

Head 145 — GOVERNMENT SECRETARIAT: ECONOMIC DEVELOPMENT AND LABOUR BUREAU (ECONOMIC DEVELOPMENT BRANCH)

Controlling officer: the Permanent Secretary for Economic Development and Labour (Economic Development) will account for expenditure under this Head.

Estimate 2005–06..... **\$897.8m**

Establishment ceiling 2005–06 (notional annual mid-point salary value) representing an estimated 113 non-directorate posts as at 31 March 2005 reducing by two posts to 111 posts as at 31 March 2006 **\$46.1m**

In addition, there will be an estimated 19 directorate posts as at 31 March 2005 reducing by one post to 18 posts as at 31 March 2006.

Commitment balance **\$31.9m**

Controlling Officer's Report

Programmes

Programme (1) Director of Bureau's Office	This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Economic Development and Labour).
Programme (2) Air and Sea Communications and Logistics Development	This programme contributes to Policy Area 3: Air and Sea Communications and Logistics Development (Secretary for Economic Development and Labour).
Programme (3) Posts, Power, Competition Policy and Consumer Protection	This programme contributes to Policy Area 4: Posts, Power, Competition Policy and Consumer Protection (Secretary for Economic Development and Labour).
Programme (4) Public Safety	This programme contributes to Policy Area 7: Public Safety (Secretary for Economic Development and Labour).
Programme (5) Travel and Tourism	This programme contributes to Policy Area 5: Travel and Tourism (Secretary for Economic Development and Labour).
Programme (6) Subvention: Consumer Council	This programme contributes to Policy Area 4: Posts, Power, Competition Policy and Consumer Protection (Secretary for Economic Development and Labour).
Programme (7) Subvention: Hong Kong Tourism Board	This programme contributes to Policy Area 5: Travel and Tourism (Secretary for Economic Development and Labour).

Detail

Programme (1): Director of Bureau's Office

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	6.3	6.2	6.0 (–3.2%)	5.9 (–1.7%)
				(or –4.8% on 2004–05 Original)

Aim

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

Brief Description

3 The Office of the Secretary for Economic Development and Labour is responsible for providing administrative support to the Secretary for Economic Development and Labour 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): Air and Sea Communications and Logistics Development

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	43.1	37.9	36.5 (–3.7%)	33.7 (–7.7%)
				(or –11.1% on 2004–05 Original)

Aim

4 The aims are to maintain and develop further Hong Kong's position as a centre of international and regional aviation by ensuring continued compliance with relevant international obligations and standards, provision of sufficient airport capacity to meet demand and high standard of civil aviation management, and by facilitating the continued development of safe and reasonably-priced air links to a wide range of destinations to meet the needs of the travelling public and shippers; to promote shipping safety and to ensure continued compliance with relevant international standards of ships registered in Hong Kong or registered elsewhere which visit our port; to ensure that the port of Hong Kong is able to expand so as to simultaneously sustain Hong Kong's economic growth and meet the demands of trade; and to strengthen the role of Hong Kong as the preferred international transportation and logistics hub in Asia.

Brief Description

5 The Economic Development Branch's main responsibility under this programme is to formulate and implement policies on all aspects of civil aviation, shipping and port development, and logistics development.

6 In 2004–05, the Branch:

- signed new air services agreements with four aviation partners, conducted negotiations on one new air services agreement and negotiated or reviewed air services arrangements with seven aviation partners up to October 2004, as our continuous efforts to expand Hong Kong's air services network;
- worked with the Airport Authority (AA) to expand the cross boundary ferry service for transit passengers to more cities in the Pearl River Delta such as Panyu and Zhongshan, and to re-introduce the New Destination Incentive Arrangement for two years from September 2004 to encourage airlines to start services between Hong Kong and new destinations;
- conducted studies on the partial privatisation of the AA and consulted stakeholders on the Administration's proposal;
- completed the necessary arrangements for bringing into force the agreements on the avoidance of double taxation signed with Germany, Norway, Singapore and Sri Lanka;
- completed the Study on Hong Kong Port – Master Plan 2020 for long-term port development;
- concluded an operating agreement with the Digital Trade and Transportation Network (DTTN) Limited to define the service parameters, service level, pricing model and implementation programme of the DTTN service to ensure its launch in 2005;
- completed a scoping study and an expression of interest exercise, and commenced the detailed feasibility study on the development of the Lantau Logistics Park (LLP) at Siu Ho Wan, which will provide a designated logistics facility for promoting service integration and enhancing Hong Kong's logistics competitiveness;
- initiated discussion with the Guangdong authorities on measures to reduce cross-boundary trucking cost and enhance Hong Kong's port and logistics competitiveness;
- participated in Posidonia 2004 Shipping Congress and Exhibition in June 2004 to promote Hong Kong as an international maritime centre; and
- completed the legislative procedure for implementing the International Ship and Port Facilities Security (ISPS) Code adopted by the International Maritime Organization to enhance maritime security of the Hong Kong port facilities and ships.

Matters Requiring Special Attention in 2005–06

7 During 2005–06, the Branch will:

- liaise with the AA to take forward initiatives, which will ensure adequate airport capacity, further improve airport services and enhance the airport's connectivity and competitiveness;

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- maintain an effective civil aviation management system and take forward legislative work to ensure that our legal framework for regulating civil aviation is in line with international standards;
- work to ensure that air services meet market demands and further develop Hong Kong as an international and regional aviation centre;
- continue with our work in preparation for partial privatisation of the AA, including the necessary legislative changes;
- work to improve efficiency in existing port operations;
- continue to facilitate the development and launch of the DTTN System;
- complete the feasibility study of the LLP project and continue to liaise closely with the logistics industry to ensure that the facility, when developed, will cater for the practical needs of the industry;
- enhance our collaboration with the Guangdong authorities in order to reduce cross-boundary trucking cost;
- take forward the next steps recommended in the Study on Hong Kong Port – Master Plan 2020;
- monitor closely the implementation of the ISPS Code in Hong Kong; and
- apply new and revised international maritime standards to Hong Kong.

Programme (3): Posts, Power, Competition Policy and Consumer Protection

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	17.1	17.4	17.1 (–1.7%)	15.3 (–10.5%)
				(or –12.1% on 2004–05 Original)

Aim

8 The aims are to promote economic efficiency in the delivery of postal services; to ensure an adequate and reliable supply of energy at reasonable cost to different sectors of the economy; to monitor the operation of the two power companies under the terms of their Scheme of Control Agreements and of the Towngas supply company under the terms of the Information and Consultation Agreement; to promote competition; and to protect consumer interests.

Brief Description

9 The Branch's main responsibility under this programme is to formulate policies and programmes in relation to postal services, energy supplies, the promotion of economic efficiency and free trade through competition and the protection of consumer interests.

10 In 2004–05, the Branch:

- oversaw the reliability of electricity and gas supply which was maintained by the companies concerned at a level exceeding 99.8%;
- conducted consultation with the public and considered options for the future development of the electricity market after the expiry of the current Scheme of Control Agreements in 2008;
- commenced work on a financial review pursuant to the Scheme of Control Agreements with the two power companies;
- implemented new tendering arrangements for petrol filling station sites to promote competition in the automobile retail fuel market. Two new players entered the market under the new tendering arrangements;
- published the annual report of the Competition Policy Advisory Group (COMPAG) for the year 2003–04 through the COMPAG website, and continued to co-ordinate the work of government bureaux and departments in promoting competition;
- promoted the guidelines, issued by the COMPAG, amongst chambers of commerce and trade and industry associations which seek to maintain a competitive environment, and to define and tackle anti-competitive practices; and
- worked with the Education and Manpower Bureau to promote competition concepts in schools and integrate competition concepts in the school curriculum.

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Matters Requiring Special Attention in 2005–06

11 During 2005–06, the Branch will continue to:

- ensure the successful operation of the Post Office Trading Fund and take measures to improve customer services and productivity where appropriate;
- monitor the development and potential availability of natural gas supplies having regard to potential development for the Hong Kong gas market;
- work and conduct public consultation on formulating the framework for the future development of the electricity market after the expiry of the current Scheme of Control Agreements in 2008;
- work with the two power companies on their financial plans, pursuant to the Scheme of Control Agreements;
- assist the COMPAG in reviewing policies and practices to ascertain the extent to which competition can be enhanced in different sectors; and
- work on updating the safety specifications and standards in the Toys and Children's Products Safety Ordinance.

Programme (4): Public Safety

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	1.3	1.1	1.1 (—)	1.0 (–9.1%)
				(or –9.1% on 2004–05 Original)

Aim

12 In the field of electrical and gas safety, the aim is to enhance public safety through the introduction and enforcement of safety standards in relation to plant installation, professional competence, fuel gas storage and transport and product design. In the field of weather services, the aim is to provide high standards of weather information service for the public and special users such as the aviation and shipping community.

Brief Description

13 The Branch's main responsibility under this programme is to formulate policies in relation to electrical and gas safety and weather services.

14 In 2004–05, the Branch:

- ensured that a weather forecast accuracy of over 75% as measured by public surveys, and over 90% as measured by survey of both the aviation and shipping sectors, was maintained; and
- oversaw enforcement of regulations for domestic electrical and gas appliances to enhance public safety.

Matters Requiring Special Attention in 2005–06

15 During 2005–06, the Branch will continue to:

- ensure that electrical and gas safety requirements are enforced to enhance public safety; and
- take measures to further improve weather information services.

Programme (5): Travel and Tourism

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	127.1	41.8	64.8 (+55.0%)	52.1 (–19.6%)
				(or +24.6% on 2004–05 Original)

Aim

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

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Brief Description

17 The Branch's main responsibility under this programme is to formulate policies on tourism development and co-ordinate implementation of tourism projects and initiatives in consultation with the industry and relevant government departments and agencies.

18 In 2004–05, the Branch:

- put in place and monitored the training and certification system in conjunction with the trade to ensure the service quality of tourist guides;
- worked with the Mainland authorities and relevant parties to ensure smooth implementation of the Individual Visit Scheme (IVS);
- worked with relevant parties to facilitate entry of visitors and improve their experience;
- implemented a public education campaign designed to foster a hospitable culture in Hong Kong;
- continued with the construction of infrastructural facilities required for the Hong Kong Disneyland Phase I;
- continued with the construction of Phase II of the Hong Kong Wetland Park;
- monitored the progress of the project awarded in May 2003 for a heritage tourism development by the private sector to preserve and develop the former Marine Police Headquarters (MPHQ) for tourism uses;
- continued with the preparation for the tender of the heritage tourism development at the Central Police Station, Victoria Prison and former Central Magistracy (the CPS Compound);
- continued with the monitoring of the progress of the construction of the Tung Chung Cable Car System;
- continued with the implementation of the “Heart Sutra Inscription Project” at Ngong Ping in Lantau;
- provided assistance to a working group established to review the Ocean Park's long-term strategic development plan;
- commissioned a consultancy study on the development of cruise terminal facilities for Hong Kong, and continued to work on the implementation framework for the timely development of a new cruise terminal facility to meet the future needs of Hong Kong;
- commissioned a consultant to identify market needs and make recommendations on the development of spa and resort facilities in Hong Kong;
- continued with the implementation of the tourism district enhancement project in Central and Western District, commenced the Tsim Sha Tsui Promenade Beautification Project and the Stanley Waterfront Improvement Project, and completed directional signage in all 18 districts;
- maintained co-ordination among government departments and relevant bodies on other policy and project initiatives to promote tourism development;
- commenced Phase II of the Harbour Lighting Plan for the Victoria Harbour; and
- drew up a draft action plan for Stage I of the Northern New Territories Tourism Development Programme.

Matters Requiring Special Attention in 2005–06

19 During 2005–06, the Branch will:

- co-ordinate work on policy and project initiatives to facilitate tourism development;
- work with the Hong Kong Tourism Board (HKTB), the tourism industry and relevant parties to attract more visitors to Hong Kong and facilitate their entry;
- maintain close liaison with the Mainland authorities, relevant government departments and trade bodies to ensure smooth implementation of the IVS;
- work with the HKTB on the expansion of the Quality Tourism Services (QTS) Scheme;
- implement a public education campaign to foster a hospitable culture in Hong Kong;
- regulate outbound and inbound travel agents;
- take forward the heritage tourism development at the CPS Compound;
- implement and ensure the smooth opening of the major tourism projects, namely, the Hong Kong Disneyland, Hong Kong Wetland Park and Tung Chung Cable Car System, and monitor the progress of the MPHQ project;

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- work with the Ocean Park on how to implement its strategic development plan and take over from the Home Affairs Bureau the housekeeping responsibility for the Ocean Park starting from 2005–06;
- consider how to take forward the recommendations of the consultancy study on the development of a new cruise terminal facility in Hong Kong;
- consider how to take forward the recommendations of the consultancy study on spa and resort facilities;
- enhance existing tourist attractions and facilities, including construction of the new transport link in Tsim Sha Tsui East and improvements to the Peak and Ngong Ping;
- implement and complete Phase II of the Harbour Lighting Plan for the Victoria Harbour; and
- consult stakeholders on the Northern New Territories Tourism Development Programme.

Programme (6): Subvention: Consumer Council

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	66.2#	64.7	65.3 (+0.9%)	62.5 (-4.3%)
				(or -3.4% on 2004–05 Original)

The expenditure in 2003–04 was charged to the former Head 177—Subventions: Non-departmental Public Bodies. It is reflected here for comparison purpose.

Aim

20 The aim is to protect and promote the interests of consumers of goods and services, and purchasers, mortgagors and lessees of immovable property in Hong Kong.

Brief Description

21 The Consumer Council is an independent body established under the Consumer Council Ordinance to discharge its functions by:

- collecting, receiving and disseminating information concerning goods, services and immovable property;
- examining complaints by and giving advice to consumers;
- tendering advice to the Government on ways to enhance consumer protection;
- conducting product tests and research; and
- encouraging business and professional associations to establish codes of practice to regulate the activities of their members.

22 In 2004, the Consumer Council generally met its targets.

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

Targets

	Target	2003 (Actual)	2004 (Actual)	2005 (Plan)
handling consumer enquiries				
telephone calls.....	immediate	75% below 3 mins#	75% below 3 mins#	75% below 3 mins#
in person.....	10 mins	immediate to 10 mins	immediate to 10 mins	immediate to 10 mins
in writing				
issued reply (simple case) (working days).....	7	7	7	7
issued preliminary reply (complex case) (working days).....	6§	6	6	6
issued reply (complex case) (weeks).....	1-3	1-3	1-3	1-3

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	Target	2003 (Actual)	2004 (Actual)	2005 (Plan)
handling consumer complaints				
telephone calls.....	immediate	75% below 3 mins#	75% below 3 mins#	75% below 3 mins#
in writing				
issued acknowledgement (working days).....	2	2	2	2
issued preliminary reply (working days).....	7	7	7	7
notified complainants of results/progress (working days).....	27§	27	27	27
publication of 'CHOICE' and release of product testing, research and survey results.....	monthly	monthly	monthly	monthly

The Council's performance reflects the increase in the number of telephone enquiries and complaints and the capacity of the Council's telephone hotline system.

§ With effect from 2005, the Council will slightly adjust the targets from five to six working days for issuing preliminary replies on complex enquiries and from 24 to 27 working days for notifying complainants of results/progress to reflect the substantial increase in the number of consumer complaints and enquiries.

Indicators

	2003 (Actual)	2004 (Actual)	2005 (Estimate)
consumer complaints	26 501	26 756	28 000
consumer enquiries	140 484	120 797	130 000
product tests.....	46φ	42	41
consumer surveys.....	16	16	15
in-depth studies.....	52	52	52
response to consultation from the Government and other public bodies.....	43	27	31
consumer education programmes.....	175	185	185
press interviews and enquiries	5 350	5 400	5 500
circulation of publications	404 500	390 000§	390 000
distribution of pamphlets	19 300	11 519Ω	12 000Ω

φ The average number of tests conducted annually has been around 40. The increase in 2003 was due to the conduct of additional product tests in response to the outbreak of Severe Acute Respiratory Syndrome.

§ The reduction was attributable to availability of an on-line 'CHOICE' magazine.

Ω Reduced need for provision of physical copies of pamphlets as more information is now available on the Council's website.

Matters Requiring Special Attention in 2005–06

24 During 2005–06, the Council will continue to:

- encourage business and professional associations to establish codes of practice to regulate activities of their members;
- step up liaison with business and professional associations and where necessary, offer training on customer service and product quality matters;
- enhance consumers' awareness by providing impartial information from product testing programmes and services survey results; and building a consumer knowledge base through, inter alia, on-line information, including an on-line 'CHOICE' magazine;
- support Government's policy of tourism promotion by providing pre-shopping advice to tourists and facilitating access to redress consumer disputes;
- forge closer co-operation with consumer associations in the Mainland to help tourists understand Hong Kong's market practice, and facilitate the handling of complaints lodged by consumers; and
- work closely with the Legislative Council, the Government, regulatory bodies and other organisations on consumer policy matters.

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Programme (7): Subvention: Hong Kong Tourism Board

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	507.2#	544.7	543.7 (–0.2%)	727.3 (+33.8%)
				(or +33.5% on 2004–05 Original)

The expenditure in 2003–04 was charged to the former Head 177—Subventions: Non-departmental Public Bodies. It is reflected here for comparison purpose.

Aim

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

Brief Description

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

- 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 providing services for visitors to Hong Kong; and
- make recommendations to the Government on measures which may further any of the foregoing matters.

27 Funds invested by the HKTB in promotional activities will help to stimulate the growth in the number of visitors to Hong Kong and maximise their spending.

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

Indicators

	2003 (Actual)	2004 (Estimate)	2005# (Estimate)
visitor arrivals (millions).....	15.5	21.8	23.4
increase on previous year (%).....	–6.2	+40.4	+7.3
tourism expenditure associated with inbound tourism (\$billion)	74.9	91.8π	97.8π
increase on previous year (%).....	–3.4	+22.6	+6.5
expenditure per capita overnight visitor (\$)§	5,502	4,478Ω	4,478Ω
increase on previous year (%).....	+12.2	–18.6	—

2005 estimate is subject to further revisions. The impact, if any, due to the South Asia tsunami disaster has not been taken into account in the 2005 forecast.

π Including \$22 billion being receipts of Hong Kong-based carriers for the cross-boundary transportation of non-resident visitors as estimated by the Census and Statistics Department.

§ Spending by servicemen, aircrew and transit passengers is excluded.

Ω Taking into account the changes in visitors' profile, particularly that of IVS visitors, and HKTB's enhanced survey methodology for collecting data to compile the per capita spending in 2004.

Matters Requiring Special Attention in 2005–06

29 During 2005–06, the HKTB will:

- consolidate the marketing platform of “Hong Kong – Live it, Love it!” to deepen and widen the marketing of our diversity and sophistication in shopping, dining, culture, heritage, festivals, city vibrancy and green attractions;

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- establish Hong Kong as a must-visit destination in Asia and promote a new image of Hong Kong by leveraging on the opening of various tourism projects in Hong Kong in 2005 and 2006. A new and special global publicity campaign will be launched with a series of worldwide publicity and promotional activities, targeting the consumers, the trade as well as media. The campaign is estimated to cost \$276 million in government subvention over a two-year period, of which about \$160 million is expected to be spent in 2005–06;
- stimulate growth in tourist arrivals and tourism spending by launching a series of enhanced mega events, new products and promotional activities with particular appeal to business and family visitor segments which have clear development potential. The Government has earmarked subvention of \$164 million for the purpose over a two-year period, of which about \$76 million is expected to be spent in 2005–06;
- maintain a balanced market portfolio by sustaining marketing efforts in long haul markets, cultivating high potential markets including the Mainland, South Korea, the Philippines and Thailand, revitalise appeal for repeated visitors in Taiwan and rekindle interest in Hong Kong as a destination among Japanese consumers;
- enhance promotion in the Mainland IVS cities with targeted marketing programme for the IVS segment, such as stepping up publicity to generate awareness of the Scheme, developing focussed tour products, providing tailor-made information guide and consumer offers, and enhancing dissemination of pre-arrival information to help visitors plan their itinerary;
- further develop the growing worldwide free and independent travellers segment by co-operation with consumer brands to increase awareness of Hong Kong and expand distribution network, maximise impact of consumer fairs and roadshows through integrated marketing approach, and improve information dissemination via different channels;
- enrich visitors' experience by working with trade partners to develop new tour products, and continue to co-operate with the Mainland counterparts (in particular the Pan Pearl River Delta cities) and other neighbouring destinations such as Thailand and Vietnam;
- improve visitor satisfaction with enhanced visitor services such as relocation of the Visitor Information and Services Centre, and expand information provision channels and language availability;
- with additional subvention of \$15 million a year in 2005–06 and 2006–07, enhance consumer protection of tourists by expanding the scope of QTS Scheme to cover more tourism-related sectors and increase tourists' awareness of the Scheme by stepping up targeted promotion and publicity, especially in the key markets, such as the Mainland IVS cities and North Asia; and
- improve HKTB productivity through continuous work process re-engineering, integration and automation.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2003-04 (Actual) (\$m)	2004-05 (Original) (\$m)	2004-05 (Revised) (\$m)	2005-06 (Estimate) (\$m)
(1) Director of Bureau's Office.....	6.3	6.2	6.0	5.9
(2) Air and Sea Communications and Logistics Development.....	43.1	37.9	36.5	33.7
(3) Posts, Power, Competition Policy and Consumer Protection	17.1	17.4	17.1	15.3
(4) Public Safety	1.3	1.1	1.1	1.0
(5) Travel and Tourism.....	127.1	41.8	64.8	52.1
(6) Subvention: Consumer Council.....	66.2	64.7	65.3	62.5
(7) Subvention: Hong Kong Tourism Board.....	507.2	544.7	543.7	727.3
	<u>768.3</u>	<u>713.8</u>	<u>734.5</u> (+2.9%)	<u>897.8</u> (+22.2%)
				(or +25.8% on 2004-05 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2005-06 is \$0.1 million (1.7 %) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut.

Programme (2)

Provision for 2005-06 is \$2.8 million (7.7%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut, reduced operating expenditure to achieve efficiency savings and reduced cash flow requirement for port and logistics studies.

Programme (3)

Provision for 2005-06 is \$1.8 million (10.5%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut, reduced operating expenditure to achieve efficiency savings and lapse of a time-limited non-civil service directorate position, partly offset by the increased cash flow requirement for time-limited projects.

Programme (4)

Provision for 2005-06 is \$0.1 million (9.1%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and reduced operating expenditure to achieve efficiency savings.

Programme (5)

Provision for 2005-06 is \$12.7 million (19.6 %) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and reduced cash flow requirement for time-limited projects, partly offset by the increased provision for project-based tourism initiatives. In addition, one post will be deleted and one supernumerary post will lapse in 2005-06.

Programme (6)

Provision for 2005-06 is \$2.8 million (4.3%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of price adjustment in subvention with reference to the 2005 civil service pay cut.

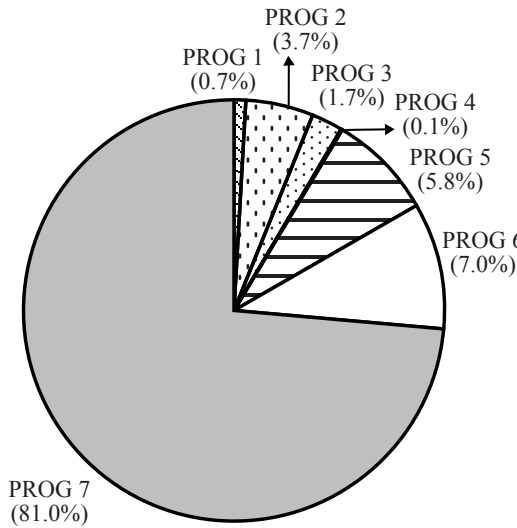
Programme (7)

Provision for 2005-06 is \$183.6 million (33.8%) higher than the revised estimate for 2004-05. This is mainly due to the additional provision for project-based tourism initiatives, partly offset by the full-year effect of price adjustment in subvention with reference to the 2005 civil service pay cut.

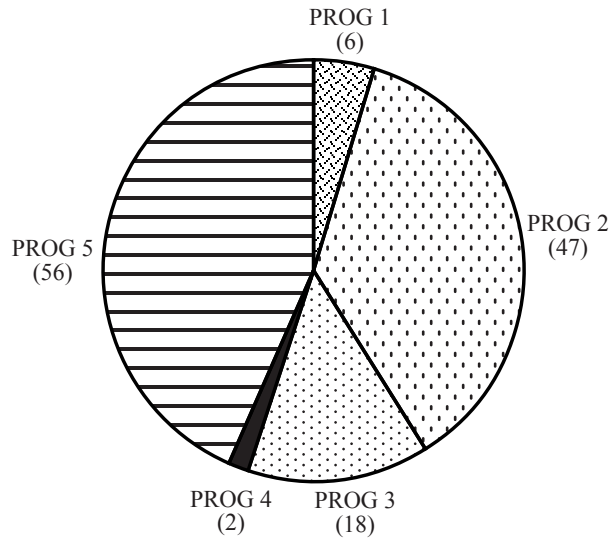
Note: In addition, one post providing support services to all programmes of work will be deleted in 2005-06.

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Allocation of provision to programmes (2005-06)

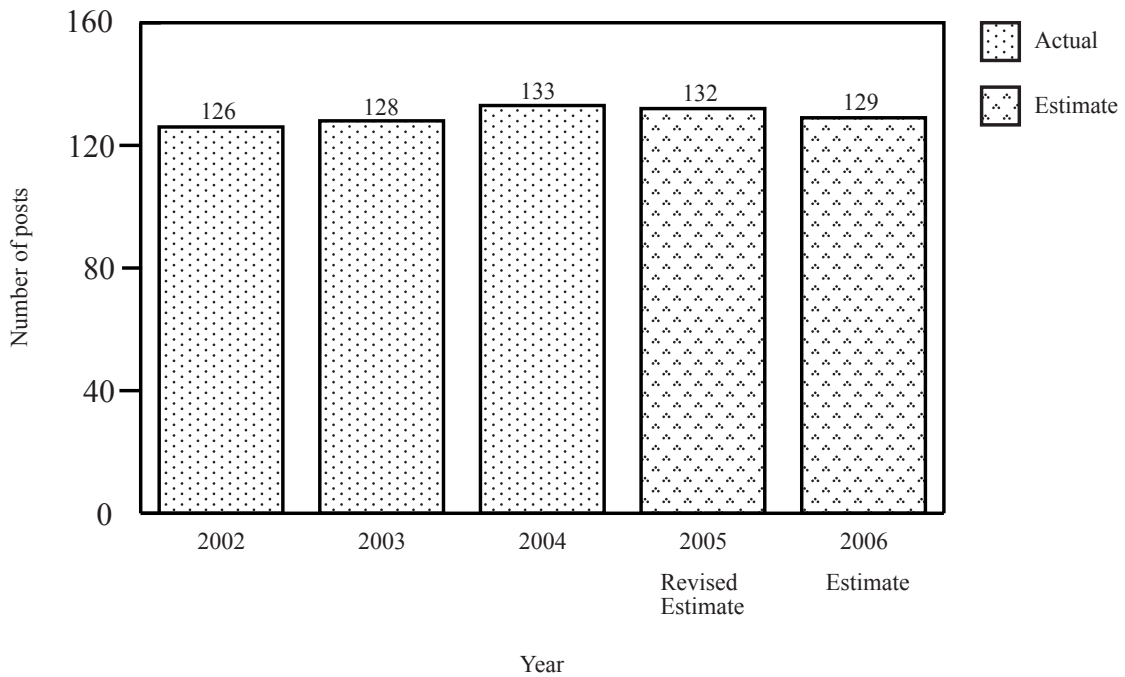


Staff by programme (as at 31 March 2006)



(No government staff under PROG 6 & 7)

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



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Sub-head (Code)	Actual expenditure 2003-04	Approved estimate 2004-05	Revised estimate 2004-05	Estimate 2005-06	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	104,103	702,632	701,582	882,180
	Total, Recurrent	<u>104,103</u>	<u>702,632</u>	<u>701,582</u>	<u>882,180</u>
Non-Recurrent					
700	General non-recurrent	90,780	11,170	32,893	15,660
	Total, Non-Recurrent	<u>90,780</u>	<u>11,170</u>	<u>32,893</u>	<u>15,660</u>
	Total, Operating Account	194,883	713,802	734,475	897,840
<hr/>					
	Total Expenditure	<u><u>194,883</u></u>	<u><u>713,802</u></u>	<u><u>734,475</u></u>	<u><u>897,840</u></u>

Head 145 — GOVERNMENT SECRETARIAT: ECONOMIC DEVELOPMENT AND LABOUR BUREAU (ECONOMIC DEVELOPMENT BRANCH)

Details of Expenditure by Subhead

The estimate of the amount required in 2005–06 for the salaries and expenses of the Economic Development Branch is \$897,840,000. This represents an increase of \$163,365,000 over the revised estimate for 2004–05 and of \$702,957,000 over actual expenditure in 2003–04. The increase over actual expenditure in 2003–04 is primarily due to the transfer of subvention for the Consumer Council and Hong Kong Tourism Board from the former Head 177 with effect from 2004–05.

Operating Account

Recurrent

2 Provision of \$882,180,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Economic Development Branch. The increase of \$180,598,000 (25.7%) over the revised estimate for 2004–05 is mainly due to the additional provision for project-based tourism initiatives, partly offset by the full-year effect of the 2005 civil service pay cut and reduced operating expenditure by both the Branch and its two subvented organisations to achieve efficiency savings.

3 The establishment as at 31 March 2005 will be 131 permanent posts and one supernumerary post. It is expected that two permanent posts will be deleted and one supernumerary post will lapse in 2005–06. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2005–06, but the notional annual mid-point salary value of all such posts must not exceed \$46,112,000.

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

	2003–04 (Actual) (\$'000)	2004–05 (Original) (\$'000)	2004–05 (Revised) (\$'000)	2005–06 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	74,588	76,950	76,362	74,316
- Allowances	3,746	3,131	3,971	3,642
- Job-related allowances	3	2	3	3
Personnel Related Expenses				
- Mandatory Provident Fund contribution	60	60	60	60
Departmental Expenses				
- General departmental expenses	25,706	18,142	17,889	15,111
Subventions				
- Consumer Council	—#	64,185	64,185	61,719
- Hong Kong Tourism Board	—#	540,162	539,112	727,329
	104,103	702,632	701,582	882,180

Expenditure in 2003–04 was charged to the former Head 177—Subventions: Non-departmental Public Bodies.

**Head 145 — GOVERNMENT SECRETARIAT: ECONOMIC DEVELOPMENT AND
LABOUR BUREAU (ECONOMIC DEVELOPMENT BRANCH)**

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2004	Revised estimated expenditure for 2004-05	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	011	Promotion of Hong Kong as an international shipping centre and study on the competitiveness of the Hong Kong container port.....	2,150	2,091	20	39
	013	Promotion of Hong Kong as an international maritime centre and leading port	3,600	3,295	75	230
	014	Consultancy on competition issues in other economies	1,200	200	600	400
	015	Enhancing public awareness of the work of the Competition Policy Advisory Group	500	196	20	284
	016	A "Hospitable Hong Kong" Campaign..	22,400	8,281	7,890	6,229
	017	Consultancy studies for developing the regulatory and market restructuring framework of electricity supply industry in Hong Kong	8,500	2,394	620	5,486
	018	Developing and promoting Hong Kong as the preferred international and regional transportation and logistics centre.....	9,500	7,217	300	1,983
	019	Study on Competitive Strategy and Master Plan for the Time Definite Sector in the Supply Chain.....	9,923	7,371	1,907	645
	021	Organisation of an international logistics conference.....	900	—	100	800
	022	Tourism Development Assistant Training Project	104,900	82,461	12,480	9,959
	023	Promotion of Hong Kong's logistics advantages under the Mainland/Hong Kong Closer Economic Partnership Arrangement.....	600	—	100	500
	152	Review of web-based services and computer infrastructure of the Consumer Council.....	3,500	1,310	1,120	1,070
	428	Consultancy on cruise terminal facilities development for Hong Kong.....	6,000	—	1,770	4,230
		Total	<u>173,673</u>	<u>114,816</u>	<u>27,002</u>	<u>31,855</u>