

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 2016–17 **\$2,082.0m**

Establishment ceiling 2016–17 (notional annual mid-point salary value) representing an estimated 178 non-directorate posts as at 31 March 2016 rising by 22 posts to 200 posts as at 31 March 2017..... **\$125.4m**

In addition, there will be an estimated 19 directorate posts as at 31 March 2016 rising by one post to 20 posts as at 31 March 2017.

Commitment balance..... **\$99,780.0m**

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).
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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	11.5	11.9	12.3 (+3.4%)	12.3 (—)
				(or +3.4% on 2015–16 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.

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Programme (2): Commerce and Industry

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	166.6	244.2	641.3 (+162.6%)	345.9 (–46.1%)
				(or +41.6% on 2015–16 Original)

Aim

4 The aims are to encourage Hong Kong's trading partners, through multilateral, regional and bilateral means, to remove barriers to trade and investment; 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 13th 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, services and investment;
- 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; and
- support the further development of wine-related businesses in Hong Kong.

6 During 2015–16, 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 the Tenth WTO Ministerial Conference held in Nairobi, Kenya in December 2015;
- oversaw participation in plurilateral negotiations for a Trade in Services Agreement (TISA) and an Environmental Goods Agreement (EGA) being undertaken by some 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 discussions with trading partners to enhance economic co-operation through establishing, for example, co-operation arrangements, free trade agreements and investment promotion and protection agreements;
- oversaw negotiations with the Association of Southeast Asian Nations (ASEAN) for a free trade agreement between Hong Kong and ASEAN; and with Macao for a Closer Economic Partnership Arrangement (HK-Macao CEPA);

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- 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 the 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;
- continued to work 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;
- further 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 29 February 2016;
- 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;
- implemented recommendations of the Working Group on IP Trading to promote Hong Kong as a premier IP trading hub in the region;
- introduced the Patents (Amendment) Bill 2015 into the Legislative Council (LegCo), and made other preparations for the implementation of the "original grant" patent system in Hong Kong;
- assisted the LegCo to scrutinise the Copyright (Amendment) Bill 2014;
- followed up the consultation exercise on the proposed application of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) to Hong Kong;
- continued to oversee efforts aimed at promoting awareness of and respect for IP rights in the community and the business sector;
- continued to implement the relevant recommendations of the Task Force on Manpower Development of the Retail Industry;
- continued to work with the Customs and Excise Department to promote the Authorized Economic Operator Programme 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; and
- monitored the operation of the Government Electronic Trading Services (GETS) and carried out a study on its future development to further facilitate trade.

Matters Requiring Special Attention in 2016–17

7 During 2016–17, the Branch will:

- strengthen efforts to promote the business advantages of Hong Kong in the Mainland, Taiwan and overseas including the economies along the Belt and Road as well as to attract more multinational companies to set up regional or global operations in Hong Kong;
- support the professional services sector of Hong Kong in their exchange, promotion and co-operation efforts with countries along the Belt and Road and other external markets (including the Mainland);
- conduct a consultation exercise on developing a trade single window beyond the GETS model;
- continue to oversee participation in the work of the WTO;
- continue to oversee negotiations for TISA and EGA;
- continue to oversee participation in the work of the APEC;
- 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;
- continue to oversee negotiations on the Hong Kong-ASEAN Free Trade Agreement and the HK-Macao CEPA;

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- 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 the 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;
- continue to implement the relevant recommendations of the Task Force on Manpower Development of the Retail Industry;
- continue to monitor the operation of the time-limited special concessionary measures under the SFGS;
- continue to promote Hong Kong as a premier IP trading hub in the region;
- continue to assist LegCo in scrutinising the Patent (Amendment) Bill 2015 and prepare for the implementation of the "original grant" patent system in Hong Kong;
- continue to work with stakeholders to review and enhance Hong Kong's copyright regime to ensure that it will meet the actual needs of Hong Kong and keep pace with international developments;
- consider whether and how best to implement the Madrid Protocol in Hong Kong; and
- continue to oversee efforts to promote awareness of and respect for IP rights in the community and the business sector, particularly amongst SMEs.

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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	393.4	393.4	393.4 (—)	389.5 (–1.0%)
				(or –1.0% on 2015–16 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 the Mainland and throughout Asia;
- organises trade fairs and major conferences, e-marketplace on hktcd.com, international trade promotion events and business missions to help Hong Kong companies seize opportunities in the Mainland and around the world;
- provides market information via trade publications, research reports and its research portal;

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- 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 40 Hong Kong business associations in 29 countries.

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

Indicators

	2014 (Actual)	2015 (Actual)	2016 (Estimate)
trade and services promotion			
events	841	877	875
companies participating	74 455	76 363	77 300
local fairs			
no. of Mainland and overseas buyers	402 671	419 876	421 600
no. of fairs	35	36	36
business-matching enquiries worldwide			
no. of business enquiries handled	2 845 600	3 230 900	3 200 000
no. of business connections made	16 209 700	17 096 400	17 200 000
trade publications			
worldwide circulation (million)	3.1	3.1	3.1
no. of issues	134	137	137
no. of advertisers on HKTDC's trade portal (hktdc.com)	34 990	35 230	35 800

Matters Requiring Special Attention in 2016–17

11 During 2016–17, the HKTDC will:

- deepen penetration into ASEAN and Indian markets, leveraging the Belt and Road Initiative; take advantage of the recovering mature markets to promote Hong Kong's merchandise export; target regional markets along the Belt and Road; help Hong Kong companies penetrate the Mainland service and consumer markets; solidify Hong Kong's position as the bridgehead for Mainland enterprises' outward investment; and maximise opportunities for Hong Kong's fashion industry;
- capitalise on the Belt and Road Initiative; reinforce Hong Kong's position as Asia's international maritime centre and air cargo hub; position Hong Kong as Asia's IP marketplace and innovation hub; brand Hong Kong as the go-to platform for global companies' Asian strategy; leverage HKTDC trade fairs to promote Hong Kong as Asia's premier trading hub; and leverage the online-to-offline trend to maximise business opportunities for Hong Kong companies; and
- assist Hong Kong SMEs and start-ups to explore business opportunities in e-commerce; develop a comprehensive programme to cultivate young entrepreneurs and assist new start-ups; assist SMEs to explore new low cost production bases; leverage HKTDC's 50th anniversary to sharpen its brand image in and outside Hong Kong; employ social media and mobile platforms to enhance the effectiveness of HKTDC promotions and engagement with stakeholders.

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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	10.4	9.0	9.3 (+3.3%)	9.0 (–3.2%)
				(or same as 2015–16 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.

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14 During 2015–16, the Branch:

- worked closely with the Judiciary and the Competition Commission (the Commission) to complete all preparatory work for the full implementation of the Competition Ordinance (Cap. 619) (CO);
- brought the CO into full operation on 14 December 2015;
- published the annual report of the Competition Policy Advisory Group (COMPAG) for the year 2014–15 on the COMPAG website, and continued to co-ordinate the work of government bureaux and departments in promoting competition;
- monitored the implementation of the amended Trade Descriptions Ordinance (Cap. 362) in tackling unfair trade practices that might be deployed in consumer transactions.

Matters Requiring Special Attention in 2016–17

15 During 2016–17, the Branch will:

- monitor the full implementation of the CO;
- continue to monitor the implementation of the amended Trade Descriptions Ordinance in tackling unfair trade practices that may be deployed in consumer transactions, 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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	107.2	108.3	112.5 (+3.9%)	108.3 (–3.7%)
				(or same as 2015–16 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.

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

Targets

	Target	2014 (Actual)	2015 (Actual)	2016 (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	6	6	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

	2014 (Actual)	2015 (Actual)	2016 (Estimate)
consumer complaints.....	31 048	27 378	28 000
consumer enquiries.....	104 559	98 494	100 000
product tests^.....	43	42	42
consumer surveys^.....	25	35	35
in-depth studies^.....	27	24	24
studies of general interest^.....	18	23	23
response to consultation from the Government and other public bodies#.....	23	21	21
consumer educational programmes.....	220	220	220
circulation of publications.....	300 000	310 000	320 000

^ 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.

The number of responses to consultation depends on the number of consultations conducted by Government and other public bodies during the year. The figure for the coming year is an indicative forecast only.

Matters Requiring Special Attention in 2016–17

19 During 2016–17, the Council will:

- undertake new studies to support policy advocacy in consumer protection and to promote sustainable consumption,
- complete the review on widening the readership of the “CHOICE” Magazine, and
- explore new platforms to enhance the Council’s communication network.

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Programme (6): Travel and Tourism

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	187.4	238.1	203.8 (–14.4%)	267.5 (+31.3%)
				(or +12.3% on 2015–16 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 2015–16, the Branch:

- initiated co-ordination with government departments and relevant bodies on policy and projects/initiatives to promote tourism development. New projects/initiatives included the “Ani-Com Park@Harbour”Fun”, the “FIA Formula E Championship – Hong Kong ePrix”, etc.;
- 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;
- supported the Hong Kong Tourism Board (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;
- co-ordinated with the HKTb and relevant parties to further showcase Hong Kong as a premier destination for fine food and wine;
- 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 prominent MICE events;
- worked with the HKTb, the tourism sector and relevant government departments to promote the green tourism products on offer in Hong Kong;
- continued to work with the trade, the HKTb, the Travel Industry Council of Hong Kong (TIC), the Council and the Mainland authorities to promote honest and quality tourism;
- continued to monitor and support the operations of the HKTb;
- continued to monitor the operation 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 facilitate the implementation of the Hong Kong Disneyland expansion plan including the new hotel development;
- commenced discussion on the further development of the Hong Kong Disneyland Resort (including the Phase 2 expansion) with The Walt Disney Company;
- continued with the housekeeping responsibility for the Ocean Park Corporation and facilitated its implementation of the waterpark and hotel projects;
- took over the housekeeping responsibility for the peak tramway from the Transport and Housing Bureau upon the enactment of the Peak Tramway (Amendment) Bill 2015 (with effect from 6 November 2015);
- continued to support the TIC in implementing measures for strengthening the regulation of 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;
- continued with the drafting of the new legislation and other preparatory work for the establishment of the proposed statutory Travel Industry Authority (TIA) under the new regulatory framework of the tourism sector with a view to introducing the draft legislation into LegCo as soon as possible;

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- liaised with relevant Mainland authorities to facilitate the implementation of CEPA and other tourism-related measures;
- 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
- took forward, in co-ordination with relevant government departments, the food truck initiative.

Matters Requiring Special Attention in 2016–17

23 During 2016–17, the Branch will:

- continue to co-ordinate work on policy and projects/initiatives to facilitate tourism development, including the “Ani-Com Park@HarbourFun”, the “FIA Formula E Championship – Hong Kong ePrix”, and to support the mega events to be held in Hong Kong under the new Mega Events Fund, for instance, the new event “Lumières Hong Kong”;
- continue to monitor and support the promotion work of the HKTb in key source markets, and its marketing efforts in new markets;
- continue to support and co-ordinate with the HKTb and the trade to 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 quality tourism and hospitality culture to further enhance the quality of Hong Kong’s tourism services;
- continue to work closely with the Advisory Committee on Cruise Industry, the operators of the two cruise terminals, and the HKTb to develop Hong Kong into a leading cruise hub in the region;
- continue to discuss the further development of the Hong Kong Disneyland Resort (including the Phase 2 expansion) with The Walt Disney Company;
- 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;
- monitor the implementation of a matching fund scheme by the TIC for supporting small and medium-sized travel agencies in information technology (IT) development;
- launch a pilot scheme to introduce food trucks to Hong Kong;
- continue to work with the HKTb, the tourism sector and relevant government departments in promoting tourism products in Hong Kong;
- continue to work closely with the TIC for regulating the operation of the Mainland inbound tour groups; and
- continue to carry out the necessary work for the introduction of the draft legislation into LegCo and the establishment of the TIA.

Programme (7): Subvention: Hong Kong Tourism Board

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	667.9	747.9	758.6 (+1.4%)	871.9 (+14.9%)
				(or +16.6% on 2015–16 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;

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- 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.

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

	2014 (Actual)	2015 (Revised Estimate)Δ	2016 (Estimate)Δ
visitor arrivals (million)	60.8	59.3	58.3
change over the previous year (%)Ψ	+12.0	-2.5	-1.8
tourism expenditure associated with inbound tourism (\$ billion)¶	359.0	333.7	328.4
change over the previous year (%)Ψ	+8.5	-7.0	-1.6
per capita expenditure overnight visitor (\$)Ω	7,960	7,235	6,948
change over the previous year (%)Ψ	-2.0	-9.1	-4.0
length of stay of overnight visitors (nights)β	3.3	3.3	3.3
satisfaction of overnight visitors (score out of 10)β	8.2	8.2	8.2

Δ The 2015 revised estimate and 2016 estimate are subject to changes arising from unforeseen global or regional economic uncertainties, security threats and health risks.

Ψ The percentage change 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 was \$52.9 billion for 2014. The projections for 2015 and 2016 are \$54.8 billion and \$57.8 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 2016–17

28 During 2016–17, the HKTb will:

- reinvent Hong Kong's market positioning as a premier travel destination by launching a new tourism brand campaign to reinvigorate Hong Kong's destination appeal;
- continue to adopt the following investment strategies to diversify the visitor portfolio, maximise cost-effectiveness and uphold Hong Kong's standing as an international city:
 - putting efforts and resources in 20 key visitors source markets and prioritising marketing resources to areas of growth; and
 - investing over 74 per cent of its total marketing budget in the international markets (i.e. non-Mainland); and the remaining 26 per cent in the Mainland market, of which 90 per cent will be invested in non-Guangdong region;
- strengthen Hong Kong's destination appeals through digital marketing and public relations programmes to showcase the diverse experiences that the city offers by:
 - continuously running the "My Time for Hong Kong" brand campaign in key markets through various programmes to highlight the city's diversified experience;
 - maximising reach to consumers through different digital platforms, including the DiscoverHongKong.com website, YouTube and social media sites, and mobile applications, etc., by focusing on user-generated contents for authentic promotion and using new channels to broaden the promotion; and
 - capitalising on high-impact international and regional TV networks to maximise exposure and publicity for Hong Kong;

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- drive MICE tourism and consolidate Hong Kong's image as the "World's meeting place" by:
 - continuing to put forward competitive bidding package and support local associations, providing more tailored services for MICE organisers and visitors, and partnering with association management companies and business associations with a view to securing more high-profile MICE events to Hong Kong;
 - developing incentive schemes for the travel agents to attract small and medium-sized MICE groups; and
 - continuously showcasing Hong Kong offerings for MICE tourism;
- promote the development of cruise tourism and reinforce Hong Kong's position as a leading cruise hub in the region by:
 - cultivating key source markets (e.g. Southern China, India, Taiwan and Southeast Asia) through consumer demand generation initiatives;
 - continuing to promote the Asia Cruise Fund partnering port network and launching trade marketing campaigns, with a view to driving ship deployment to Hong Kong; and
 - raising Hong Kong's profile and increasing its exposure at international and regional cruise industry events;
- reinforce the attractiveness of Hong Kong as a travel destination by enriching the city's event offerings by:
 - continuing with the "Hong Kong Pulse 3D Light Show";
 - enhancing the scale, quality and contents of the mega events and campaigns; and
 - stepping up promoting product offering and mega events by third-parties;
- open up more business opportunities for the travel and related trades by:
 - continuing to waive the participation fee in overseas trade shows and organise travel missions and familiarisation programmes for the travel trade to facilitate their reaching out to counterparts and consumers, while striving to add value to the participants, as well as inviting new members from the Hong Kong travel and related trade to join these activities;
 - continuing with the "Matching Fund for Overseas Tourism Promotion by Tourist Attractions";
 - generating further exposure of new tour products in visitor source markets by stepping up promotion of these products, as well as encouraging the local trade to develop new tour products through the New Tour Product Development Scheme; and
 - supporting the Hong Kong retail and catering trades' promotion campaigns to boost tourism spending in peak travel seasons;
- enhance visitor satisfaction by:
 - launching promotion campaigns to enhance visitors' awareness to the Quality Tourism Services and the "Quality and Honest Hong Kong Tours" schemes, and
 - organising consumer campaigns to promote Hong Kong's hospitality culture;
- further develop and promote multi-destination itineraries featuring Hong Kong through continue co-operation with Guangdong, Macao and other regional destinations.

Programme (8): Public Safety

	2014-15 (Actual)	2015-16 (Original)	2015-16 (Revised)	2016-17 (Estimate)
Financial provision (\$m)	0.5	0.5	0.5 (—)	0.5 (—)

(or same as
2015-16 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 2015–16, the Branch oversaw the provision of weather services to the general public as well as the aviation, shipping and other sectors with special requirements.

Matters Requiring Special Attention in 2016–17

32 During 2016–17, the Branch will continue to oversee the provision of weather information services by the Hong Kong Observatory and the operation of the new weather radar station for windshear detection.

Programme (9): Subvention: Competition Commission

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	86.4	75.9	78.0 (+2.8%)	77.1 (–1.2%) (or +1.6% on 2015–16 Original)

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.

Matters Requiring Special Attention in 2016–17

35 During 2016–17, the Commission will:

- handle complaints alleging that undertakings have contravened, are contravening or are about to contravene a competition rule;
- conduct investigations into conduct that constitutes or may constitute a contravention of a competition rule in accordance with the Commission's published Enforcement Policy;
- consider applications for Decisions whether or not an agreement or conduct is excluded or exempt from the First or Second Conduct Rules and for Block Exemption Orders exempting categories of agreements that enhance overall economic efficiency;
- promote understanding of the CO and the value of competition to business and the public in Hong Kong through a range of educational and outreach activities;
- encourage business in Hong Kong to comply with the CO through targeted publications, promotion of self-assessment tools and seminars and presentations to trade associations and other bodies;
- advise the Government on competition matters;
- conduct market studies; and
- develop targets/indicators based on experience of implementing the CO.

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

ANALYSIS OF FINANCIAL PROVISION

Programme	2014–15 (Actual) (\$m)	2015–16 (Original) (\$m)	2015–16 (Revised) (\$m)	2016–17 (Estimate) (\$m)
(1) Director of Bureau's Office	11.5	11.9	12.3	12.3
(2) Commerce and Industry	166.6	244.2	641.3	345.9
(3) Subvention: Hong Kong Trade Development Council.....	393.4	393.4	393.4	389.5
(4) Posts, Competition Policy and Consumer Protection.....	10.4	9.0	9.3	9.0
(5) Subvention: Consumer Council	107.2	108.3	112.5	108.3
(6) Travel and Tourism.....	187.4	238.1	203.8	267.5
(7) Subvention: Hong Kong Tourism Board.....	667.9	747.9	758.6	871.9
(8) Public Safety	0.5	0.5	0.5	0.5
(9) Subvention: Competition Commission ..	86.4	75.9	78.0	77.1
	1,631.3	1,829.2	2,209.7 (+20.8%)	2,082.0 (–5.8%)
				(or +13.8% on 2015–16 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2016–17 is the same as the revised estimate for 2015–16. This is mainly due to the increased provision for salary expenses, offset by reduced operating expenses.

Programme (2)

Provision for 2016–17 is \$295.4 million (46.1%) lower than the revised estimate for 2015–16. This is mainly due to the reduced cash flow requirement for the Measures for Manpower Development of Retail Industry and the SFGS – Special Concessionary Measures, offset by the increased provision for supporting the Development of Trade Single Window, continued need to support the Economic Development Commission, and the increased estimate for the subscription to the WTO. In addition, 20 posts will be created in 2016–17.

Programme (3)

Provision for 2016–17 is \$3.9 million (1.0%) lower than the revised estimate for 2015–16. 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 2016–17 is \$0.3 million (3.2%) lower than the revised estimate for 2015–16. This is mainly due to reduced expense on the salary and allowance owing to staff changes.

Programme (5)

Provision for 2016–17 is \$4.2 million (3.7%) lower than the revised estimate for 2015–16. This is mainly due to the expected completion of the disbursement of the committed funding for the Council's upgrading and replacement of email and storage system and internet security system.

Programme (6)

Provision for 2016–17 is \$63.7 million (31.3%) higher than the revised estimate for 2015–16. This is mainly due to the increase in cash flow requirement for the Mega Events Fund, additional funding for the TIC to launch a matching fund scheme for supporting small and medium-sized travel agencies in IT development, additional provision for enriching the tourism offerings in Hong Kong, and provision for implementation of the pilot scheme on food trucks, partly offset by the decreased provision for operating expenses. In addition, three posts will be created in 2016–17.

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

Programme (7)

Provision for 2016–17 is \$113.3 million (14.9%) higher than the revised estimate for 2015–16. This is mainly due to the additional provision for reinventing Hong Kong's market positioning as a premier travel destination, enhancing the scale of mega events, as well as strengthening the support for the local travel and related trades, partly offset by the reduction in operating expense.

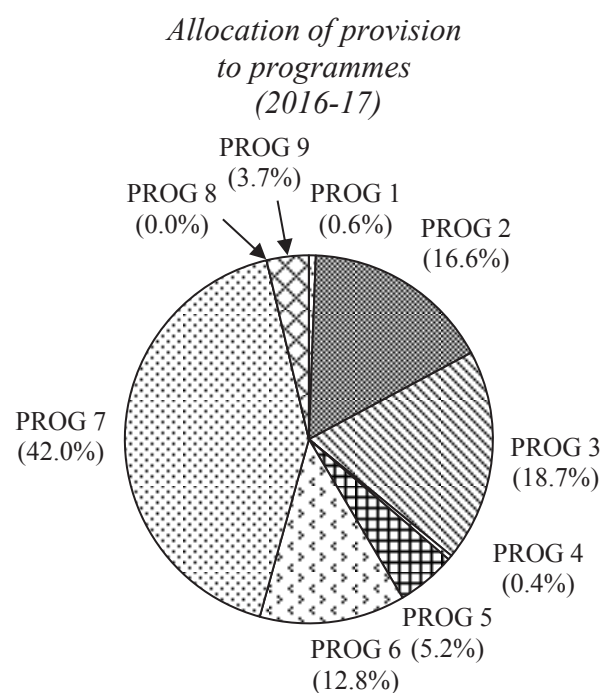
Programme (8)

Provision for 2016–17 is the same as the revised estimate for 2015–16.

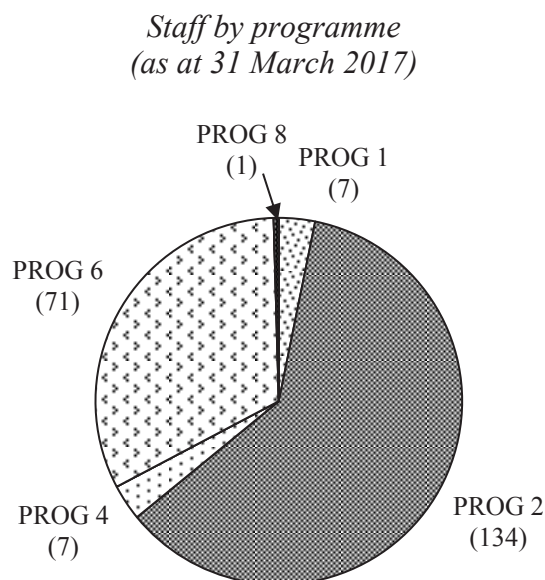
Programme (9)

Provision for 2016–17 is \$0.9 million (1.2%) lower than the revised estimate for 2015–16. This is mainly due to reduction in operating expenses.

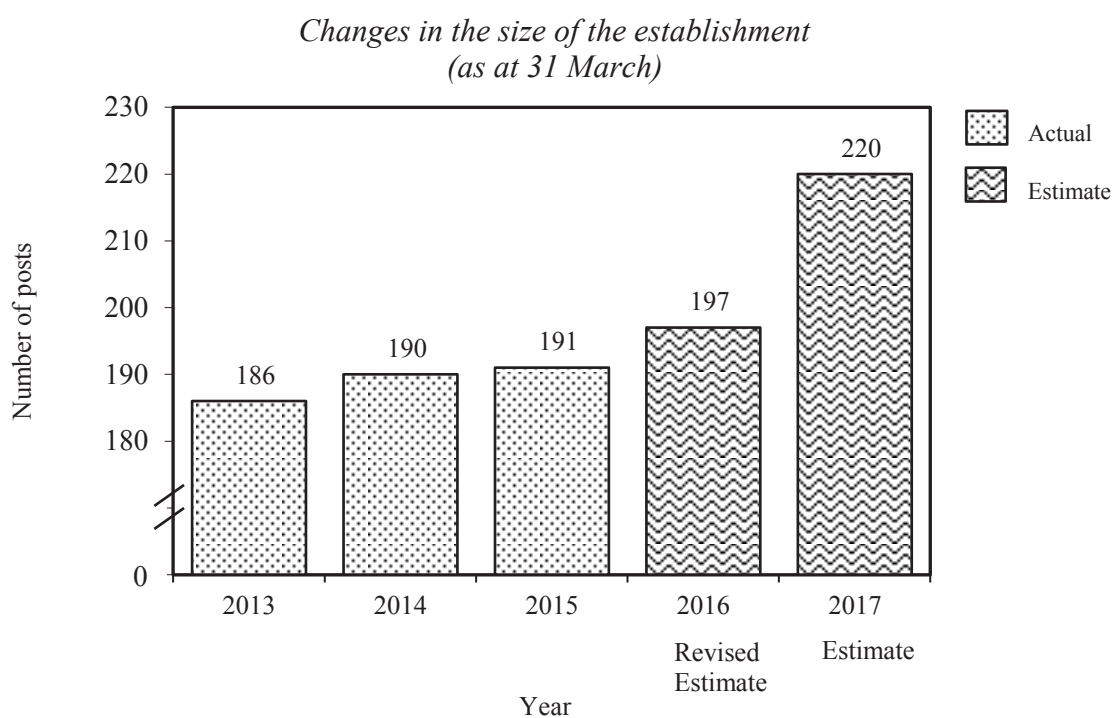
Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)



(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)



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

Sub-head (Code)		Actual expenditure 2014–15	Approved estimate 2015–16	Revised estimate 2015–16	Estimate 2016–17
		\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses	1,614,901	1,715,604	1,726,057	1,877,310
	Total, Recurrent	1,614,901	1,715,604	1,726,057	1,877,310
	Non-Recurrent				
700	General non-recurrent	16,384	108,848	478,900	204,682
	Total, Non-Recurrent	16,384	108,848	478,900	204,682
	Total, Operating Account	1,631,285	1,824,452	2,204,957	2,081,992
Capital Account					
	Subventions				
	Consumer Council	—	4,704	4,704	—
	Total, Subventions	—	4,704	4,704	—
	Total, Capital Account	—	4,704	4,704	—
	Total Expenditure	1,631,285	1,829,156	2,209,661	2,081,992

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 2016–17 for the salaries and expenses of the Commerce, Industry and Tourism Branch is \$2,081,992,000. This represents a decrease of \$127,669,000 against the revised estimate for 2015–16 and \$450,707,000 against the actual expenditure in 2014–15.

Operating Account

Recurrent

2 Provision of \$1,877,310,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Commerce, Industry and Tourism Branch. The increase of \$151,253,000 (8.8%) over the revised estimate for 2015–16 is mainly due to increased subventions to the Hong Kong Tourism Board and increased provision for tourism promotion activities, as well as increased provision to support the Development of Trade Single Window and implementation of pilot scheme on food trucks.

3 The establishment as at 31 March 2016 will be 197 posts including one supernumerary post. It is expected that there will be an increase of 23 posts in 2016–17. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2016–17, but the notional annual mid-point salary value of all such posts must not exceed \$125,356,000.

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

	2014–15 (Actual) (\$'000)	2015–16 (Original) (\$'000)	2015–16 (Revised) (\$'000)	2016–17 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	134,712	143,452	145,617	169,743
- Allowances.....	4,075	3,584	5,798	5,614
- Job-related allowances	1	4	2	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	215	139	168	168
- Civil Service Provident Fund contribution.....	4,515	5,056	5,963	9,550
- Disturbance allowance	—	—	—	176
Departmental Expenses				
- General departmental expenses	169,666	193,747	187,516	196,200
Other Charges				
- Subscription to the World Trade Organization	43,219	45,194	39,630	45,437
Subventions				
- Consumer Council	107,181	103,594	107,770	108,355
- Hong Kong-Japan Business Co-operation Committee	3,610	3,610	3,610	3,610
- Hong Kong Tourism Board	667,897	747,897	758,617	871,860
- Hong Kong Trade Development Council.....	393,391	393,391	393,391	389,457
- Competition Commission	86,419	75,936	77,975	77,136
	<u>1,614,901</u>	<u>1,715,604</u>	<u>1,726,057</u>	<u>1,877,310</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 31.3.2015	Revised estimated expenditure for 2015–16	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	483	Launching campaign of major tourism infrastructure projects	8,600	8,263	—	337
	818	Measures for Manpower Development of Retail Industry	130,000	7,550	22,163	100,287
	833	SME Financing Guarantee Scheme – Special Concessionary Measures	100,000,000	—	434,000	99,566,000
	834	Mega Events Fund	150,000	41,192	21,200	87,608
	835	Consultancy on the Phase 2 development of the Hong Kong Disneyland Resort	27,300	—	1,484	25,816
		Total	100,315,900	57,005	478,847	99,780,048