	N.A.
customised business-matching@†.....	2 805	N.A.	N.A.
no. of business enquiries handled†.....	N.A.	382 866Ψ	359 000Ψ
no. of business connections made†.....	N.A.	2 892 571Ψ	2 670 500Ψ
trade publications			
worldwide circulation (million).....	2.07	1.69	1.71
no. of advertisements^.....	63 884	N.A.	N.A.
no. of issues	96	88	93

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
trade portal (tdctrade.com)			
average daily user sessions^	167 392	N.A.	N.A.
no. of advertisers on TDC's trade portal^	N.A.	19 664	20 000

‡ From 2008 onwards, the HKTDC measures its business matching services by the number of business enquiries handled and business connections made. The new performance indicators include both automated and customised business matching enquiries and connections. The previous indicator “no. of business referrals made” has been renamed as “no. of business connections made”.

@ The figure for 2007 reflects the cases handled through the Premier Connect service, which is a more personalised and in-depth fee-charging service. This indicator has been replaced by new performance indicators from 2008 onwards.

Ψ Following the enactment of anti-spamming legislation in Hong Kong and other economies, the HKTDC has tightened its database access rules to enhance protection for its customers. In this connection, the service through which HKTDC's customers may conduct mass downloading of information about worldwide business contacts has been terminated and the indicators “no. of business enquiries handled” and “no. of business connections made” do not cover the usage of this service.

^ The performance indicator on number of advertisers on the HKTDC's trade portal replaced the indicators on number of advertisements in the HKTDC's trade publications and the average daily user sessions of the HKTDC's trade portal with effect from 2008. The new indicator will better measure the HKTDC's performance in facilitating buyer-supplier matching via the trade portal.

Matters Requiring Special Attention in 2009–10

11 During 2009–10, the HKTDC will:

- strengthen Hong Kong's position as Asia's international business platform; promote the Hong Kong platform to international companies and attract Mainland enterprises to use it; develop lifestyle products fairs for the Asian market; transform HKTDC's sourcing fairs into marketing fairs, build HKTDC's established trade fairs into the biggest of their type internationally; enhance the Hong Kong sourcing platform by launching 24/7 (i.e. 24 hours a day, 7 days a week) online exhibitions; strengthen Hong Kong's role as a technology trading and marketing platform; and build community support for the Hong Kong Convention and Exhibition Centre Phase 3 Expansion project;
- champion Hong Kong's service and manufacturing companies' quality, creativity and sophistication; promote Hong Kong branded products with focus on the Mainland consumer market; assist Hong Kong companies to explore new opportunities in the food, health food and traditional Chinese medicine industries; highlight a favourable and green image of Hong Kong products in developed markets; promote and support the development of services industries; strengthen Hong Kong's role as a regional creative and design hub; enhance its efforts in promoting Hong Kong's position as Asia's international financial centre; and advance Hong Kong's business support services with particular emphasis on services to facilitate closer economic co-operation with Guangdong; and
- enhance HKTDC's value as an active resource centre and partner for SMEs; step up HKTDC's path-finding efforts in emerging markets; encourage SMEs to accelerate their move up the value chain; build a stronger global HKTDC Brand; review HKTDC's priorities and realign its resources for greater efficiency with a more customer-oriented focus; strengthen HKTDC's human resources capacity to meet future challenges; and provide timely market information to assist Hong Kong SMEs.

Programme (4): Posts, Competition Policy and Consumer Protection

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	16.5#	13.0	11.8 (–9.2%)	10.4 (–11.9%)

(or –20.0% on
2008–09 Original)

For comparison purpose, the figure for 2007–08 includes relevant provisions for posts, competition policy and consumer protection which were under the former Head 145—Government Secretariat: Economic Development and Labour Bureau (Economic Development Branch) before their transfer to Head 152 due to the re-organisation of the Government Secretariat with effect from 1 July 2007.

Aim

12 The aims are to promote economic efficiency in the delivery of postal services; to promote competition; and to protect consumer interests.

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Brief Description

13 The Branch's main responsibilities under this programme are to formulate policies and programmes in relation to postal services, the promotion of economic efficiency and free trade through competition, and the protection of consumer interests.

14 In 2008–09, the Branch:

- published the annual report of Competition Policy Advisory Group (COMPAG) for the year 2007–08 on the COMPAG website, and continued to co-ordinate the work of government bureaux and departments in promoting competition;
- issued a document setting out the proposed detailed provisions for the new competition law;
- began work on the preparation of a Competition Bill, having regard to the outcome of the public consultation on competition policy;
- steered through the legislative exercise for the Trade Descriptions (Amendment) Ordinance 2008 and eight related pieces of subsidiary legislation, and prepared for their implementation; and
- examined the recommendations of the Consumer Council (CC) in relation to the review of the consumer protection regime.

Matters Requiring Special Attention in 2009–10

15 During 2009–10, the Branch will:

- seek to introduce the Competition Bill into the Legislative Council;
- continue to follow up on the legislative amendments in relation to consumer protection; and
- continue to ensure the successful operation of the Post Office Trading Fund and take measure to improve customer service and productivity where appropriate.

Programme (5): Subvention: Consumer Council

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	64.9#	72.1	76.4 (+6.0%)	77.2 (+1.0%)
				(or +7.1% on 2008–09 Original)

For comparison purpose, the figure for 2007–08 includes relevant provisions for the subvention to the CC which were under the former Head 145—Government Secretariat: Economic Development and Labour Bureau (Economic Development Branch) before their transfer to Head 152 due to the re-organisation of the Government Secretariat with effect from 1 July 2007.

Aim

16 The aim is to protect and promote the interests of consumers of goods and services.

Brief Description

17 The CC is an independent body established under the Consumer Council Ordinance. The Council discharges its functions by:

- collecting, receiving and disseminating information concerning goods, services and immovable property;
- examining complaints by and giving advice to consumers;
- tendering advice to the Government on ways to enhance consumer protection;
- conducting product tests and research;
- encouraging business and professional associations to establish codes of practice to regulate the activities of their members;
- monitoring trade practices;
- facilitating consumers to seek redress through the use of the Consumer Legal Action Fund; and
- empowering consumers through education and publicity campaigns.

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

18 The key performance measures in respect of protection and promotion of consumer interests are:

Targets

	Target	2007 (Actual)	2008 (Actual)	2009 (Plan)
handling consumer enquiries				
telephone calls answered within three minutes (%)	80	80	80	80
waiting time for over-the-counter enquiry service not to exceed ten minutes (%)	100	100	100	100
issuing reply in writing (working days)Ω	15	15	15	15
handling consumer complaints				
telephone calls answered within three minutes (%)	80	80	80	80
in writing				
issuing acknowledgement (working days).....	2	2	2	2
issuing preliminary reply (working days)φ.....	7φ	5	9φ	7φ
notifying complainants of results/progress (working days)φ	16φ	14	19φ	16φ
publications of 'CHOICE' and release of product testing, research and survey results once per month (%).....	100	100	100	100

Ω The Council has reviewed its previous arrangement of classifying enquiries into simple and complex ones and setting different performance targets. The Council proposes a simpler presentation by adopting a single target for handling enquiries received in writing.

φ The Council has reviewed the two items and, having regard to the growing complexity of the majority of complaints received in recent years, proposes new targets. The average number of working days taken for issuing preliminary replies and notifying complainants of the results/progress in writing has risen due to a sharp increase in the number of complaints received in connection with the Lehman Brothers incident.

Indicators

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
consumer complaints	38 521	42 050	40 000
consumer enquiries	168 850	130 585	140 000
product tests	42	41	42
consumer surveys	16	19	19
in-depth studies	47	52	48
studies of general interest	18	15	17
response to consultation from the Government and other public bodies	53Δ	23	27
consumer educational programmes	206	207	210
press interviews and enquiries	5 200	5 300	5 300
circulation of publications	360 000	368 000	370 000
distribution of pamphlets	7 917	9 764	10 000

Δ In 2007, the Council offered comments on a large number of consultations in response to invitations from the Government and other public bodies.

Matters Requiring Special Attention in 2009–10

19 During 2009–10, the Council will:

- continue its price surveillance initiatives to enhance price transparency. The Council will continue to conduct the Weekly Price Survey (covering some 40 food items and daily necessities available for sale in supermarkets and other retail outlets), the Wet Market Survey (covering a basket of fresh produce in wet markets) and the Internet Price Watch (comparing the prices of some 430 items in four online supermarkets or grocery stores);

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

- forge closer co-operation with consumer organisations in the Mainland to help visitors from the Mainland understand market practices in Hong Kong, speed up the process of complaint handling and enhance consumer protection through the exchange of views and experience;
- support the implementation of the amendments to the Trade Descriptions Ordinance through handling consumer enquiries and case referrals, tendering legal advice, as well as enhancing consumer education and liaison work;
- enhance and promote the Council's dedicated "Shopsmart" website for Mainland visitors in Hong Kong; and
- work closely with the Consumers International (CI) and Government on the preparation work for the 19th CI World Congress to be held in Hong Kong in 2011.

Programme (6): Travel and Tourism

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)#	51.2	82.5	111.5 (+35.2%)	92.3 (–17.2%)
				(or +11.9% on 2008–09 Original)

For comparison purpose, the figure for 2007–08 includes relevant provisions for travel and tourism which were under the former Head 145—Government Secretariat: Economic Development and Labour Bureau (Economic Development Branch) before their transfer to Head 152 due to the re-organisation of the Government Secretariat with effect from 1 July 2007. The figures for 2008–09 and 2009–10 include annual provision of \$30.0 million earmarked for the Hong Kong Tourism Board (HKTb) to enhance promotional efforts for the MICE (Meetings, Incentive Travels, Conventions and Exhibitions).

Aim

20 The aim is to maintain Hong Kong's position as the key tourist destination in Asia.

Brief Description

21 The Branch's main responsibilities under this programme are to:

- formulate policies on tourism development; and
- co-ordinate implementation of tourism projects and initiatives in consultation with the industry and relevant government departments and agencies.

22 In 2008–09, the Branch:

- continued with the regulation of travel agents;
- worked with relevant parties to facilitate entry of visitors;
- monitored the HKTb's operations and progress in implementing measures to ensure prudent and effective use of public resources;
- monitored the implementation and development of the Quality Tourism Services (QTS) Scheme;
- continued to work with the trade, the HKTb, the Travel Industry Council of Hong Kong (TIC), the CC and the Mainland authorities to promote honest and quality tourism;
- liaised with relevant Mainland authorities to facilitate implementation of the arrangement under the Supplement III to the CEPA of allowing Hong Kong travel agents established in Guangdong Province to operate on pilot basis group tours to Hong Kong and Macao for Guangdong residents;
- supported the HKTb in its promotion of multi-destination itineraries in key source markets, and marketing effort in emerging markets of India, the Middle East and Russia as well as non-Guangdong provinces of the Mainland;
- coordinated with relevant government departments and the tourism sector to facilitate the smooth operation of the Hong Kong Wetland Park and Ngong Ping 360;
- worked through the relevant joint venture company to seek to enhance the Hong Kong Disneyland's operational performance;
- monitored the development of the former Marine Police Headquarters as a tourism facility by the private sector;

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

- continued with the housekeeping responsibility for the Ocean Park and facilitated the Ocean Park Redevelopment project and hotel development project;
- continued to press ahead for the timely development of a new cruise terminal at Kai Tak to meet the future needs of Hong Kong;
- completed the Stanley Waterfront Improvement Project and Peak Improvement Scheme;
- continued with the planning and implementation of projects under the Tourism District Enhancement Programme. These include the Aberdeen Tourism Project, the Ngong Ping Landscaped Piazza Project, enhancement of the Lei Yue Mun waterfront, enhancement of the footbridges in Tsim Sha Tsui East and development of a piazza in Tsim Sha Tsui;
- co-ordinated with government departments and relevant bodies on other policy and project initiatives to promote tourism development;
- completed the enhancement of green tourism facilities in the Plover Cove and Tolo Channel area and Tung Ping Chau; and
- implemented a pilot scheme, in collaboration with major performing arts groups and the tourism sector, to enhance the promotion of cultural tourism.

Matters Requiring Special Attention in 2009–10

23 During 2009–10, the Branch will:

- continue to co-ordinate work on policy and project initiatives to facilitate tourism development;
- continue to work with the trade, the HKTB and relevant parties to attract more visitors to Hong Kong;
- continue to advocate measures to further facilitate visitors' entry into Hong Kong;
- support and co-ordinate with the HKTB, the trade and relevant training institutions to facilitate supply of talents and enhance promotional efforts for the MICE, cruise and related tourism sectors;
- co-ordinate with the HKTB and relevant parties to invigorate efforts to establish Hong Kong's reputation for its fine food and wine;
- together with local stakeholders and Mainland tourism authorities, further advance honest tourism, hospitality culture, and the service quality of Hong Kong tourism industry;
- monitor and support the HKTB in implementing measures to improve corporate governance and enhance value-for-money in response to the recommendations of the Director of Audit and the Public Accounts Committee;
- continue to co-ordinate the efforts of relevant government departments and the tourism sector to facilitate the smooth operation of the Hong Kong Wetland Park and Ngong Ping 360;
- continue to discuss with The Walt Disney Company further development and financial arrangement of the Hong Kong Disneyland with a view to enhancing its appeal to visitors and operational performance;
- work closely with the Ocean Park to ensure smooth implementation of its redevelopment project and hotel development project with a view to strengthening Hong Kong's position as a premier destination for family visitors in the region;
- oversee the timely development of a new cruise terminal at Kai Tak, develop the software enhancing Hong Kong's position as a leading regional cruise hub, and facilitate interim berthing of cruise vessels which are unable to berth at the existing cruise terminal;
- take forward further enhancement of existing tourist attractions and facilities, including the Aberdeen Tourism Project, the Ngong Ping Landscaped Piazza Project, enhancement of the Lei Yue Mun waterfront and development of a piazza in Tsim Sha Tsui; and
- continue to join hands with performing arts groups and the tourism sector to enhance the marketing platform for promotion of cultural tourism.

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Programme (7): Subvention: Hong Kong Tourism Board

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	534.3#	482.5	459.9 (–4.7%)	502.2 (+9.2%)

(or +4.1% on
2008–09 Original)

For comparison purpose, the figure for 2007–08 includes relevant provisions for the subvention to HKTb which were under the former Head 145—Government Secretariat: Economic Development and Labour Bureau (Economic Development Branch) before their transfer to Head 152 due to the re-organisation of the Government Secretariat with effect from 1 July 2007.

Aim

24 The aim is to promote inbound tourism and maximise the socio-economic contribution that tourism makes to Hong Kong.

Brief Description

25 The HKTb, established by the Hong Kong Tourism Board Ordinance, came into being on 1 April 2001. It was formerly known as the Hong Kong Tourist Association which was a statutory body established in 1957 under the Hong Kong Tourist Association Ordinance. The objectives of the HKTb are to:

- endeavour to increase the contribution of tourism to Hong Kong;
- promote Hong Kong globally as a leading international city in Asia and a world class tourist destination;
- promote the improvement of facilities for visitors;
- support the Government in promoting to the community the importance of tourism;
- support, as appropriate, the activities of persons/organisations providing services for visitors to Hong Kong; and
- make recommendations to and advise the Government on measures which may further any of the foregoing matters.

26 Funds invested by the HKTb in promotional activities aim at stimulating the growth in the number of visitors to Hong Kong and maximise their spending.

27 The effectiveness of the performance of the HKTb cannot be assessed entirely in quantifiable terms. However, the statistics below help to illustrate the overall position and forecasts of the Hong Kong tourism industry.

Indicators

	2007 (Actual)	2008 (Revised Estimate)∇	2009 (Estimate)∇
visitor arrivals (million).....	28.169	29.507	29.034
increase on previous year (%)Ψ.....	+11.6	+4.7	-1.6
tourism expenditure associated with inbound tourism (\$ billion)¶.....	140.6	148.6	148.0
increase on previous year (%)Ψ.....	+16.4	+5.7	-0.4
expenditure per capita overnight visitor (\$)Ω.....	5,122	5,360	5,278
increase on previous year (%)Ψ.....	+6.7	+4.6	-1.5
length of stay of overnight visitors (nights)β.....	3.3	3.3	3.2
satisfaction of overnight visitors (score out of 10)β.....	8.2	8.2	8.2

∇ 2008 revised estimate and 2009 estimate are subject to changes. Any global or regional security threats and health risks may affect the above estimates but cannot be assessed at this stage.

Ψ The percentage increase is based on the comparison of absolute figures before rounding up.

¶ This includes receipts of Hong Kong-based carriers for the cross-boundary transportation of non-resident visitors as estimated by the Census and Statistics Department. The expenditure for 2007 was \$34.7 billion. The projection for 2008 and 2009 is \$34.9 billion and \$35.2 billion respectively.

Ω Spending by servicemen, aircrew members and transit/transfer passengers is excluded.

β Length of stay of overnight visitors is derived based on the visitor entry/exit statistics provided by the Immigration Department. Satisfaction score is estimated based on the HKTb's Departing Visitor Survey conducted at major control points throughout the year. It is represented by a ten-point scale, in which "ten" (maximum score) means "very satisfied" and "one" means "very dissatisfied".

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Matters Requiring Special Attention in 2009–10

28 During 2009–10, the HKTb will:

- continue to maintain a diversified market portfolio through effective deployment of marketing resources in selected key markets based on the following strategies –
 - increase investment in high growth markets like the Mainland and India to realise the full market potential;
 - develop emerging markets like Russia and the Middle East as longer term growth drivers; and
 - maintain market presence in established markets like Japan and the USA and second tier markets like Indonesia and Canada to sustain their contribution in the portfolio.
- further develop multi-destination itineraries with selected partnering destinations in the Mainland China, Taiwan and Macao by fostering closer collaboration with their tourism authorities in promotions outside Hong Kong;
- reinforce Hong Kong as a premier MICE destination through a new dedicated office named Meeting and Exhibition Hong Kong (MEHK), step up global publicity and provide one-stop support service for event organisers;
- drum up publicity and maintain top-of-mind awareness of Hong Kong as a “must-visit” port among major cruise liners to pave way for the opening of the first berth of the new cruise terminal in 2013;
- further reinforce Hong Kong’s unique living culture and destination appeals through repackaging Hong Kong’s core product strengths and riding on “Hong Kong – Live it, Love it!” marketing platform as well as other digital marketing and public relations to market Hong Kong overseas;
- launch mega events with revised format and leverage major third party events with tourism appeals to enhance visitor experience and to provide a business platform for joint promotion with trade and non-trade partners;
- carry out Mainland and overseas promotional activities targeted at consumers, the trade and media with particular focuses on the following areas –
 - promote Hong Kong as a paradise for food and wine and enhance awareness of Hong Kong’s culinary excellence;
 - continue to tap on Mainland China’s potential as a key source market and further penetrate non-Guangdong cities;
 - leverage Government’s new measures to facilitate entry of Taiwan residents to Hong Kong to further drive arrivals from Taipei and second tier markets including Taichung and Kaohsiung;
 - ride on the increase in air capacity to further grow the India market with intensive consumer and trade promotion activities in key cities;
 - leverage the Hong Kong – Japan Tourism Exchange Year 2009 to revitalise the Japanese consumers’ interest of visiting Hong Kong;
 - leverage Government’s plan to sign a visa abolition agreement with Russia, to step up promotion in Russia through cultivating trade network and launching new tour products with the travel trade;
 - capitalise on the East Asian Games to increase Hong Kong’s exposure in the participating markets; and
 - leverage the Shanghai Expo 2010 to promote multi-destination itineraries featuring Hong Kong.
- in the face of the global financial crisis, continue to maintain a high degree of flexibility in its promotional activities and remain responsive to the developments that may affect the tourism industry; and
- continue to enhance productivity through continuous work re-engineering, integration and automation.

Programme (8): Public Safety

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	0.3 [#]	0.3	0.4 (+33.3%)	0.4 (—)
				(or +33.3% on 2008–09 Original)

[#] For comparison purpose, the figure for 2007–08 includes relevant provisions for public safety which were under the former Head 145—Government Secretariat: Economic Development and Labour Bureau (Economic Development Branch) before their transfer to Head 152 due to the re-organisation of the Government Secretariat with effect from 1 July 2007.

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Aim

29 The aim is to provide high standards of weather information services for the public and specialised users such as the aviation and shipping community.

Brief Description

30 The Branch's main responsibility under this programme is to formulate policies in relation to weather services.

31 In 2008–09, the Branch:

- oversaw the provision of weather services to the general public as well as the aviation, shipping and other sectors with special requirements; and
- sought funding for the replacement and upgrading of Hong Kong Observatory's meteorological facilities for the Hong Kong International Airport to meet the growth in air traffic and demands for higher quality aviation weather services.

Matters Requiring Special Attention in 2009–10

32 During 2009–10, the Branch will work with the Hong Kong Observatory to carry out the necessary consultations and take forward the capital works associated with the replacement of a key equipment for detection of windshear to ensure timely and uninterrupted windshear alert service for safeguarding aviation safety.

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

ANALYSIS OF FINANCIAL PROVISION

Programme	2007-08 (Actual) (\$m)	2008-09 (Original) (\$m)	2008-09 (Revised) (\$m)	2009-10 (Estimate) (\$m)
(1) Director of Bureau's Office	7.3	12.2	9.6	12.1
(2) Commerce and Industry	125.9	157.6	137.1	155.7
(3) Subvention: Hong Kong Trade Development Council	350.0	360.0	360.0	370.8
(4) Posts, Competition Policy and Consumer Protection	16.5	13.0	11.8	10.4
(5) Subvention: Consumer Council	64.9	72.1	76.4	77.2
(6) Travel and Tourism	51.2	82.5	111.5	92.3
(7) Subvention: Hong Kong Tourism Board	534.3	482.5	459.9	502.2
(8) Public Safety	0.3	0.3	0.4	0.4
	1,150.4	1,180.2	1,166.7 (-1.1%)	1,221.1 (+4.7%)
				(or +3.5% on 2008-09 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2009-10 is \$2.5 million (26.0%) higher than the revised estimate for 2008-09. This is mainly due to the full-year provision for the position of Under Secretary filled in 2008-09, and the provision required for filling the position of Political Assistant.

Programme (2)

Provision for 2009-10 is \$18.6 million (13.6%) higher than the revised estimate for 2008-09. This is mainly due to increased provision for operating expenses, increased salary provision arising from staff changes and increased estimate for the subscription to the WTO.

Programme (3)

Provision for 2009-10 is \$10.8m (3.0%) higher than the revised estimate for 2008-09. The subvention to the HKTDC is determined having regard to the Government's financial position, HKTDC's funding requirements and by way of reference to 60 per cent of the total amount of trade declaration charges received in the preceding year.

Programme (4)

Provision for 2009-10 is \$1.4 million (11.9%) lower than the revised estimate for 2008-09. This is mainly due to the decreased cash flow requirement for a consultancy study on competition.

Programme (5)

Provision for 2009-10 is \$0.8 million (1.0%) higher than the revised estimate for 2008-09. This is mainly due to the increased provision for engaging additional staff, offset partly by the decreased cash flow requirement for the procurement and installation of interactive computer system.

Programme (6)

Provision for 2009-10 is \$19.2 million (17.2%) lower than the revised estimate for 2008-09. This is mainly due to the decreased provision for ad hoc tourism promotion initiatives, partly offset by the increased salary provision for the net creation of four posts in 2009-10.

Programme (7)

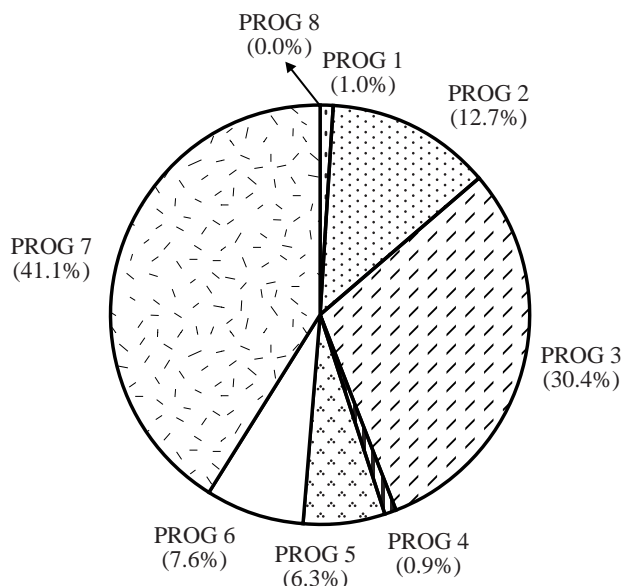
Provision for 2009-10 is \$42.3 million (9.2%) higher than the revised estimate for 2008-09. This is mainly due to the lower requirement in 2008-09 with HKTDC's one-off deployment of its reserve and the increased provision for promotion work in high growth markets and emerging markets in 2009-10.

Programme (8)

Provision for 2009-10 is comparable with the revised estimate for 2008-09.

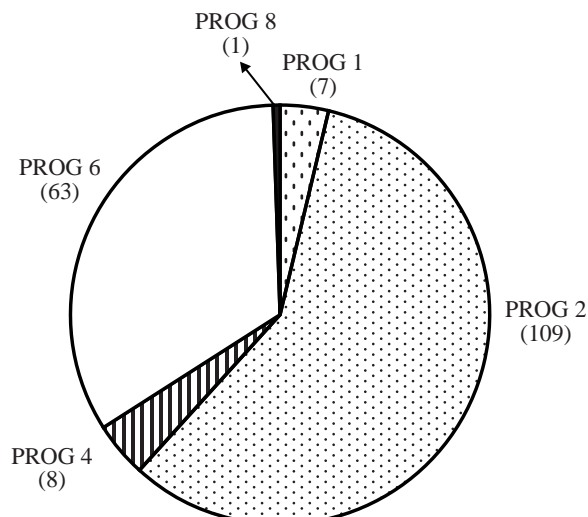
Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Allocation of provision to programmes (2009-10)



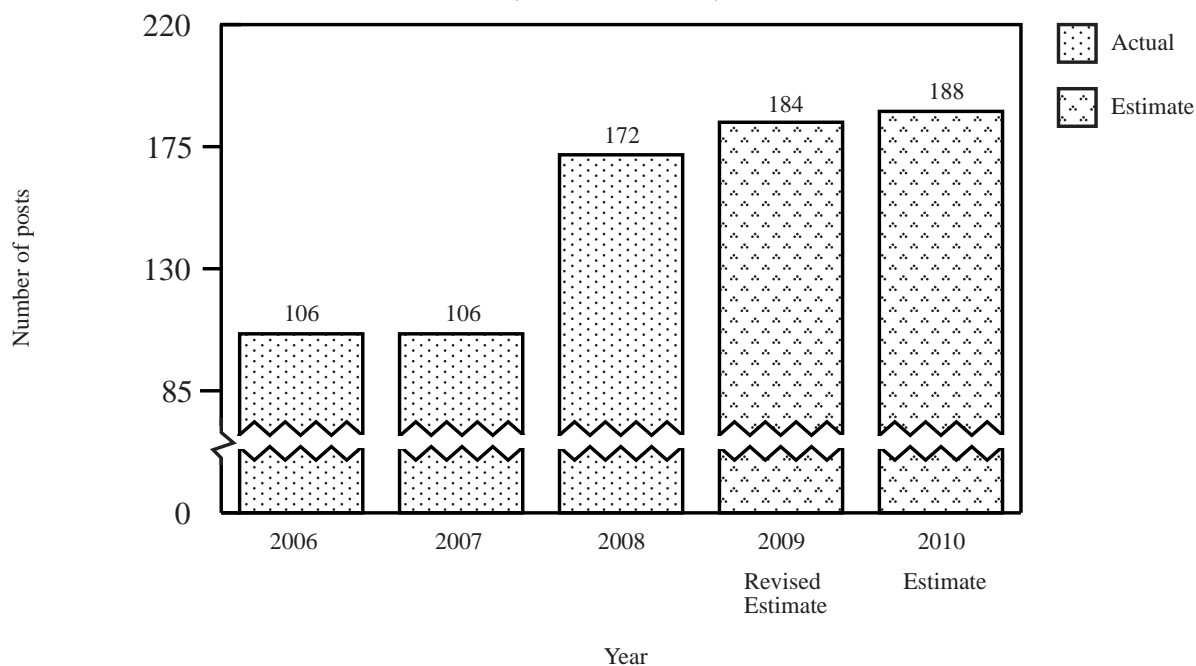
(Provision for PROG 8 represents 0.03% of the overall provision. The percentage is not shown here due to rounding)

Staff by programme (as at 31 March 2010)



(No government staff under PROG 3, 5 & 7)

Changes in the size of the establishment (as at 31 March)



**Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)**

Sub-head (Code)		Actual expenditure 2007-08	Approved estimate 2008-09	Revised estimate 2008-09	Estimate 2009-10
		\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses	944,464	1,161,060	1,145,166	1,201,236
	Total, Recurrent.....	944,464	1,161,060	1,145,166	1,201,236
	Non-Recurrent				
700	General non-recurrent.....	18,215	17,195	18,460	18,363
	Total, Non-Recurrent.....	18,215	17,195	18,460	18,363
	Total, Operating Account	962,679	1,178,255	1,163,626	1,219,599
<hr/>					
Capital Account					
	Subventions				
955	Consumer Council	—	1,784	2,900	1,454
	Consumer Council (block vote).....	—	158	158	—
	Total, Subventions.....	—	1,942	3,058	1,454
	Total, Capital Account.....	—	1,942	3,058	1,454
<hr/>					
	Total Expenditure	962,679	1,180,197	1,166,684	1,221,053

Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of the Commerce, Industry and Tourism Branch is \$1,221,053,000. This represents an increase of \$54,369,000 over the revised estimate for 2008–09 and of \$258,374,000 over actual expenditure in 2007–08.

Operating Account

Recurrent

2 Provision of \$1,201,236,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Commerce, Industry and Tourism Branch.

3 The establishment as at 31 March 2009 will be 182 permanent posts and two supernumerary posts. It is expected that there will be a net increase of four posts in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$78,330,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2007–08 (Actual) (\$'000)	2008–09 (Original) (\$'000)	2008–09 (Revised) (\$'000)	2009–10 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	79,763	98,580	99,214	109,078
- Allowances	4,544	4,408	4,211	4,331
- Job-related allowances	2	4	5	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution	136	144	158	168
- Civil Service Provident Fund contribution	363	693	643	855
- Disturbance allowance	162	201	1	177
Departmental Expenses				
- General departmental expenses	53,419	99,810	109,004	95,681
Other Charges				
- Subscription to the World Trade Organisation	33,239	41,000	35,100	38,600
Subventions				
- Consumer Council	43,733	70,128	73,328	75,754
- Hong Kong - Japan Business Co-operation Committee	3,610	3,610	3,610	3,610
- Hong Kong Tourism Board	375,493	482,482	459,892	502,178
- Hong Kong Trade Development Council	350,000	360,000	360,000	370,800
	<u>944,464</u>	<u>1,161,060</u>	<u>1,145,166</u>	<u>1,201,236</u>

**Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)**

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2008	Revised estimated expenditure for 2008–09	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	012	Professional Services Development Assistance Scheme	100,000	58,530	10,000	31,470
	015	Enhancing public awareness of the work of the Competition Policy Advisory Group	500	300	—	200
	016	A “Hospitable Hong Kong” Campaign ..	22,400	18,093	1,673	2,634
	428	Consultancy on cruise terminal facilities development for Hong Kong	8,000	4,506	3,337	157
	483	Launching campaign of major tourism infrastructure projects	8,600	4,740	3,450	410
	685	Development of Hong Kong’s assessment capabilities for the operation of strategic trade controls ..	4,000	3,530	—	470
	922	Consultancy for developing user requirements and related matters on operation and ancillary facilities in the New Cruise Terminal at Kai Tak for project implementation under the Government Design, Build and Lease Approach	6,230	—	—	6,230
			<u>149,730</u>	<u>89,699</u>	<u>18,460</u>	<u>41,571</u>
<i>Capital Account</i>						
955		<i>Consumer Council</i>				
	876	Procurement and installation of interactive computer system for Consumer Council	4,184	—	2,900	1,284
	899	Acquisition of a removable storage device security control system for the Consumer Council	170	—	—	170
			<u>4,354</u>	<u>—</u>	<u>2,900</u>	<u>1,454</u>
	Total		<u>154,084</u>	<u>89,699</u>	<u>21,360</u>	<u>43,025</u>