

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 2017–18 **\$2,515.6m**

Establishment ceiling 2017–18 (notional annual mid-point salary value) representing an estimated 200 non-directorate posts as at 31 March 2017 rising by 19 posts to 219 posts as at 31 March 2018..... **\$144.6m**

In addition, there will be an estimated 20 directorate posts as at 31 March 2017 rising by three posts to 23 posts as at 31 March 2018.

Commitment balance..... **\$99,958.1m**

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

| | 2015–16 (Actual) | 2016–17 (Original) | 2016–17 (Revised) | 2017–18 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 12.2 | 12.3 | 12.4 (+0.8%) | 12.5 (+0.8%) |
| | | | | (or +1.6% on 2016–17 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

| | 2015–16 (Actual) | 2016–17 (Original) | 2016–17 (Revised) | 2017–18 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-------------------------------------|
| Financial provision (\$m) | 620.4 | 345.9 | 217.4 (–37.1%) | 738.2 (+239.6%) |
| | | | | (or +113.4% on 2016–17 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), the National 13th Five-Year Plan and the Belt and Road Initiative; to attract external direct investment to Hong Kong; to maintain a modern and comprehensive intellectual property (IP) regime which complies fully with international standards and serves Hong Kong's needs; and to foster 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 (FTAs) and investment promotion and protection agreements;
- formulate policies and implementation proposals on the development of a trade single window (SW) in Hong Kong;
- formulate policies relating to IP; and
- support the further development of wine-related businesses in Hong Kong.

6 During 2016–17, the Branch:

- provided housekeeping services and relevant support to the Belt and Road Office;
- established a dedicated Project Management Office and conducted a consultation exercise to take forward the SW initiative;
- 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 implementation of the decisions of the Tenth WTO Ministerial Conference;
- oversaw participation in plurilateral negotiations for a Trade in Services Agreement (TISA) and an Environmental Goods Agreement (EGA) being undertaken by some WTO Members;

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

- 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 on enhancements to economic co-operation through establishing, for example, co-operation arrangements, FTAs and investment promotion and protection agreements;
- oversaw negotiations with the Association of Southeast Asian Nations (ASEAN), Georgia and Maldives for FTAs and with Macao for a Closer Economic Partnership Arrangement;
- 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 fostering 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 28 February 2017;
- 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;
- assisted the Legislative Council to scrutinise the Patents (Amendment) Bill 2015 and secured its passage in June 2016;
- followed up 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 and Free Trade Arrangement Transshipment Facilitation Scheme;
- monitored the operation of the Government Electronic Trading Services (GETS) and extended the contracts with the three existing service providers to end 2018; and
- launched the Professional Services Advancement Support Scheme (PASS) to provide funding support for non-profit-making industry-led projects aimed at increasing the exchanges and co-operation of Hong Kong's professional services with their counterparts in external markets, promoting relevant publicity activities and enhancing the standards and external competitiveness of Hong Kong's professional services.

Matters Requiring Special Attention in 2017–18

7 During 2017–18, the Branch will:

- continue to provide housekeeping services and relevant support to the Belt and Road Office and to beef up the office's establishment and resources to take forward the work more effectively and on a long-term basis;
- continue to take forward the SW initiative together with relevant government departments and engage stakeholders to develop implementation proposals;
- strengthen efforts in expanding the network of the overseas Economic and Trade Offices to tap new markets and enhance promotion work;
- 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;

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

- implement PASS to provide funding support for non-profit-making industry-led projects;
- conduct a tender exercise to continue the provision of GETS until the full implementation of the SW initiative;
- continue to oversee participation in the work of the WTO;
- continue to oversee negotiations for the TISA and the 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 enhancements to economic co-operation;
- continue to oversee the FTA negotiations with Georgia and Maldives;
- 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;
- extend the application period of the BUD Fund for five years and 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 fostering 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;
- extend the application period of the time-limited special concessionary measures under the SFGS for one year to 28 February 2018 and continue to monitor its operation;
- continue to promote Hong Kong as a premier IP trading hub in the region;
- prepare for the implementation of the "original grant" patent system in Hong Kong following the enactment of the Patents (Amendment) Ordinance 2016;
- continue to work with stakeholders to review and enhance Hong Kong's copyright regime to ensure that it will meet the needs of Hong Kong and keep pace with international developments;
- prepare for the proposed application of the Madrid Protocol to 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

| | 2015–16 (Actual) | 2016–17 (Original) | 2016–17 (Revised) | 2017–18 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 393.4 | 389.5 | 389.5 (—) | 385.5 (–1.0%) |
| | | | | (or –1.0% on 2016–17 Original) |

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

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 and the world;
- organises trade fairs and major conferences, e-marketplace on hktcdc.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, and a market intelligence website "Hong Kong Means Business";
- provides training programmes and workshops to assist Hong Kong companies to enhance their capabilities; 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 30 countries.

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

Indicators

| | 2015 (Actual) | 2016 (Actual) | 2017 (Estimate) |
|---|------------------|------------------|--------------------|
| trade and services promotion | | | |
| events | 877 | 852 | 850 |
| companies participating | 76 363 | 76 871 | 76 950 |
| local fairs | | | |
| no. of Mainland and overseas buyers | 419 876 | 416 539 | 420 100 |
| no. of fairs | 36 | 37 | 37 |
| business-matching enquiries worldwide | | | |
| no. of business enquiries handled | 3 230 900 | 3 206 000 | 3 200 000 |
| no. of business connections made | 17 096 400 | 18 602 400 | 18 000 000 |
| trade publications | | | |
| worldwide circulation (million) | 3.1 | 3.1 | 3.1 |
| no. of issues | 137 | 130 | 129 |
| no. of advertisers on HKTDC's trade portal (hktcdc.com) | 35 230 | 34 500 | 36 000 |

Matters Requiring Special Attention in 2017–18

11 During 2017–18, the HKTDC will:

- help Hong Kong exporters unlock opportunities presented by changing retail and consumption patterns around the world; help Hong Kong SMEs tap business opportunities in mature markets and emerging markets along the Belt and Road;
- develop Hong Kong into the premier Belt and Road intelligence hub and project matching platform; reinforce Hong Kong as the gateway to Asia for global businesses; tap business opportunities arising from the 13th Five-Year Plan; and
- nurture a new generation of young professionals and entrepreneurs to embrace challenges of the new global economic order and technological advances.

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

| | 2015–16 (Actual) | 2016–17 (Original) | 2016–17 (Revised) | 2017–18 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 9.4 | 9.0 | 9.4 (+4.4%) | 9.8 (+4.3%) |
| | | | | (or +8.9% on 2016–17 Original) |

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

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.

14 During 2016–17, the Branch:

- monitored the implementation of the Competition Ordinance (Cap. 619) (CO);
- published the annual report of the Competition Policy Advisory Group (COMPAG) for the year 2015–16 on the COMPAG website, and continued to co-ordinate the work of government bureaux and departments in promoting competition; and
- 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 2017–18

15 During 2017–18, the Branch will continue to:

- monitor the implementation of the CO in tackling anti-competitive conduct in all sectors,
- monitor the implementation of the amended Trade Descriptions Ordinance in tackling unfair trade practices that may be deployed in consumer transactions, and
- 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

| | 2015–16 (Actual) | 2016–17 (Original) | 2016–17 (Revised) | 2017–18 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 109.1 | 108.3 | 115.4 (+6.6%) | 106.6 (–7.6%) |
| | | | | (or –1.6% on 2016–17 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 | 2015 (Actual) | 2016 (Actual) | 2017 (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

| | 2015 (Actual) | 2016 (Actual) | 2017 (Estimate) |
|---|------------------|------------------|--------------------|
| consumer complaints..... | 27 378 | 25 098 | 26 000 |
| consumer enquiries..... | 98 494 | 86 188 | 87 000 |
| product tests [^] | 42 | 42 | 42 |
| consumer surveys [^] | 35 | 31 | 31 |
| in-depth studies [^] | 24 | 29 | 27 |
| studies of general interest [^] | 23 | 19 | 19 |
| response to consultation from the Government and other public bodies [#] | 21 | 12 | 12 |
| consumer educational programmes..... | 220 | 220 | 220 |
| circulation of publications..... | 310 000 | 307 800 | 310 000 |

[^] 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 2017–18

19 During 2017–18, the Council will:

- continue efforts in advocating for policies in support of consumer protection and sustainable consumption,
- complete the review on the development of the “CHOICE” Magazine on both digital and print platforms, and
- explore new channels to enhance the Council’s communication network.

Programme (6): Travel and Tourism

| | 2015–16 (Actual) | 2016–17 (Original) | 2016–17 (Revised) | 2017–18 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|------------------------------------|
| Financial provision (\$m) | 191.7 | 267.5 | 227.3 (–15.0%) | 239.4 (+5.3%) |
| | | | | (or –10.5% on 2016–17 Original) |

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

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 2016–17, the Branch:

- initiated co-ordination with government departments and relevant bodies on policy and projects/initiatives to promote tourism development. New projects initiated included "Revitalisation of Dr Sun Yat-sen Historical Trail", and completed projects included the "Ani-Com Park@Harbour"Fun", the "FIA Formula E 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 quality and honest 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 Resort's operational performance and to facilitate the implementation of the Resort's expansion plan including the new hotel development;
- reached in-principle agreement with The Walt Disney Company on the expansion and development plan at the Phase 1 site of the Hong Kong Disneyland Resort;
- continued with the housekeeping responsibility for the Ocean Park Corporation and facilitated its implementation of the waterpark and hotel projects;
- 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 to work on the new legislation for the establishment of the Travel Industry Authority (TIA) under the new regulatory framework of the tourism sector;
- liaised with relevant Mainland authorities to facilitate the implementation of CEPA and other tourism-related measures;
- monitored the implementation of a matching fund scheme by the TIC for supporting small and medium-sized travel agents in using information technology;
- co-ordinated with relevant government departments and the tourism sector to facilitate the smooth operation of the Hong Kong Wetland Park, Ngong Ping 360 and the peak tramway; and
- launched a pilot scheme to introduce food truck to Hong Kong.

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

Matters Requiring Special Attention in 2017–18

23 During 2017–18, the Branch will:

- continue to co-ordinate work on policy and projects/initiatives to facilitate tourism development, including “Revitalisation of Dr Sun Yat-sen Historical Trail”, the “FIA Formula E Hong Kong ePrix” and “A Symphony of Lights” show etc;
- continue to monitor and support the promotion work of the HKTb in key source markets, and its marketing efforts in new markets and the launching of pilot schemes to promote local events and attract transient visitors;
- continue to work with the HKTb to enhance promotion of Hong Kong as a premier MICE destination and offer necessary support to prominent MICE events;
- work with the HKTb, the tourism sector and relevant government departments to promote the green tourism products on offer in Hong Kong;
- continue to work with the trade, the HKTb, the TIC, the Council and the Mainland authorities to promote quality and honest tourism;
- 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 take forward the expansion projects of the Hong Kong Disneyland Resort including the new hotel development and other projects under its expansion and development plan, to maintain its attractiveness and 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 in the region;
- continue to monitor the implementation of the matching fund scheme by the TIC for supporting small and medium-sized travel agents in using information technology;
- spearhead and monitor the implementation of the pilot scheme on food trucks;
- 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;
- continue with the regulation of travel agents under the existing operation and regulatory framework of the tourism sector;
- continue to carry out the necessary work on the new legislation for the establishment of the TIA;
- continue to liaise with relevant Mainland authorities to facilitate the implementation of CEPA and other tourism-related measures;
- co-ordinate with relevant government departments and the tourism sector to facilitate the smooth operation of the Hong Kong Wetland Park, Ngong Ping 360 and the peak tramway;
- monitor the implementation of the funding scheme by TIC on training for enhancing the service quality of tourism industry members; and
- take forward the plan to develop the Kai Tak Tourism Node into a world-class tourism, entertainment and leisure attraction.

Programme (7): Subvention: Hong Kong Tourism Board

| | 2015–16 (Actual) | 2016–17 (Original) | 2016–17 (Revised) | 2017–18 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 758.6 | 871.9 | 883.2 (+1.3%) | 944.4 (+6.9%) |
| | | | | (or +8.3% on 2016–17 Original) |

Aim

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

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

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.

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

| | 2015 (Actual) | 2016 (Revised Estimate)Δ | 2017 (Estimate)Δ |
|--|------------------|--------------------------------|---------------------|
| visitor arrivals (million) | 59.3 | 56.7 | 55.4 |
| increase on previous year (%)Ψ | -2.5 | -4.5 | -2.2 |
| tourism expenditure associated with inbound tourism (\$ billion)¶ | 332.3 | 300.7 | 286.7 |
| change over the previous year (%)Ψ | -7.5 | -9.5 | -4.6 |
| per capita expenditure overnight visitor (\$)Ω | 7,234 | 6,602 | 6,256 |
| change over the previous year (%)Ψ | -9.1 | -8.7 | -5.2 |
| 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 | 8.3 | 8.3 |

Δ The 2016 revised estimate and 2017 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 \$54.8 billion for 2015. The projections for 2016 and 2017 are \$57.9 billion and \$60.0 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 2017-18

28 During 2017-18, the HKTb will:

- ride on the launch of the 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 76 per cent of its total marketing budget in the international markets (i.e. non-Mainland); and the remaining 24 per cent in the Mainland market, of which 80 per cent will be invested in non-Guangdong region;
- strengthen Hong Kong's destination appeals through digital marketing, social media and public relations programmes to showcase the diverse experiences that the city offers by:
 - sustaining the new brand campaign "Best of All, It's in Hong Kong" in key markets through various programmes to showcase the city's unique and diversified experience so as to establish differentiation from other destinations;

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

- incorporating the element of celebration of 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region (HKSAR) into various marketing and public relations initiatives;
- 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 visitor-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;
- drive MICE tourism and consolidate Hong Kong's image as the "World's meeting place" by:
 - continuing to put forward competitive bidding package; providing support to local associations and 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;
 - cultivating the growth of small and medium-sized MICE groups; and
 - continuously showcasing Hong Kong's edges and offerings to entice more MICE organisers to host their events in Hong Kong;
- 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 and Western China, India, Taiwan and Southeast Asia and North Asia) through consumer demand generation initiatives;
 - continuing to promote the Asia Cruise Cooperation partnering port network and launching trade marketing campaigns, with a view to driving ship deployment to Hong Kong;
 - continuing to promote fly-cruise tourism and launch joint promotion campaigns with cruise lines, as well as supporting the development of shore excursions; and
 - raising Hong Kong's profile and increasing its exposure at international and regional cruise industry events;
- develop product diversity by launching pilot schemes to support the organisation of tourism events with local characteristics and green tourism;
- drive more high spending transient and overnight visitors by launching a pilot scheme to incentivise them to extend their stay in Hong Kong;
- reinforce the attractiveness of Hong Kong as a travel destination by enriching the city's event offerings by:
 - staging light shows and updating "A Symphony of Lights" to further showcase the night vista of Hong Kong;
 - enhancing the quality and promotion of the mega events and campaigns;
 - incorporating the element of celebration of 20th Anniversary of the Establishment of the HKSAR into key events and hosting a special carnival in summer; and
 - strengthening the promotion of product offering such as launching the Old Town Central promotional campaign, and stepping up promotion of mega events organised 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
 - continuing the co-ordination among hotels, attractions and airlines to promote family and short break campaigns to boost arrivals and spending in Hong Kong;
- 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.

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

Programme (8): Public Safety

| | 2015–16 (Actual) | 2016–17 (Original) | 2016–17 (Revised) | 2017–18 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|----------------------------------|
| Financial provision (\$m) | 0.5 | 0.5 | 0.5 (—) | 0.5 (—) |
| | | | | (or same as 2016–17 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.

31 During 2016–17, 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 2017–18

32 During 2017–18, the Branch will continue to oversee the provision of weather information services by the Hong Kong Observatory, including enhancing such provision through social media.

Programme (9): Subvention: Competition Commission

| | 2015–16 (Actual) | 2016–17 (Original) | 2016–17 (Revised) | 2017–18 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 78.0 | 77.1 | 79.5 (+3.1%) | 78.7 (–1.0%) |
| | | | | (or +2.1% on 2016–17 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 2017–18

35 During 2017–18, the Commission will:

- continue to handle complaints of and conduct investigations into cases alleging to contravene a competition rule;
- escalate more cases to in-depth investigation with the aim to settling cases by issuing warning notice or commitment or bringing cases to the Competition Tribunal;
- continue to promote understanding and compliance of the CO by businesses and the public through campaigns, education programmes, outreach activities, publications, seminars and presentations;

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

- continue to 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;
- continue to conduct market studies;
- continue to advise the Government and public bodies on competition matters; and
- continue to 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 | 2015–16 (Actual) (\$m) | 2016–17 (Original) (\$m) | 2016–17 (Revised) (\$m) | 2017–18 (Estimate) (\$m) |
|--|------------------------------|--------------------------------|-------------------------------|------------------------------------|
| (1) Director of Bureau's Office | 12.2 | 12.3 | 12.4 | 12.5 |
| (2) Commerce and Industry | 620.4 | 345.9 | 217.4 | 738.2 |
| (3) Subvention: Hong Kong Trade Development Council..... | 393.4 | 389.5 | 389.5 | 385.5 |
| (4) Posts, Competition Policy and Consumer Protection..... | 9.4 | 9.0 | 9.4 | 9.8 |
| (5) Subvention: Consumer Council | 109.1 | 108.3 | 115.4 | 106.6 |
| (6) Travel and Tourism..... | 191.7 | 267.5 | 227.3 | 239.4 |
| (7) Subvention: Hong Kong Tourism Board..... | 758.6 | 871.9 | 883.2 | 944.4 |
| (8) Public Safety | 0.5 | 0.5 | 0.5 | 0.5 |
| (9) Subvention: Competition Commission | 78.0 | 77.1 | 79.5 | 78.7 |
| | 2,173.3 | 2,082.0 | 1,934.6 (–7.1%) | 2,515.6 (+30.0%) |
| | | | | (or +20.8% on 2016–17 Original) |

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2017–18 is \$0.1 million (0.8%) higher than the revised estimate for 2016–17. This is mainly due to the increased provision for salary expenses.

Programme (2)

Provision for 2017–18 is \$520.8 million (239.6%) higher than the revised estimate for 2016–17. This is mainly due to the increase in cash flow requirement for the SFGS – Special Concessionary Measures and the Measures for Manpower Development of Retail Industry, the beginning of cash flow requirement for the Professional Services Advancement Support Scheme and the provision to beef up the Belt and Road Office's establishment and resources, the increased estimate for the subscription to the WTO and increase in departmental expenses. In addition, 23 posts will be created in 2017–18.

Programme (3)

Provision for 2017–18 is \$4.0 million (1.0%) lower than the revised estimate for 2016–17. The actual amount of annual subvention to the HKTDC is determined having regard to a number of factors, including the Government's financial position and 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 2017–18 is \$0.4 million (4.3%) higher than the revised estimate for 2016–17. This is mainly due to increased expense on the salary and allowance.

Programme (5)

Provision for 2017–18 is \$8.8 million (7.6%) lower than the revised estimate for 2016–17. This is mainly due to the expected completion of the disbursement of time-limited funding for the Council to conduct studies and reduction in operating expenses.

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

Programme (6)

Provision for 2017–18 is \$12.1 million (5.3%) higher than the revised estimate for 2016–17. This is mainly due to the additional provision for TIC to launch a funding scheme on training for enhancing the service quality of tourism industry members and increased provision for operating expenses. In addition, there will be a net decrease of one post in 2017–18.

Programme (7)

Provision for 2017–18 is \$61.2 million (6.9%) higher than the revised estimate for 2016–17. This is mainly due to the additional provision for celebration of 20th Anniversary of the Establishment of the HKSAR, staging light shows and updating “A Symphony of Lights”, enhancing mega events and the hospitality support to MICE organisers and visitors; and launching various initiatives for further developing product diversity, driving more high spending overnight visitors, strengthening Hong Kong’s destination appeal in source markets, and strengthening support for the travel trade and other relevant players, partly offset by the expiry of time-limited provisions and reduction in operating expenses.

Programme (8)

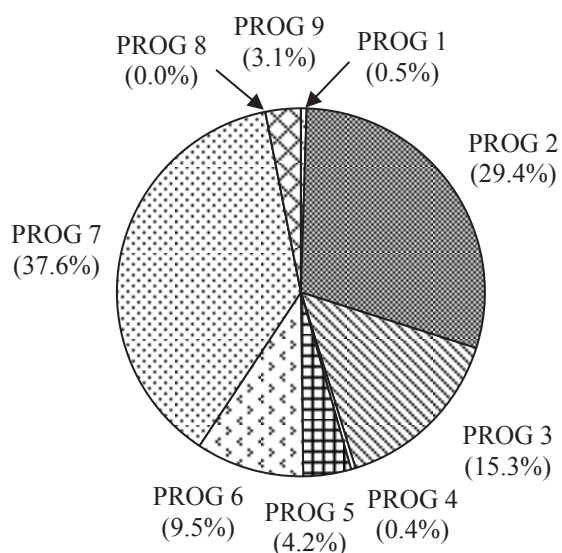
Provision for 2017–18 is the same as the revised estimate for 2016–17.

Programme (9)

Provision for 2017–18 is \$0.8 million (1.0%) lower than the revised estimate for 2016–17. This is mainly due to anticipated reduction in operating expenses.

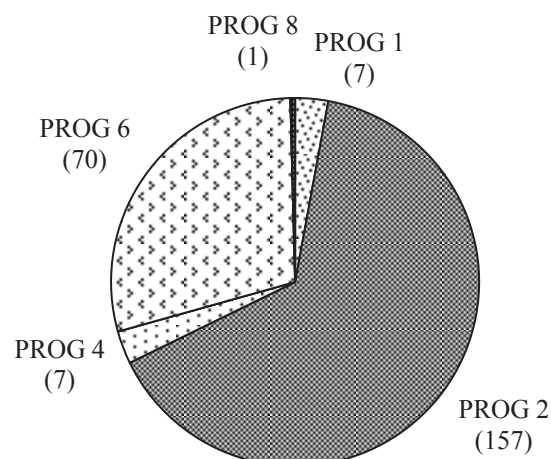
Head 152 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Allocation of provision to programmes (2017-18)



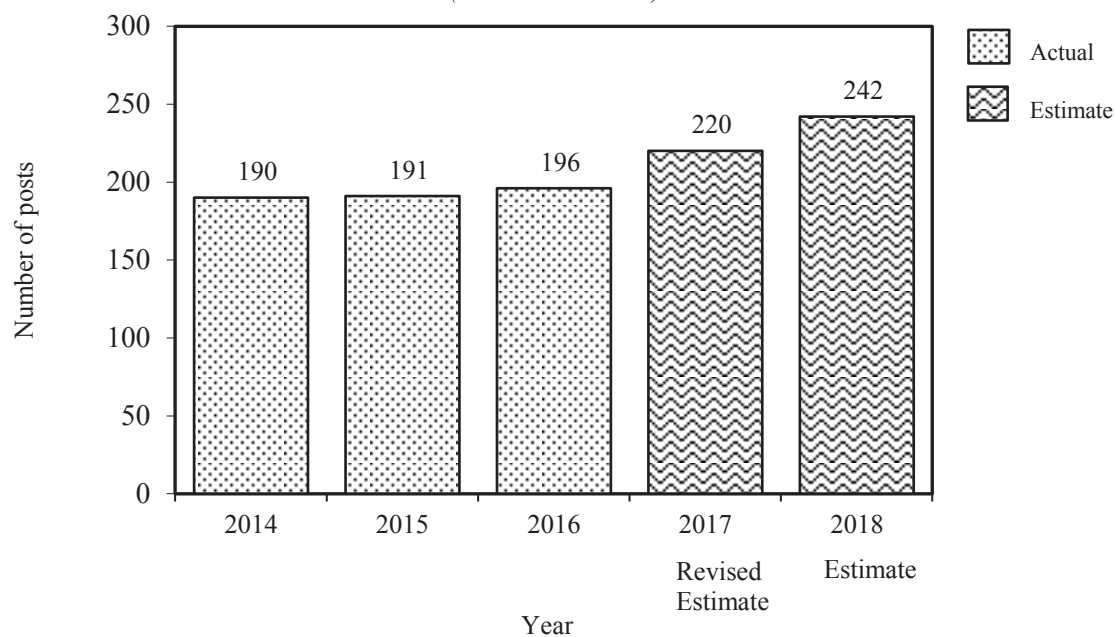
(Provision for PROG 8 represents 0.03 per cent of the overall provision. The percentage is not shown here due to rounding)

Staff by programme (as at 31 March 2018)



(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 2015–16 | Approved estimate 2016–17 | Revised estimate 2016–17 | Estimate 2017–18 |
|--------------------------|-------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------|
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating Account | | | | | |
| Recurrent | | | | | |
| 000 | Operational expenses | 1,699,523 | 1,877,310 | 1,902,839 | 2,029,442 |
| | Total, Recurrent | 1,699,523 | 1,877,310 | 1,902,839 | 2,029,442 |
| Non-Recurrent | | | | | |
| 700 | General non-recurrent | 472,431 | 204,682 | 28,408 | 484,319 |
| | Total, Non-Recurrent | 472,431 | 204,682 | 28,408 | 484,319 |
| | Total, Operating Account | 2,171,954 | 2,081,992 | 1,931,247 | 2,513,761 |
| Capital Account | | | | | |
| Subventions | | | | | |
| 970 | Consumer Council (block vote) | — | — | — | 1,873 |
| | Consumer Council | 1,334 | — | 3,365 | — |
| | Total, Subventions | 1,334 | — | 3,365 | 1,873 |
| | Total, Capital Account | 1,334 | — | 3,365 | 1,873 |
| | Total Expenditure | 2,173,288 | 2,081,992 | 1,934,612 | 2,515,634 |

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 2017–18 for the salaries and expenses of the Commerce, Industry and Tourism Branch is \$2,515,634,000. This represents an increase of \$581,022,000 over the revised estimate for 2016–17 and \$342,346,000 over the actual expenditure in 2015–16.

Operating Account

Recurrent

2 Provision of \$2,029,442,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Commerce, Industry and Tourism Branch.

3 The establishment as at 31 March 2017 will be 220 posts including two supernumerary posts. It is expected that there will be a net increase of 22 posts in 2017–18. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2017–18, but the notional annual mid-point salary value of all such posts must not exceed \$144,586,000.

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

| | 2015–16 (Actual) (\$'000) | 2016–17 (Original) (\$'000) | 2016–17 (Revised) (\$'000) | 2017–18 (Estimate) (\$'000) |
|---|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| Personal Emoluments | | | | |
| - Salaries..... | 142,941 | 169,743 | 175,532 | 198,414 |
| - Allowances..... | 6,162 | 5,614 | 8,005 | 8,128 |
| - Job-related allowances..... | 1 | 4 | 3 | 4 |
| Personnel Related Expenses | | | | |
| - Mandatory Provident Fund contribution..... | 185 | 168 | 210 | 164 |
| - Civil Service Provident Fund contribution..... | 5,955 | 9,550 | 9,931 | 11,498 |
| - Disturbance allowance..... | — | 176 | 176 | — |
| Departmental Expenses | | | | |
| - General departmental expenses | 163,300 | 196,200 | 200,936 | 249,061 |
| Other Charges | | | | |
| - Subscription to the World Trade Organization | 39,616 | 45,437 | 40,168 | 45,172 |
| Subventions | | | | |
| - Consumer Council | 107,770 | 108,355 | 112,079 | 104,732 |
| - Hong Kong-Japan Business Co-operation Committee | 3,610 | 3,610 | 3,610 | 3,610 |
| - Hong Kong Tourism Board | 758,617 | 871,860 | 883,200 | 944,443 |
| - Hong Kong Trade Development Council..... | 393,391 | 389,457 | 389,457 | 385,523 |
| - Competition Commission | 77,975 | 77,136 | 79,532 | 78,693 |
| | <u>1,699,523</u> | <u>1,877,310</u> | <u>1,902,839</u> | <u>2,029,442</u> |

Capital Account

Subventions

5 *Subhead 970 Consumer Council (block vote)* is for the procurement of plant, vehicles and equipment. The provision of \$1,873,000 is the cash flow requirement for a capital non-works project for Consumer Council.

**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 31.3.2016 | Revised estimated expenditure for 2016–17 | 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 |
| | 801 | Professional Services Advancement Support Scheme | 200,000 | — | — | 200,000 |
| | 818 | Measures for Manpower Development of Retail Industry | 130,000 | 29,425 | 5,440 | 95,135 |
| | 833 | SME Financing Guarantee Scheme – Special Concessionary Measures | 100,000,000 | 434,000 | — | 99,566,000 |
| | 834 | Mega Events Fund§ | 150,000 | 57,201 | 20,000 | 72,799§ |
| | 835 | Consultancy on the Phase 2 development of the Hong Kong Disneyland Resort | 27,300 | 495 | 2,968 | 23,837 |
| | | Total | 100,515,900 | 529,384 | 28,408 | 99,958,108 |

§ An amount under Item 834 Mega Events Fund is reserved in 2017–18 for settling the outstanding funding allocation in respect of those Mega Events Fund-supported events completed before the expiry of the Fund in 2016–17. After deducting this amount, the remaining balance of the Mega Events Fund will lapse automatically.