

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 2014–15	\$1,645.0m
Establishment ceiling 2014–15 (notional annual mid-point salary value) representing an estimated 173 non-directorate posts as at 31 March 2014 rising by two posts to 175 posts as at 31 March 2015...	\$93.4m
In addition, there will be an estimated 19 directorate posts as at 31 March 2014 and as at 31 March 2015.	
Commitment balance	\$106.1m

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).
Programme (9) Subvention: Competition Commission	This programme contributes to Policy Area 4: Posts, Competition Policy and Consumer Protection (Secretary for Commerce and Economic Development).

Detail

Programme (1): Director of Bureau's Office

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	7.2	11.6	9.8 (–15.5%)	11.2 (+14.3%)
				(or –3.4% on 2013–14 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 his 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

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	146.6	167.7	160.2 (–4.5%)	180.4 (+12.6%)
				(or +7.6% on 2013–14 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) and the National 12th Five-Year Plan; to attract external direct investment to Hong Kong; to maintain a modern and comprehensive intellectual property (IP) protection regime which complies fully with international standards; 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 promotion of trade in goods and services;
- institute measures and arrangements to facilitate international trade and gain market access for Hong Kong's goods and services;
- foster friendship and understanding between the business communities of Hong Kong and our major markets;
- formulate policies to attract more external direct investment into Hong Kong;
- formulate policies to support SMEs;
- provide support to local businesses operating in the Mainland;
- promote and safeguard market access of Hong Kong's goods and services through overseeing Hong Kong's active participation in the multilateral trading system, including seeking further trade liberalisations under the World Trade Organization (WTO);
- foster greater regional co-operation in the Asia-Pacific region through overseeing Hong Kong's active participation in the Asia-Pacific Economic Cooperation (APEC);
- enhance mutually beneficial economic relationship between Hong Kong and the Mainland through CEPA;
- foster closer economic relationship with key trading partners through different means, including the conclusion of co-operation arrangements, free trade agreements and investment promotion and protection agreements;
- formulate policies on protection of IP 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 Hong Kong's professional services.

6 During 2013–14, the Branch:

- oversaw implementation of measures to strengthen institutional arrangements and support services to foreign enterprises for the promotion of inward investment into Hong Kong;
- oversaw participation in the work of the WTO including intensive trade negotiations in the lead-up to the Ninth WTO Ministerial Conference held in December 2013;
- oversaw participation in the negotiations for a Trade in Services Agreement (TISA) being undertaken by a group of WTO Members;
- oversaw participation in the APEC for strengthening regional economic integration, expanding trade, and assessing its progress towards the goal of free and open trade and investment in the region;
- oversaw implementation of the Closer Economic Partnership Agreement with New Zealand and the Free Trade Agreement with the European Free Trade Association;
- oversaw completion of domestic procedures for ratification of the Free Trade Agreement with Chile;

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

- oversaw discussions with trading partners to enhance economic co-operation, including exploration and negotiations of co-operation arrangements, free trade agreements and investment promotion and protection agreements;
- oversaw discussions with the Association of Southeast Asian Nations (ASEAN) on negotiating a free trade agreement between Hong Kong and ASEAN;
- oversaw discussions with the Mainland on further market liberalisation and facilitation of trade and investment through CEPA, and on ensuring smooth implementation of measures announced;
- maintained close liaison with the Mainland authorities and assisted the trade to understand and cope with challenges arising from Mainland's new policies and policy adjustments on processing trade;
- provided secretariat services and relevant support to the Economic Development Commission;
- continued efforts in promoting and expanding co-operation with Taiwan on trade, investment and tourism fronts;
- worked with the Trade and Industry Department (TID) and the Hong Kong Productivity Council (HKPC) to implement the \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to assist Hong Kong enterprises in enhancing their competitiveness and exploring the Mainland market;
- extended the application period of the time-limited special concessionary measures under the SME Financing Guarantee Scheme (SFGS) of the Hong Kong Mortgage Corporation Limited for one year to 28 February 2014;
- continued to work with the Hong Kong Export Credit Insurance Corporation to assist Hong Kong exporters;
- continued to support the further development of wine-related businesses in Hong Kong, including trade and investment promotion, facilitating the movement of wine imports into the Mainland, manpower training and education, benchmarking Hong Kong's wine storage facilities with international standards, combating counterfeits, and collaboration with the trading partners of Hong Kong;
- worked with the Working Group on IP Trading to enhance the development of Hong Kong as a premiere IP trading hub in the region;
- worked with the Advisory Committee on Review of the Patent System on the development of "original grant" patent system in Hong Kong;
- completed a consultation exercise on the treatment of parody under the copyright regime in Hong Kong;
- continued to oversee efforts aimed at promoting awareness of and respect for IP rights in the business sector, including programmes designed to assist SMEs in particular to better manage and protect their IP rights;
- supported the Task Force on Manpower Development of the Retail Industry in reviewing the manpower needs of the retail sector and advising on related matters to sustain its long-term growth;
- worked with the Customs and Excise Department to promote the Authorized Economic Operator Programme rolled out in April 2012, whereby accredited companies may enjoy facilitation such as reduced inspection and prioritised clearance, and to seek mutual recognition of the Programme and similar schemes by other customs authorities;
- monitored the operation of Government Electronic Trading Services (GETS) including the services delivered by the three GETS service providers appointed through open tender; and
- managed the PSDAS.

Matters Requiring Special Attention in 2014–15

7 During 2014–15, the Branch will:

- strengthen efforts to promote the business advantages of Hong Kong in the Mainland, Taiwan and ASEAN as well as to attract more multinational companies to set up regional or global operations in Hong Kong;
- continue to oversee participation in the work of the WTO, including the current round of multilateral trade negotiations;
- continue to oversee negotiations for TISA;
- continue to oversee participation in the work of APEC including advocating for achieving the APEC's goal of free and open trade and investment in the region;
- continue to monitor developments on various regional economic integration initiatives and explore opportunities for Hong Kong's participation;
- continue to oversee discussions or negotiations with trading partners on enhancing economic co-operation, including but not limited to entering into bilateral investment promotion and protection agreements;
- oversee negotiations for an ASEAN-Hong Kong Free Trade Agreement;

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

- continue to oversee implementation of the Closer Economic Partnership Agreement with New Zealand, the Free Trade Agreement with the European Free Trade Association, and the Free Trade Agreement with Chile;
- continue to oversee efforts for seeking better market access and facilitation of trade and investment in the Mainland through CEPA, and for ensuring effective implementation of measures announced;
- continue to maintain close communication with the Mainland authorities and assist the trade to adjust to changes in Mainland's policies on processing trade;
- continue to provide secretariat services and relevant support to the Economic Development Commission;
- continue to work with TID and HKPC to implement the BUD Fund to support Hong Kong enterprises to develop their brands, upgrade and restructure their operations and promote sales in the Mainland domestic market;
- continue efforts in promoting co-operation between Hong Kong and Taiwan on trade, investment and tourism matters;
- continue to oversee collaboration among agencies responsible for promoting trade and inward investment for Hong Kong overseas;
- continue to work with the industry to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital;
- continue to promote co-operation between major convention and exhibition facilities to achieve better utilisation, and closely monitor Hong Kong's long-term demand for additional facilities;
- continue to support the further development of wine-related businesses in Hong Kong;
- study the future development of GETS;
- follow up on the recommendations of the Task Force on Manpower Development of the Retail Industry as appropriate;
- continue to monitor the operation of the time-limited special concessionary measures under the SFGS;
- continue to work with the Working Group on IP Trading to promote Hong Kong as a premiere IP trading hub in the region;
- continue to work with the Advisory Committee on Review of the Patent System on the implementation arrangements for further developing the patent system in Hong Kong;
- continue to work with stakeholders to enhance copyright protection in the digital environment; and
- continue to oversee efforts to promote respect for IP rights in the business sector, particularly amongst SMEs.

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

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	383.9	389.5	389.5 (—)	393.4 (+1.0%)
				(or +1.0% on 2013–14 Original)

Aim

8 The aim is to help the Hong Kong Trade Development Council (HKTDC) 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 A statutory body established in 1966, the HKTDC is the international marketing arm for Hong Kong-based traders, manufacturers and services providers. With more than 40 offices worldwide, including 13 in the Mainland, the HKTDC:

- promotes Hong Kong as a platform for doing business with Mainland and throughout Asia;
- organises trade fairs and major conferences, e-marketplace on hktdc.com, international trade promotion events and business missions to connect Hong Kong companies with opportunities in the Mainland and around the world;
- provides market information via trade publications, research reports and its research portal;

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

- provides comprehensive development and training programmes to assist Hong Kong companies penetrating new markets and niche sectors; 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 34 Hong Kong business associations in 24 countries.

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

Indicators

	2012 (Actual)	2013 (Actual)	2014 (Estimate)
trade and services promotion			
events	796	816	820
companies participating	71 146	72 781	73 800
local fairs			
no. of the Mainland and overseas buyers	358 692	377 409	386 200
no. of fairs	35	35	35
business-matching enquiries worldwide			
no. of business enquiries handled	2 080 000	2 566 600	2 600 000
no. of business connections made	14 000 000	15 073 000	15 800 000
trade publications			
worldwide circulation (million)	2.5	2.7	2.7
no. of issues	122	112	114
no. of advertisers on HKTDC's trade portal (hktdc.com)	33 000	33 400	33 800

Matters Requiring Special Attention in 2014–15

11 During 2014–15, the HKTDC will:

- help Hong Kong companies capitalise on new business opportunities in the Asian and emerging markets and help Hong Kong exporters take advantage of the gradual recovery of the traditional markets; build Hong Kong brands in the Mainland market; capitalise on Mainland's focus on urbanisation and production transformation to deepen the penetration of Hong Kong's service sectors into the Mainland; and establish Hong Kong as the bridgehead for Mainland enterprises' outward investment ventures;
- promote Hong Kong as Asia's global business platform; showcase Hong Kong's full range of services through HKTDC's flagship events; position Hong Kong as Asia's IP marketplace and as the premier entry point for overseas companies eyeing the Asian region; develop HKTDC fairs into Asia's leading marketing and brand promotion platforms; reinforce Hong Kong's role as Asia's lifestyle trendsetter through city-wide engagement programmes; and provide a seamlessly integrated online-offline sourcing platform; and
- enhance the competitiveness of Hong Kong SMEs and start-ups in the digital era; assist SMEs to capitalise on marketing opportunities provided by the new media; develop a comprehensive programme to nurture start-ups; help SMEs identify alternative production bases; strengthen engagement with the general public and major stakeholders leveraging in particular on social media; and extend outreach programme targeting Hong Kong-based overseas companies.

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

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	15.8	93.3	20.1 (–78.5%)	8.8 (–56.2%)
				(or –90.6% on 2013–14 Original)

Aim

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

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 market through competition, and the protection of consumer interests.

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

14 During 2013–14, the Branch:

- published the annual report of Competition Policy Advisory Group (COMPAG) for the year 2012–13 on the COMPAG website, and continued to co-ordinate the work of government bureaux and departments in promoting competition;
- facilitated the setting up of the Competition Commission (the Commission) and the Competition Tribunal;
- brought the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 into operation; and
- introduced the Toys and Children’s Products Safety (Amendment) Bill 2013 into the Legislative Council (LegCo).

Matters Requiring Special Attention in 2014–15

15 During 2014–15, the Branch will:

- keep in view the effectiveness of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 in tackling unfair trade practices that may be deployed in consumer transactions;
- upon LegCo’s passage of the Toys and Children’s Products Safety (Amendment) Bill 2013, introduce into LegCo the subsidiary legislation to impose concentration limits of phthalates in selected classes of toys and child care products which aims to provide greater protection for toddlers;
- work closely with the Judiciary and the Commission to prepare for the full implementation of the Competition Ordinance (Cap. 619) (CO); and
- continue to ensure the smooth operation of the Post Office Trading Fund and take measures to improve customer service and productivity where appropriate.

Programme (5): Subvention: Consumer Council

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	83.8	89.3	91.8 (+2.8%)	102.9 (+12.1%)
				(or +15.2% on 2013–14 Original)

Aim

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

Brief Description

17 The Consumer Council (the Council) is an independent body established under the Consumer Council Ordinance (Cap. 216). The Council discharges its functions by:

- collecting, receiving and disseminating information concerning goods, services and immovable property;
- examining complaints 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	2012 (Actual)	2013 (Actual)	2014 (Plan)
handling consumer enquiries				
telephone calls answered within three minutes (%).....	80	85	85	85
waiting time for over-the-counter enquiry service not to exceed ten minutes (%).....	100	100	100	100
issuing reply in writing (working days).....	15	12	12	12
handling consumer complaints				
telephone calls answered within three minutes (%).....	80	85	85	85
in writing				
issuing preliminary reply (working days).....	7	7	7	6
notifying complainants of results/progress (working days).....	16	16	16	16
publications of “CHOICE” and release of product testing, research and survey results once per month (%).....	100	100	100	100

Indicators

	2012 (Actual)	2013 (Actual)	2014 (Estimate)
consumer complaints.....	27 326	30 006	31 000
consumer enquiries.....	104 909	114 659	118 000
product tests [^]	43	43	43
consumer surveys [^]	27	23	23
in-depth studies [^]	25	28	30
studies of general interest [^]	16	15	18
response to consultation from the Government and other public bodies [#]	26	28	26
consumer educational programmes.....	215	218	220
circulation of publications.....	325 000	285 000	300 000

[^] Each year, the Council conducts product tests, consumer surveys, in-depth studies and studies of general interest. Manpower and resources are deployed in accordance with the respective resource demands of researches and studies scheduled for the year.

[#] Number of response to consultation is reactive in nature. The figure for the coming year is an indicative forecast only, which is subject to the number of consultation conducted by the Government and other public bodies during the year.

Matters Requiring Special Attention in 2014–15

19 During 2014–15, the Council will:

- undertake new studies to support policy advocacy in consumer protection matters;
- launch a series of educational activities during the 40th anniversary of the Council to showcase the evolution of consumer protection in Hong Kong and to educate consumers on their rights;
- maintain co-operation with law enforcement agencies in areas such as case referral, market intelligence and consumer education to support the enforcement of three pieces of new legislation, namely the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012, the Residential Properties (First-hand Sales) Ordinance (Cap. 621) and the CO;
- improve the Council’s website to strengthen online communication with and education for consumers and stakeholders;

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

- reinvigorate the partnership with international and Mainland consumer organisations on knowledge exchange, consumer education and complaint resolution; and forge a closer co-operation with consumer organisations in the Mainland, Taiwan and Macao; and
- continue efforts in conducting the Supermarket Price Watch and oil price survey to enhance price transparency and provide consumers with information on prices of different products.

Programme (6): Travel and Tourism

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	133.0	224.4	185.5 (–17.3%)	208.2 (+12.2%)
				(or –7.2% on 2013–14 Original)

Aim

- 20** The aim is to maintain Hong Kong’s position as a 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, relevant government departments and agencies.

- 22** During 2013–14, the Branch:

- continued to support the Travel Industry Council of Hong Kong (TIC) in implementing measures for regulating the operation of the Mainland inbound tour groups and improving the regulation of tourist guides;
- continued with the regulation of travel agents under the existing operation and regulatory framework of the tourism sector;
- commenced the drafting of the new legislation and other preparation work for the establishment of the proposed statutory Travel Industry Authority (TIA) under the new regulatory framework of the tourism sector;
- continued to monitor and support the operations of the Hong Kong Tourism Board (HKTB);
- supported the HKTB in continuing its promotion of multi-destination itineraries in key source markets and marketing efforts in new markets as well as non-Guangdong provinces of the Mainland;
- continued to work with the HKTB to enhance promotion of Hong Kong as a premier Meetings, Incentive Travels, Conventions and Exhibitions (MICE) destination and offer necessary support to large-scale MICE events;
- continued to work with the trade, the HKTB, the TIC, the Council and the Mainland authorities to promote honest and quality tourism;
- liaised with relevant Mainland authorities to facilitate the implementation of CEPA and other tourism-related measures;
- continued the development of the Kai Tak Cruise Terminal and worked closely with the Advisory Committee on Cruise Industry to develop Hong Kong into a leading cruise hub in the region;
- continued to work through the joint venture company to enhance the Hong Kong Disneyland’s operational performance and to monitor the implementation of the Hong Kong Disneyland expansion plan;
- continued with the housekeeping responsibility for the Ocean Park Corporation and facilitated its implementation of the waterpark and hotel projects;
- continued to utilise the Mega Events Fund for supporting large-scale arts, cultural, sports and entertainment events in Hong Kong organised by eligible bodies under the modified two-tier scheme;
- co-ordinated with the HKTB and relevant parties to further showcase Hong Kong as a premier destination for fine food and wine;
- worked with the HKTB, the tourism sector and relevant government departments to promote the green tourism products on offer in Hong Kong;

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

- co-ordinated with relevant government departments and the tourism sector to facilitate the smooth operation of the Hong Kong Wetland Park and Ngong Ping 360; and
- co-ordinated with government departments and relevant bodies on other policy and project initiatives to promote tourism development.

Matters Requiring Special Attention in 2014–15

23 During 2014–15, the Branch will:

- continue to co-ordinate work on policy and project initiatives to facilitate tourism development;
- introduce the draft legislation for the establishment of the TIA into the LegCo;
- continue to support the promotion work of the HKTB in key source markets, and its marketing efforts in new markets;
- continue to support the HKTB in MICE promotion work;
- continue to 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;
- together with local stakeholders and Mainland tourism authorities, continue to promote honest tourism and hospitality culture to further enhance the quality of Hong Kong’s tourism services;
- continue the development of the Kai Tak Cruise Terminal and work closely with the Advisory Committee on Cruise Industry to develop Hong Kong into a leading cruise hub in the region;
- continue to work through the joint venture company on the further expansion and hotel development of the Hong Kong Disneyland to enhance its attractiveness to different groups of visitors and long-term competitiveness;
- continue to work closely with the Ocean Park Corporation to facilitate its implementation of the waterpark and hotel projects with a view to strengthening Hong Kong’s position as a premier destination for family visitors in the region; and
- continue to work with the HKTB, the tourism sector and relevant government departments in promoting nature-based tourism products in Hong Kong.

Programme (7): Subvention: Hong Kong Tourism Board

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	555.2	563.2	570.2 (+1.2%)	655.7 (+15.0%)
				(or +16.4% on 2013–14 Original)

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 is a statutory body subvented by the Government. 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 and 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 objectives.

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

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

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

Indicators

	2012 (Actual)	2013 (Revised Estimate) Δ	2014 (Estimate) Δ
visitor arrivals (million)	48.6	54.3	59.0
increase on previous year (%) Ψ	+16.0	+11.7	+8.6
tourism expenditure associated with inbound tourism (\$ billion) \P	296.6	343.1	381.0
increase on previous year (%) Ψ	+14.6	+15.7	+11.1
expenditure per capita overnight visitor (\$) Ω	7,818	8,233	8,597
increase on previous year (%) Ψ	+4.7	+5.3	+4.4
length of stay of overnight visitors (nights) β	3.5	3.4	3.4
satisfaction of overnight visitors (score out of 10) β	8.3	8.3	8.3

Δ 2013 revised estimate and 2014 estimate are subject to changes. Any global or regional economic uncertainties, security threats and health risks may affect the above estimates but cannot be foreseen at this stage.

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

\P 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 2012 was \$53.2 billion. The projections for 2013 and 2014 are \$57.9 billion and \$62.2 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".

Matters Requiring Special Attention in 2014–15

28 During 2014–15, the HKTB will:

- adopt the following marketing strategies in the face of ever-changing global economic conditions:
 - continuing to focus over 70 per cent of total marketing investment on international markets (excluding the Mainland) to diversify visitor portfolio;
 - continuing to invest in 20 key source markets to achieve a diverse visitor portfolio and reinforce Hong Kong's international position and image as "Asia's World City";
 - prioritising marketing investment to areas of growth; and
 - implementing integrated marketing activities, including tactical co-operation with local trade in Hong Kong and overseas trade in key long-haul and short-haul markets;
- continue to leverage the "Asia's world city" thematic marketing platform to showcase Hong Kong's core tourism strengths, as well as its cosmopolitan appeal, so as to reinforce the city's image as an international travel destination across key source markets;
- utilise digital media and creative publicity programmes to strengthen brand awareness and exposure, including:
 - launching an image-boosting marketing campaign to further promote Hong Kong as the preferred destination in core markets, and organising publicity-generation programmes to showcase Hong Kong's arts and culture, culinary offerings and mega events through television networks, online news, mobile channels, etc.;
 - leveraging the enhanced digital platforms (e.g. DiscoverHongKong.com website, YouTube and fan pages on social networking sites such as Facebook, Sina Weibo and WeChat, as well as mobile applications) to extend promotional reach and engage target consumer segments;
 - extending the reach and enriching the content of DiscoverHongKong.com through partnerships with travel and dining portals (e.g. Tripadvisor and Openrice); and
 - promoting hidden treasures/living culture of non-traditional tourist districts on DiscoverHongKong.com as well as other digital and media platform;
- continue to adopt various major promotional campaigns throughout the year and further enrich and upgrade product offerings of the campaigns to increase destination appeal by:
 - enhancing the contents and quality of the mega events and campaigns and adding new elements to them, while continuing efforts to solicit new sponsorships and co-operative partners from different sectors;

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

- repackaging Chinese festivals (e.g. Chinese New Year, traditional festivals in May and the Mid-Autumn Festival) into a year-round promotional platform to highlight Hong Kong’s rich offerings in Chinese culture; and
- expanding offerings by bundling more high-appeal third-party events, while drumming up publicity for sports events and arts and cultural products;
- cultivate business opportunities for the travel trade by:
 - revamping the format of trade shows, travel missions and familiarisation programmes, such as adding new elements to promotions in trade shows, to bring greater value to trade participants; and
 - continuing to encourage the development of new tour products by Hong Kong’s travel trade operators through the New Tour Product Development Scheme;
- uphold satisfaction for visitors by:
 - stepping up marketing and promotions for the Quality Tourism Services Scheme, and promoting new mobile applications to assist free and independent travellers and increase their satisfaction;
 - enhancing collaboration with major tourist areas such as shopping malls and hotel concierges on providing visitors with information and assistance; and
 - continuing to launch a hospitality campaign in Hong Kong to foster a friendly culture and ambience that contribute to the positive visitor experience;
- generate growth for Hong Kong’s MICE tourism, including:
 - driving attendance for MICE event organisers and providing hospitality offers through the “Hong Kong Rewards” incentive programme;
 - promoting new facilities/venues and services to enrich product offerings for accommodating various group sizes and different needs of MICE event organisers and visitors;
 - securing high-profile conventions and exhibitions to reinforce the image of Hong Kong as the “World’s Meeting Place” through partnership with association management companies, professional convention organisers and business associations in key source markets; and
 - exploring convention business in six key industry sectors, namely medical science, social science, science, technology, sports/leisure/culture as well as economics/commerce/management;
- promote Hong Kong as Asia’s cruise hub by:
 - driving more ship calls to Hong Kong through an enhanced co-op marketing funding scheme;
 - driving consumer demand for cruise travel in South China through consumer and public relations programmes; and
 - continue to facilitate co-operation with neighbouring ports in the region in the development of new cruise itineraries featuring Hong Kong; and
- continue co-operation with Guangdong, Macao and other cities in the Pan-Pearl River Delta to develop and promote multi-destination itineraries featuring Hong Kong.

Programme (8): Public Safety

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	0.5	0.5	0.5 (—)	0.5 (—)
				(or same as 2013–14 Original)

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.

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

31 During 2013–14, 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
- oversaw the construction of a station for housing a new weather radar for windshear detection for use by the Hong Kong Observatory (HKO).

Matters Requiring Special Attention in 2014–15

32 During 2014–15, the Branch will continue to oversee the progress made by HKO in replacing and upgrading various meteorological facilities.

Programme (9): Subvention: Competition Commission^λ

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised) [⊖]	2014–15 (Estimate)
Financial provision (\$m)	—	—	87.7	83.9 (–4.3%)

^λ A new programme introduced in 2013 with the establishment of the Competition Commission.

[⊖] The revised estimate for 2013–14 represents the provision required for the operation of the Commission including the cost for setting up its office in the first year of establishment.

Aim

33 The aim is to help the Commission to implement the CO.

Brief Description

34 The Commission is an independent statutory body established under the CO in 2013. The Commission's statutory functions are to :

- investigate conduct that may contravene the competition rules and enforce the provisions of the CO;
- promote public understanding of the value of competition and how the CO promotes competition;
- promote the adoption by undertakings carrying on business in Hong Kong of appropriate internal controls and risk management systems, to ensure their compliance with the CO;
- advise the Government on competition matters in Hong Kong and outside Hong Kong;
- conduct market studies into matters affecting competition in markets in Hong Kong; and
- promote research into and the development of skills in relation to the legal, economic and policy aspects of competition law in Hong Kong.

35 During 2013–14, the Commission:

- worked to set up its internal procedures, its financial and administrative systems, as well as to recruit the Chief Executive Officer and other staff members;
- established its office premises;
- initiated the preparatory work on the drafting of guidelines and other documents required under the CO, including the engagement of consultants for legal and other expert services; and
- started to establish contact with competition authorities of other jurisdictions, international resource networks and various experts in the field, so as to learn from their experience and expertise.

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

Matters Requiring Special Attention in 2014–15

36 During 2014–15, the Commission will:

- continue to work with the Government to prepare for the full implementation of the CO;
- prepare draft regulatory guidelines and other documents as required under the CO;
- conduct consultation with relevant stakeholders on the draft guidelines and other documents;
- conduct publicity programmes to promote public understanding of and compliance with the CO;
- encourage the business community to develop risk management systems, good practices and internal controls as tools to achieve compliance with the CO; and
- maintain liaison with competition authorities of other jurisdictions and international resource networks.

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

ANALYSIS OF FINANCIAL PROVISION

Programme	2012–13 (Actual) (\$m)	2013–14 (Original) (\$m)	2013–14 (Revised) (\$m)	2014–15 (Estimate) (\$m)
(1) Director of Bureau's Office	7.2	11.6	9.8	11.2
(2) Commerce and Industry	146.6	167.7	160.2	180.4
(3) Subvention: Hong Kong Trade Development Council.....	383.9	389.5	389.5	393.4
(4) Posts, Competition Policy and Consumer Protection.....	15.8	93.3	20.1	8.8
(5) Subvention: Consumer Council	83.8	89.3	91.8	102.9
(6) Travel and Tourism.....	133.0	224.4	185.5	208.2
(7) Subvention: Hong Kong Tourism Board.....	555.2	563.2	570.2	655.7
(8) Public Safety	0.5	0.5	0.5	0.5
(9) Subvention: Competition Commission ..	—	—	87.7	83.9
	1,326.0	1,539.5	1,515.3 (–1.6%)	1,645.0 (+8.6%)
				(or +6.9% on 2013–14 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2014–15 is \$1.4 million (14.3%) higher than the revised estimate for 2013–14. This is mainly due to the provision in full-year effect for the position of Under Secretary for Commerce and Economic Development.

Programme (2)

Provision for 2014–15 is \$20.2 million (12.6%) higher than the revised estimate for 2013–14. This is mainly due to increased provision for supporting the promotion of IP trading, continued need to support the Economic Development Commission, and increased estimate for the subscription to the WTO. In addition, there will be an increase of three posts in 2014–15.

Programme (3)

Provision for 2014–15 is \$3.9 million (1.0%) higher than the revised estimate for 2013–14. The actual amount of annual subvention to the HKTDC is determined having regard to a number of factors, including the Government's financial position, HKTDC's funding requirements and by way of reference to the total amount of trade declaration charges received in the preceding year.

Programme (4)

Provision for 2014–15 is \$11.3 million (56.2%) lower than the revised estimate for 2013–14. This is mainly due to the exclusion of provisions for the salary and allowance of the government officers seconded to the Commission and the accommodation cost for the Commission's temporary office, which are not required in 2014–15. In addition, there will be a decrease of one post in 2014–15.

Programme (5)

Provision for 2014–15 is \$11.1 million (12.1%) higher than the revised estimate for 2013–14. This is mainly due to the provision of additional time-limited subvention in support of the Council's high priority initiatives.

Programme (6)

Provision for 2014–15 is \$22.7 million (12.2%) higher than the revised estimate for 2013–14. This is mainly due to increased provision for the recurrent consequences arising from the full opening of the terminal building and ancillary facilities for the Kai Tak Cruise Terminal, partly offset by the transfer of recurrent funding for MICE promotion to Programme (7) Subvention: Hong Kong Tourism Board.

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

Programme (7)

Provision for 2014–15 is \$85.5 million (15.0%) higher than the revised estimate for 2013–14. This is mainly due to increased provision for launching an image-boosting marketing campaign in core markets, adding new elements to the mega events, and enhancing the hospitality support to organisers and participants of various types of MICE events, and the transfer of recurrent funding for MICE promotion from Programme (6).

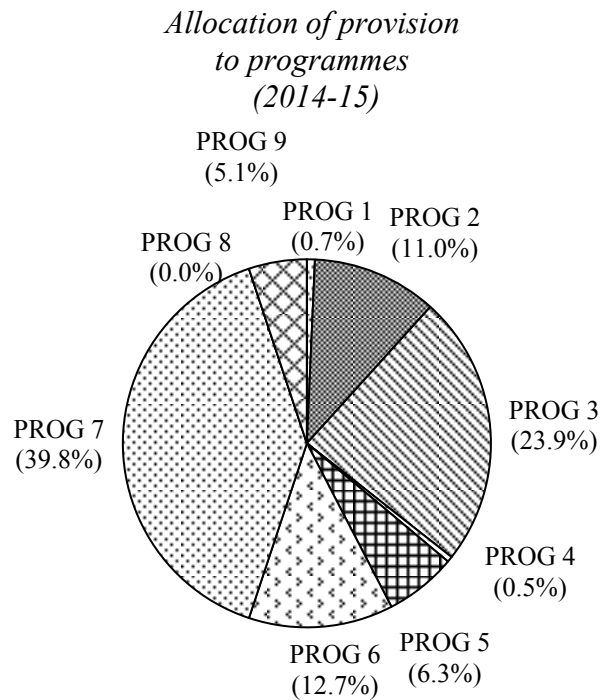
Programme (8)

Provision for 2014–15 is the same as the revised estimate for 2013–14.

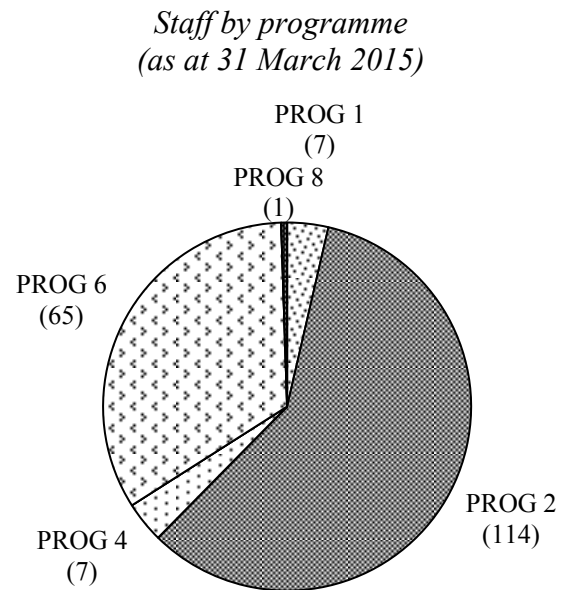
Programme (9)

Provision for 2014–15 is \$3.8 million (4.3%) lower than the revised estimate for 2013–14. This is mainly due to exclusion of provision required for the Commission to set up its office in its first year of establishment, which is not required in 2014–15.

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

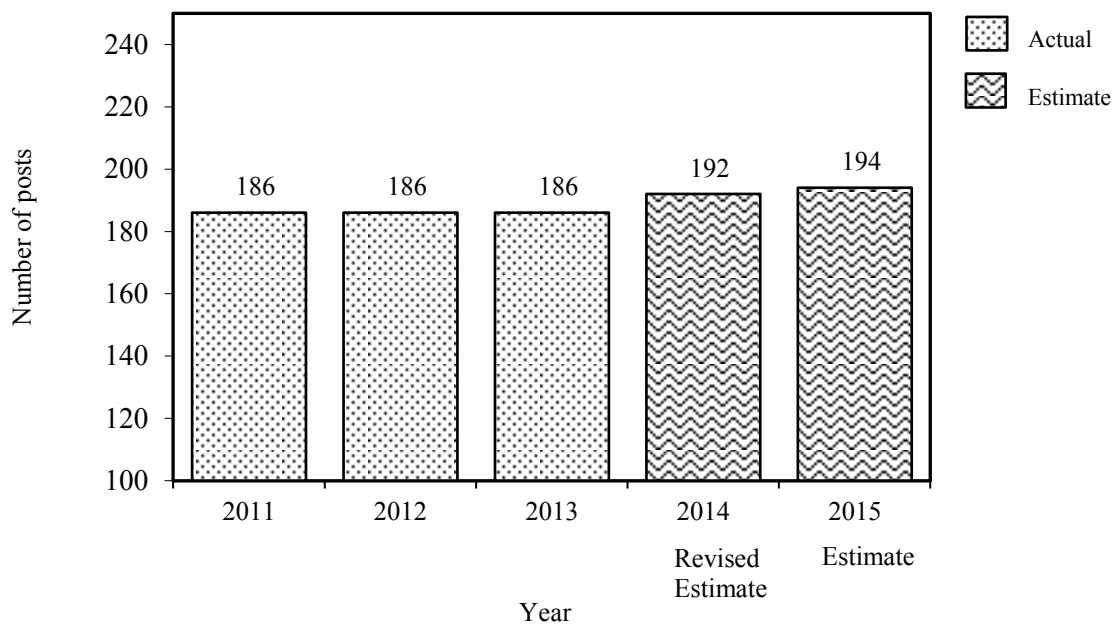


(Provision for PROG 8 represents 0.03 per cent of the overall provision. The percentage is not shown here due to rounding)



(No government staff under PROG 3, 5, 7 & 9)

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 2012-13	Approved estimate 2013-14	Revised estimate 2013-14	Estimate 2014-15	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	1,298,773	1,505,328	1,479,733	1,607,198
	Total, Recurrent	1,298,773	1,505,328	1,479,733	1,607,198
Non-Recurrent					
700	General non-recurrent	27,238	34,147	35,600	37,762
	Total, Non-Recurrent	27,238	34,147	35,600	37,762
	Total, Operating Account	1,326,011	1,539,475	1,515,333	1,644,960

	Total Expenditure	1,326,011	1,539,475	1,515,333	1,644,960
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 2014–15 for the salaries and expenses of the Commerce, Industry and Tourism Branch is \$1,644,960,000. This represents an increase of \$129,627,000 over the revised estimate for 2013–14 and of \$318,949,000 over actual expenditure in 2012–13.

Operating Account

Recurrent

2 Provision of \$1,607,198,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Commerce, Industry and Tourism Branch. The increase of \$127,465,000 (8.6%) over the revised estimate for 2013–14 is mainly due to increased subventions and increased provision for the recurrent consequences arising from the full opening of the terminal building and ancillary facilities for the Kai Tak Cruise Terminal.

3 The establishment as at 31 March 2014 will be 191 permanent posts and one supernumerary post. It is expected there will be a net increase of two posts in 2014–15. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed \$93,397,000.

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

	2012–13 (Actual) (\$'000)	2013–14 (Original) (\$'000)	2013–14 (Revised) (\$'000)	2014–15 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	117,842	128,743	135,755	131,123
- Allowances.....	5,716	5,315	5,104	4,356
- Job-related allowances.....	1	4	3	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	184	130	166	159
- Civil Service Provident Fund contribution.....	2,976	3,496	3,868	4,343
- Disturbance allowance.....	—	184	—	197
Departmental Expenses				
- General departmental expenses	103,235	275,187	150,504	181,870
Other Charges				
- Subscription to the World Trade Organization	42,390	46,631	41,530	45,683
Subventions				
- Consumer Council	83,752	89,254	91,821	102,868
- Hong Kong-Japan Business Co-operation Committee	3,610	3,610	3,610	3,610
- Hong Kong Tourism Board	555,200	563,237	570,157	655,729
- Hong Kong Trade Development Council.....	383,867	389,537	389,537	393,391
- Competition Commission	—	—	87,678	83,865
	1,298,773	1,505,328	1,479,733	1,607,198

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

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment \$'000	Accumulated expenditure to 31.3.2013 \$'000	Revised estimated expenditure for 2013–14 \$'000	Balance \$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
012	Professional Services Development Assistance Scheme.....		100,000	91,975	5,600	2,425
483	Launching campaign of major tourism infrastructure projects		8,600	8,263	—	337
834	Mega Events Fund.....		150,000	16,675	30,000	103,325
	Total		<u>258,600</u>	<u>116,913</u>	<u>35,600</u>	<u>106,087</u>