

Head 145 — GOVERNMENT SECRETARIAT: ECONOMIC SERVICES BUREAU

Controlling officer: the Secretary for Economic Services will account for expenditure under this Head.

Estimate 2002–03	\$120.1m
Establishment ceiling 2002–03 (notional annual mid-point salary value) representing an estimated 107 non-directorate posts at 31 March 2002 rising by four posts to 111 posts at 31 March 2003	\$51.4m
In addition there will be an estimated 18 directorate posts at 31 March 2002 and at 31 March 2003.	
Capital Account commitment balance	\$30.3m

Controlling Officer's Report

Programmes

Programme (1) Air and Sea Communications	This programme contributes to Policy Area 3: Air and Sea Communications (Secretary for Economic Services).
Programme (2) Posts, Power, Competition Policy and Consumer Protection	This programme contributes to Policy Area 4: Posts, Power, Competition Policy and Consumer Protection (Secretary for Economic Services).
Programme (3) Public Safety	This programme contributes to Policy Area 7: Public Safety (Secretary for Economic Services).
Programme (4) Travel and Tourism	This programme contributes to Policy Area 5: Travel and Tourism (Secretary for Economic Services).

Detail

Programme (1): Air and Sea Communications

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	32.6	32.0 (–1.8%)	33.5 (+4.7%)	48.7 (+45.4%)

Aim

2 The aim is 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, high standard of civil aviation management and 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 promote the development of Hong Kong as an international transport and logistics hub.

Brief Description

3 The bureau's main responsibility under this programme is to formulate and implement policies on all aspects of civil aviation, shipping and port development, and logistics service development.

4 In 2001–02, the bureau:

- up to January 2002, conducted negotiations on three new air services agreements and negotiated or reviewed air services arrangements with 18 aviation partners as its continuous efforts to expand Hong Kong's air services network;
- completed the Port Development Strategy Review and the Study to Strengthen Hong Kong's Role as the Preferred International and Regional Transportation and Logistics Hub. These studies, together with the Airport Master Plan 2020 prepared by the Airport Authority, provide the basis for the bureau to formulate plans to strengthen Hong Kong's role as the preferred international and regional transportation and logistics hub;
- conducted a promotional tour in Europe to promote Hong Kong as the "Can-do Port" and "Can-do Shipping Centre";
- completed negotiations and initiated two Double Taxation Agreements on shipping profits with our business partners; and
- established the Steering Committee on Logistics Development and the Hong Kong Logistics Development Council to take forward the "Logistics Hong Kong" initiative.

Matters Requiring Special Attention in 2002–03

5 During 2002–03, the bureau will continue to:

- liaise with the Airport Authority to take forward initiatives, which will ensure adequate airport capacity, further improve airport services, and enhance the airport's competitiveness;
- maintain an effective civil aviation management system;
- work to ensure that air services meet market demands and further develop Hong Kong as an international and regional aviation centre;
- work to improve efficiency in existing port operations;
- work to develop logistics services in Hong Kong; and
- apply new and revised international maritime standards to Hong Kong.

Programme (2): Posts, Power, Competition Policy and Consumer Protection

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	14.4	22.3 (+54.9%)	18.2 (–18.4%)	25.2 (+38.5%)

Aim

6 The aim is to promote economic efficiency in the delivery of postal services; to ensure an adequate and reliable supply of energy at reasonable cost to the 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 town gas supply company under the terms of the Information and Consultation Agreement; to promote demand side management; to promote competition; and to protect consumer interests.

Brief Description

7 The bureau'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.

8 In 2001–02, the bureau:

- oversaw the reliability of electricity and gas supply which was maintained by the companies concerned at a level exceeding 99.8%;
- established a multi-disciplinary team and commenced studies on options for the regulatory regime for the electricity supply sector after the expiry of the current Scheme of Control Agreement in 2008;
- commenced a review on the effectiveness of the demand side management programmes in respect of electricity consumption; and
- published the annual report of the Competition Policy Advisory Committee for the year 2000–01, and continued to coordinate the work of policy bureaux and departments in promoting competition.

Matters Requiring Special Attention in 2002–03

9 During 2002–03, the bureau will:

- continue to ensure the successful operation of the Post Office Trading Fund and take measures to improve customer services and productivity where appropriate;
- continue to promote energy saving, especially through demand side management programmes;
- consider the viability of introducing a natural gas based common carrier system, and identify issues relating to the broad institutional, infrastructural and regulatory framework necessary for its possible introduction;
- continue to study market restructuring experience elsewhere and to examine options for future development of the electricity supply sector;
- continue to assist the Competition Policy Advisory Group in reviewing policies and practices to ascertain the extent to which competition can be enhanced in different sectors; and
- update the safety specifications and standards listed in the Schedule to the Toys and Children's Products Safety Ordinance.

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Programme (3): Public Safety

	2000-01 (Actual)	2001-02 (Approved)	2001-02 (Revised)	2002-03 (Estimate)
Financial provision (\$m)	3.1	2.9 (-6.5%)	2.1 (-27.6%)	2.1 (0.0%)

Aim

10 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

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

12 In 2001-02, the bureau finalised the proposal for mandatory approval of domestic gas appliances to enhance public safety.

Matters Requiring Special Attention in 2002-03

13 During 2002-03, the bureau will continue to:

- strengthen enforcement of gas safety requirements; and
- take measures to improve weather information services.

Programme (4): Travel and Tourism

	2000-01 (Actual)	2001-02 (Approved)	2001-02 (Revised)	2002-03 (Estimate)
Financial provision (\$m)	24.9	47.2 (+89.6%)	44.1 (-6.6%)	44.1 (0.0%)

Aim

14 The aim is to maintain Hong Kong's position as the most popular tourist city in Asia.

Brief Description

15 The bureau'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.

16 In 2001-02, the bureau:

- launched a public education campaign designed to foster a hospitality culture in Hong Kong;
- introduced the Travel Agents (Amendment) Bill 2001 into the Legislative Council to put in place a licensing scheme to regulate inbound travel agents;
- reached agreement with the Mainland authorities on new arrangement for the Hong Kong Group Tour Scheme to facilitate the entry of Mainland visitors;
- maintained co-ordination among government departments and relevant bodies on policy and project initiatives to promote tourism development;
- implemented the pilot scheme for tourist district enhancement in the Central and Western District, and completed the visitor signage pilot scheme in Stanley and Central;
- invited private sector proposals for the development of the Tung Chung Cable Car system and commissioned consultants to study various tourism development projects; and
- held a major Tourism Symposium involving all sectors of the industry.

Matters Requiring Special Attention in 2002-03

17 During 2002-03, the bureau will:

- pursue initiatives to enhance existing tourist attractions and facilities, including the beautification of Tsim Sha Tsui Promenade and improvements to Stanley Waterfront and the Peak; and developing new ones, including the construction of Phase 2 of the Hong Kong Wetland Park and development of a cable car system on Lantau Island;

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- complete the enhancements of the Sai Kung Waterfront and Lei Yue Mun Waterfront areas as part of the district enhancement programme;
- invite private sector proposals for the development of a heritage tourism project at the former Marine Police Headquarters;
- complete a feasibility study on options for development of a heritage tourism project at the Central Police Station, the Central Magistracy and the Victoria Prison compound;
- oversee the implementation of the agreement with The Walt Disney Company for the construction of Hong Kong Disneyland;
- continue to co-ordinate efforts in policy and project initiatives to facilitate tourism development;
- co-operate with the Hong Kong Tourism Board in the promotion of heritage and green tourism, and on the enhancement of tourism products;
- attract and encourage the staging of signature events in Hong Kong;
- continue to implement territory-wide publicity and public education campaign to promote a hospitality culture in the community; and
- complete legislative amendments to put in place a framework for regulation of inbound travel agents, and continue to carry out responsibilities for regulation of outbound travel agents.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2000-01 (Actual) (\$m)	2001-02 (Approved) (\$m)	2001-02 (Revised) (\$m)	2002-03 (Estimate) (\$m)
(1) Air and Sea Communications	32.6	32.0	33.5	48.7
(2) Posts, Power, Competition Policy and Consumer Protection	14.4	22.3	18.2	25.2
(3) Public Safety	3.1	2.9	2.1	2.1
(4) Travel and Tourism	24.9	47.2	44.1	44.1
	75.0	104.4 (+39.2%)	97.9 (-6.2%)	120.1 (+22.7%)

Note: Programmes (2) and (4) under Head 145 have been rearranged by transferring the policy responsibility of consumer protection from Programme (4) to Programme (2).

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2002-03 is \$15.2 million (45.4%) higher than the revised estimate for 2001-02. This is mainly due to the full-year provisions for the posts created to strengthen the support on aviation and logistics matters and the additional requirements for conducting studies on logistics issues and for promoting Hong Kong as an international maritime centre, a leading port and the preferred international and regional transportation and logistics hub.

Programme (2)

Provision for 2002-03 is \$7.0 million (38.5%) higher than the revised estimate for 2001-02. This is mainly due to the additional requirements for the engagement of consultants in a full-year to examine options for future development of the electricity supply sector and to look into issues relating to the possible introduction of a natural gas based common carrier system.

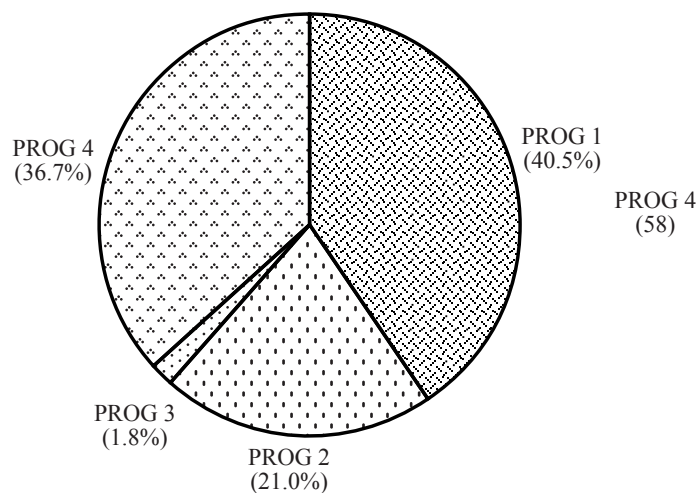
Programme (3)

Provision for 2002-03 is the same as the revised estimate for 2001-02.

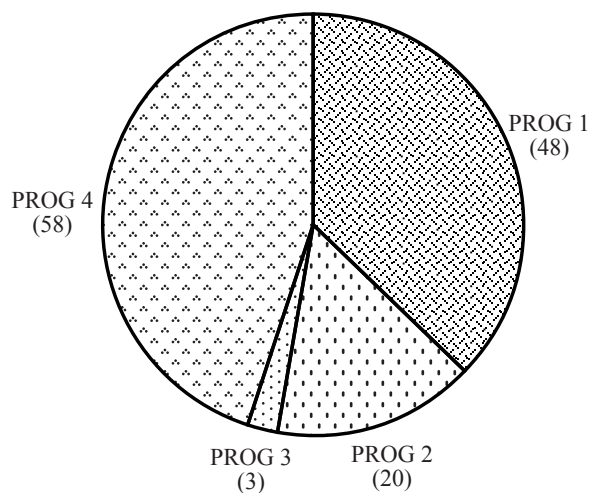
Programme (4)

Provision for 2002-03 is the same as the revised estimate for 2001-02.

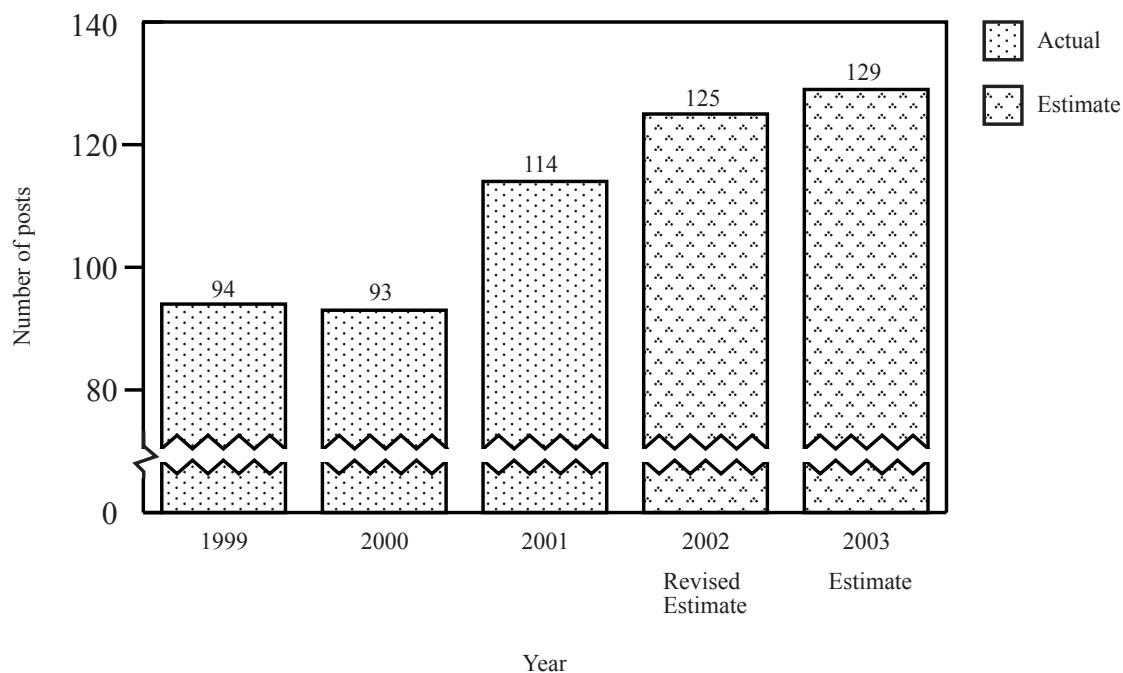
*Allocation of provision
to programmes
(2002-03)*



*Staff by programme
(as at 31 March 2003)*



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



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Sub-head (Code)		Actual expenditure 2000-01	Approved estimate 2001-02	Revised estimate 2001-02	Estimate 2002-03
		\$'000	\$'000	\$'000	\$'000
Recurrent Account					
I — Personal Emoluments					
001	Salaries	54,779	71,237	66,716	75,252
002	Allowances	4,258	4,232	4,961	4,777
007	Job-related allowances	6	7	7	7
	Total, Personal Emoluments	59,043	75,476	71,684	80,036
III — Departmental Expenses					
149	General departmental expenses	8,119	21,592	13,796	18,903
	Total, Departmental Expenses	8,119	21,592	13,796	18,903
	Total, Recurrent Account	67,162	97,068	85,480	98,939
Capital Account					
II — Other Non-Recurrent					
700	General other non-recurrent	7,861	7,294	12,458	21,204
	Total, Other Non-Recurrent	7,861	7,294	12,458	21,204
	Total, Capital Account	7,861	7,294	12,458	21,204
	Total Expenditure	75,023	104,362	97,938	120,143

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Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the Economic Services Bureau is \$120,143,000. This represents an increase of \$22,205,000 over the revised estimate for 2001–02 and of \$45,120,000 over actual expenditure in 2000–01.

Recurrent Account

Personal Emoluments

2 Provision of \$80,036,000 for personal emoluments represents an increase of \$8,352,000 over the revised estimate for 2001–02.

3 The establishment at 31 March 2002 will be 124 permanent posts and one supernumerary post. It is expected that four permanent posts will be created in 2002–03.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$51,383,000.

5 Provision of \$4,777,000 under *Subhead 002 Allowances* is for standard allowances and the consolidated overtime allowance for Chauffeur grade.

6 Provision of \$7,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

Departmental Expenses

7 Provision of \$18,903,000 under *Subhead 149 General departmental expenses* represents an increase of \$5,107,000 (37.0%) over the revised estimate for 2001–02. This is mainly due to full-year provision for the engagement of consultants to examine options for future development of the electricity supply sector and to look into issues relating to the possible introduction of a natural gas based common carrier system, partly offset by reduced operating expenditure under the Enhanced Productivity Programme.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2001	Revised estimated expenditure for 2001-02	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	012	Management of Tamar Site.....	3,937	913	2,364	660
	014	To engage a consultant to advise on competition issues in other economies.....	1,200	—	480	720
	015	To enhance public awareness of the work of the Competition Policy Advisory Group.....	500	—	400	100
	016	A “Hospitable Hong Kong” Campaign...	9,600	—	6,194	3,406
	017	Consultancy studies for developing the regulatory and market restructuring framework of electricity supply industry in Hong Kong.....	8,500	—	2,500	6,000
	018	Developing and promoting Hong Kong as an international maritime centre, a leading port and the preferred international and regional transportation and logistics centre	9,500	—	—	9,500
	019	Study on Competitive Strategy and Master Plan for the Time Definite Sector in the Supply Chain	9,923	—	—	9,923
		Total.....	43,160	913	11,938	30,309