

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 2006–07 **\$928.6m**

Establishment ceiling 2006–07 (notional annual mid-point salary value) representing an estimated 110 non-directorate posts as at 31 March 2006 rising by three posts to 113 posts as at 31 March 2007 **\$47.9m**

In addition, there will be an estimated 18 directorate posts as at 31 March 2006 and as at 31 March 2007.

Commitment balance **\$47.9m**

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

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	6.0	5.9	6.3 (+6.8%)	6.3 (—)
				(or +6.8% on 2005–06 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

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	35.6	33.7	43.6 (+29.4%)	41.5 (–4.8%)
				(or +23.1% on 2005–06 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 2005–06, the Branch:

- conducted negotiations on two new air services agreements and negotiated or reviewed air services arrangements with 21 aviation partners up to October 2005, as our continuous efforts to expand Hong Kong's air services network;
- worked with the Airport Authority (AA) to provide upstream check-in service for transit passengers using cross-boundary ferry service;
- conducted a public consultation exercise on the proposed partial privatisation of the AA;
- brought into force the agreements on the avoidance of double taxation signed with Germany, Norway, Singapore, Sri Lanka and Croatia;
- helped launch the Digital Trade and Transportation Network (DTTN) in December 2005;
- stepped up promotion of Hong Kong logistics advantages and role as an ideal gateway to China to overseas and the Mainland audiences, including participation in the Pan-Pearl River Delta Logistics Forum in July 2005 and a promotion visit to Europe in September 2005;
- maintained policy overview regarding the detailed feasibility study on the development of the Lantau Logistics Park (LLP) at Siu Ho Wan;
- discussed with the Guangdong authorities measures to reduce cross-boundary trucking cost and agreed on the relaxation of the "one-truck-one-driver" rule and extension of the licence period for Hong Kong–Guangdong joint-venture enterprises from three to six years; and
- commenced the Study on Hong Kong Port Cargo Forecasts 2005–06 and the Ecological, Fisheries and Water Quality Impact Assessment Study for the proposed port development at Northwest Lantau.

Matters Requiring Special Attention in 2006–07

7 During 2006–07, 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;
- 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;
- review the air traffic management system and develop strategy to support the continued growth and development of the civil aviation industry;
- work to ensure that air services meet market demands and further develop Hong Kong as an international and regional aviation centre;

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- continue with the work in preparation for partial privatisation of the AA, including consultation with stakeholders and the necessary legislative changes;
- continue to develop initiatives to enhance our port competitiveness;
- continue to work closely with the logistics industry to monitor the implementation of the DTTN System in accordance with the DTTN Operating Agreement;
- complete the feasibility study of the LLP project, which will pave the way for fulfilling statutory requirements for subsequent reclamation and zoning of the site;
- continue to enhance our collaboration with the Guangdong authorities in order to ensure smooth implementation of the agreed measures to reduce cross-boundary trucking cost, and explore further room for facilitating cross-boundary freight flow;
- monitor closely the progress of the Study on Hong Kong Port Cargo Forecasts 2005–06 and the Ecological, Fisheries and Water Quality Impact Assessment Study for the proposed port development at Northwest Lantau; and
- take forward necessary legislative proposals to enable the implementation of new and revised international maritime standards in Hong Kong.

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

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	16.0	15.3	20.5 (+34.0%)	15.6 (–23.9%)
				(or +2.0% on 2005–06 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 2005–06, the Branch:

- oversaw the reliability of electricity and gas supply which was maintained by the companies concerned at a level exceeding 99.8%;
- consulted the public under Stage II of the consultation exercise on the framework of regulatory arrangements for the electricity market after the expiry of the current Scheme of Control Agreements in 2008;
- conducted a financial review pursuant to the Scheme of Control Agreements with the two power companies;
- commissioned in July 2005 an independent consultant to conduct a study on the competition situation in the auto-fuel retail market in Hong Kong;
- provided support to the Competition Policy Review Committee (CPRC), an independent committee appointed by the Competition Policy Advisory Group (COMPAG) in June 2005, in its review of the existing competition policy and the composition, terms of reference and operations of the COMPAG;
- published the annual report of the COMPAG for the year 2004–05 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 2006–07

11 During 2006–07, 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;
- having regard to the outcome of the Stage II public consultation, work out the framework of regulatory arrangements for the electricity market after the expiry of the current Scheme of Control Agreements in 2008;
- explore ways to enhance competition in the auto-fuel retail market in Hong Kong having regard to the outcome of the consultancy study;
- provide support to the CPRC in its review of the existing competition policy and the composition, terms of reference and operations of the COMPAG; and
- assist the COMPAG in reviewing policies and practices to ascertain the extent to which competition can be enhanced in different sectors.

Programme (4): Public Safety

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	1.1	1.0	1.3 (+30.0%)	1.2 (–7.7%)
				(or +20.0% on 2005–06 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 services for the public and specialised 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 2005–06, the Branch:

- ensured that a weather forecast accuracy of over 75% as measured by public surveys, over 90% as measured by survey of the shipping sector and over 95% as measured by survey of the aviation sector, was maintained; and
- oversaw enforcement of regulations for domestic electrical and gas appliances to ensure public safety.

Matters Requiring Special Attention in 2006–07

15 During 2006–07, 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

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	55.6	52.1	64.9 (+24.6%)	61.4 (–5.4%)
				(or +17.9% on 2005–06 Original)

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Aim

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

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 2005–06, the Branch:

- continued with the regulation of inbound and outbound travel agents;
- 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;
- oversaw the implementation of the tourism promotion and marketing campaigns by the Hong Kong Tourism Board (HKTb) in attracting more visitor arrivals and monitored the cost-effectiveness of these campaigns;
- worked with the HKTb on the expansion of the Quality Tourism Service (QTS) Scheme;
- implemented a public education campaign designed to foster a hospitable culture in Hong Kong;
- monitored the progress of the Hong Kong Disneyland project to ensure that infrastructure facilities and supporting public services are in place for a smooth and orderly opening of the theme park;
- 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 collection of public views for reviewing the tender arrangement for 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 Ngong Ping 360;
- completed the "Wisdom Path" at Ngong Ping in Lantau and launched its opening;
- continued with the housekeeping responsibility for the Ocean Park, provided support to the Task Force on the Redevelopment of Ocean Park and Tourist Attractions in Aberdeen and co-ordinated the Government's efforts in reviewing the Ocean Park's redevelopment plans;
- 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;
- continued with the consultancy study to identify market needs and make recommendations on the development of spa and resort facilities in Hong Kong;
- continued with the implementation of the Tsim Sha Tsui Promenade Beautification Project and the Stanley Waterfront Improvement Project, commenced the Transport Link Project in Tsim Sha Tsui East and Peak Improvement Scheme, and completed the tourism district enhancement project in the Central and Western District;
- maintained co-ordination among government departments and relevant bodies on other policy and project initiatives to promote tourism development;
- completed Phase II of A Symphony of Lights; and
- implemented the green tourism pilot project in the Plover Cove and Tolo Channel area under the Northern New Territories Green Tourism Development Programme.

Matters Requiring Special Attention in 2006–07

19 During 2006–07, the Branch will continue to:

- co-ordinate work on policy and project initiatives to facilitate tourism development;
- work with the 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;

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- work with the HKTB on the expansion of the 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;
- launch the opening and monitor the smooth operation of the new tourism facilities, including the Hong Kong Wetland Park and Ngong Ping 360;
- monitor the smooth operation of the Hong Kong Disneyland, and the progress of the MPHQ project;
- work with the Ocean Park on the implementation of its redevelopment plans;
- work to expedite the development of a new cruise terminal facility in Hong Kong;
- plan further enhancement of existing tourist attractions and facilities, including the Ngong Ping Piazza Project, Aberdeen Tourism Project, enhancement of the Lei Yue Mun waterfront, development of a piazza in Tsim Sha Tsui and enhancement of footbridges in Tsim Sha Tsui East; and
- continue to implement the green tourism pilot project in the Plover Cove and Tolo Channel area, and map out the way forward for the development of green tourism in Tung Ping Chau.

Programme (6): Subvention: Consumer Council

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	65.3	62.5	62.5 (—)	63.3 (+1.3%)
				(or +1.3% on 2005–06 Original)

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 2005, the Consumer Council generally met its targets.

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

Targets

	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
handling consumer enquiries				
telephone calls.....	immediate	75% below 3 mins	80% below 3 mins#	80% below 3 mins#
in person.....	10 mins	immediate to 10 mins	immediate to 10 mins	immediate to 10 mins

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	Target	2004 (Actual)	2005 (Actual)	2006 (Plan)
in writing				
issued reply (simple case) (working days).....	7	7	7	7
issued preliminary reply (complex case) (working days)	6	6	7§	6
issued reply (complex case) (weeks)	1–3	1–3	1–3	1–3
handling consumer complaints telephone calls.....	immediate	75% below 3 mins	80% below 3 mins#	80% below 3 mins#
in writing				
issued acknowledgement (working days).....	2	2	2	2
issued preliminary reply (working days).....	7	7	11§	7
notified complainants of results/progress (working days).....	27	27	32§	27
Publication of ‘CHOICE’ and release of product testing, research and survey results.....	monthly	monthly	monthly	monthly

With the installation of the new telephone system in February 2005, the hotline system is able to handle more incoming calls, and more than 80% of the calls received immediate attention or in less than three minutes.

§ In 2005, complaints and enquiries received by the Council increased by over 30%. As a result, the Council was not able to achieve certain targets for handling complaints and enquiries. In 2006, the Council will explore ways to cope with the increasing consumer enquiries and complaints with a view to meeting the relevant performance targets.

Indicators

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
consumer complaints	26 756	36 614	39 600
consumer enquiries	120 797	163 313	176 000
product tests	42	42	42
consumer surveys	16	16	15
in-depth studies	52	42	48
response to consultation from the Government and other public bodies	27	22	22
consumer education programmes	185	193	185
press interviews and enquiries	5 400	5 500	5 500
circulation of publications	390 000	380 000	390 000
distribution of pamphlets	11 519	10 000	12 000

Matters Requiring Special Attention in 2006–07

24 During 2006–07, the Council will continue to:

- explore ways to cope with the increasing consumer enquiries and complaints;
- forge closer co-operation with consumer associations in the Mainland to help tourists understand Hong Kong’s market practice, and to speed up the process of complaint handling through co-operation with these associations;
- spearhead educational programmes for senior citizens and new migrants to heighten their awareness of possible malpractices in particular trades in Hong Kong;
- promote good trade practices and self-regulation: encourage the adoption, with modifications to suit individual needs and requirements of various trade sectors, business and professional associations, of the Council’s Good Corporate Citizen’s Guide and the respective rules on trade practices, complaint handling, and competition; work closely with the beauty industry to promote adoption of an industry code promulgated with assistance of the Council; and step up liaison with business and professional associations and where necessary, offer training on customer service and product quality matters;

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- strengthen the provision of independent and impartial market information to consumers on goods and services through increased international and regional joint testing and survey;
- heighten awareness of consumers on their rights and responsibilities through, inter alia, online information including an online CHOICE magazine, publicity drives such as the Consumer Rights Reporting Awards for the mass media, and through consumer education in schools such as the annual Consumer Cultural Study Awards for students and teacher training programmes; and
- work closely with the Legislative Council, the Government, regulatory bodies and other organisations on consumer policy matters.

Programme (7): Subvention: Hong Kong Tourism Board

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	543.7	727.3	682.5 (–6.2%)	739.3 (+8.3%)
				(or +1.6% on 2005–06 Original)

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 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/organisations 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

	2004 (Actual)	2005 (Revised Estimate)	2006 [^] (Estimate)
visitor arrivals (million).....	21.8	23.4	27.1
increase on previous year (%)@.....	+40.4	+7.1	+16.2
tourism expenditure associated with inbound tourism (\$ billion)Ψ.....	91.8	100.6	114.7
increase on previous year (%)	+22.6	+9.6	+14.0
expenditure per capita overnight visitor (\$)§.....	4,478	4,557	4,570
increase on previous year (%)	–18.6	+1.8	+0.3

[^] 2006 estimate is subject to revisions upon confirmation of opening dates of the Hong Kong Wetland Park and Ngong Ping 360. Any major health risk, natural disaster or security threat in the region during the year may affect the above estimate but cannot be assessed at this stage.

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

Ψ Including receipts of Hong Kong-based carriers for the cross-boundary transportation of non-resident visitors as estimated by the Census and Statistics Department. The expenditure for 2004 is \$22.3 billion. The projection for 2005 and 2006 is \$23.7 billion and \$25.3 billion respectively.

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

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Matters Requiring Special Attention in 2006–07

29 During 2006–07, the HKTb will:

- establish Hong Kong as a must-visit destination in Asia and promote a brand new image of Hong Kong with the 2006 Discover Hong Kong Year global publicity campaign by leveraging on the opening of the Hong Kong Disneyland and A Symphony of Lights in late 2005, and Hong Kong Wetland Park and Ngong Ping 360 in the first half of 2006. The global campaign will be sustained throughout 2006 and early 2007 with a series of worldwide publicity and promotional activities, targeting consumers, the trade and media. This campaign is estimated to cost some \$278.5 million in government subvention over a two-year period (2005–06 and 2006–07), of which about \$152 million is expected to be spent in 2006–07;
- 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 the business, young executives and family visitor segments which have clear development potential. These activities are estimated to cost some \$161.4 million in government subvention over a two-year period (2005–06 and 2006–07), of which about \$96.1 million is expected to be spent in 2006–07;
- carry out its global promotional activities based on the following marketing strategies—
 - maintain a balanced market portfolio by sustaining marketing efforts in long haul markets, riding on the momentum and growth built up in 2005–06, and continuing with the development of high potential markets including the Mainland, South Korea, Thailand and the Philippines, revitalise appeal for repeated visitors in Taiwan with the new tourism attractions and global campaign to generate incremental overnight arrivals, and rekindle interest in Hong Kong as a destination among the Japanese consumers;
 - exploit full potential of the Mainland cities under the IVS with tailored marketing programmes for the different cities depending on the state of the city's economic development, outbound travel patterns and IVS penetration, such as providing timely information and consumer offers to generate frequent visits for the more developed cities while enhancing consumer education on Hong Kong knowledge and IVS application procedure for the secondary cities;
 - further develop the growing worldwide free and independent travellers segment with increased overseas co-operation with consumer brands in order to enhance awareness and expand distribution network, maximise impact of consumer fairs and roadshows through integrated marketing approach, and improve information dissemination via different channels;
 - reinforce Hong Kong's leading position in convention and exhibition, incentive and corporate meeting by leveraging on the expanded venue capacity with the opening of the AsiaWorld-Expo and major events in 2006, namely the International Telecommunication Union TELECOM WORLD 2006 and Pacific Asia Travel Association Travel Mart; and
 - work with trade partners to develop tour products that meet each market's needs, ride on the appeal of the Mainland and other complementary destinations by co-operating with the Mainland counterparts (in particular the Pan-Pearl River Delta cities) and other neighbouring destinations such as Thailand and Vietnam.
- maintain a high degree of flexibility in its promotional activities and remain responsive to the development of issues that may affect the tourism industry. Taking into account the tentative opening dates of the two major attractions, namely the Hong Kong Wetland Park and Ngong Ping 360, the HKTb will retain \$24.5 million of the 2005–06 subvention to be used in 2006–07 to carry out enhanced programmes;
- enhance consumer protection of tourists by expanding the scope of the QTS Scheme to cover more tourism-related sectors and increase tourist awareness of the Scheme by stepping up targeted promotion and publicity in key markets such as the Mainland and North Asia. Implement new initiatives including the Quality Ambassador Programme and Service Benchmarking exercise to add value to the Scheme and motivate QTS members to continuously upgrade the service standard. The Government has earmarked subvention of \$30 million for the purpose over a two-year period (2005–06 and 2006–07), of which about \$17.2 million is expected to be spent in 2006–07;
- enhance visitor experience by expanding the information dissemination platform to mobile phone and developing new information dissemination channel for nine thematic nodal points to be installed at strategic locations along the Tsim Sha Tsui Promenade; and
- improve productivity through continuous work process re-engineering, integration and automation.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2004-05 (Actual) (\$m)	2005-06 (Original) (\$m)	2005-06 (Revised) (\$m)	2006-07 (Estimate) (\$m)
(1) Director of Bureau's Office	6.0	5.9	6.3	6.3
(2) Air and Sea Communications and Logistics Development	35.6	33.7	43.6	41.5
(3) Posts, Power, Competition Policy and Consumer Protection	16.0	15.3	20.5	15.6
(4) Public Safety	1.1	1.0	1.3	1.2
(5) Travel and Tourism	55.6	52.1	64.9	61.4
(6) Subvention: Consumer Council	65.3	62.5	62.5	63.3
(7) Subvention: Hong Kong Tourism Board.....	543.7	727.3	682.5	739.3
	723.3	897.8	881.6 (-1.8%)	928.6 (+5.3%)
				(or +3.4% on 2005-06 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2006-07 is the same as the revised estimate for 2005-06.

Programme (2)

Provision for 2006-07 is \$2.1 million (4.8%) lower than the revised estimate for 2005-06. This is mainly due to the additional provision for promotional activities for port and logistics initiatives in 2005-06, partly offset by the increased cash flow requirement for time-limited projects and the creation of one post in 2006-07.

Programme (3)

Provision for 2006-07 is \$4.9 million (23.9%) lower than the revised estimate for 2005-06. This is mainly due to the reduced cash flow requirement for time-limited projects.

Programme (4)

Provision for 2006-07 is \$0.1 million (7.7%) lower than the revised estimate for 2005-06. This is mainly due to the reduced operating expenditure.

Programme (5)

Provision for 2006-07 is \$3.5 million (5.4%) lower than the revised estimate for 2005-06. This is mainly due to the reduced cash flow requirement for time-limited projects, partly offset by the net creation of two posts in 2006-07 to assist in assessing the financial and engineering aspects of the tourism projects.

Programme (6)

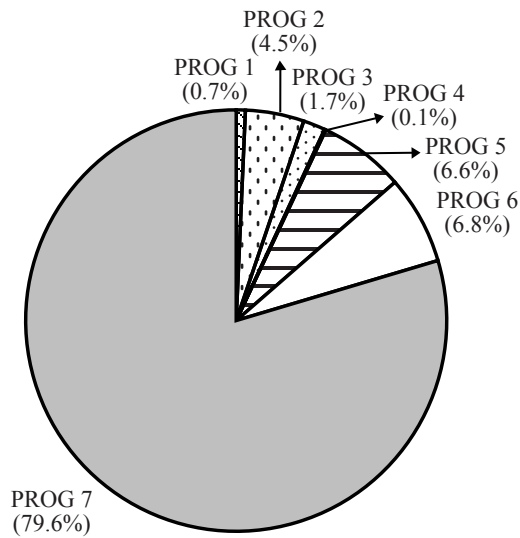
Provision for 2006-07 is \$0.8 million (1.3%) higher than the revised estimate for 2005-06. This is mainly due to the additional provision to cater for additional staff for handling consumer complaints and enquiries, which is subject to a review of the Council's manpower resources and working procedures, partly offset by the reduced cash flow requirement for a time-limited project.

Programme (7)

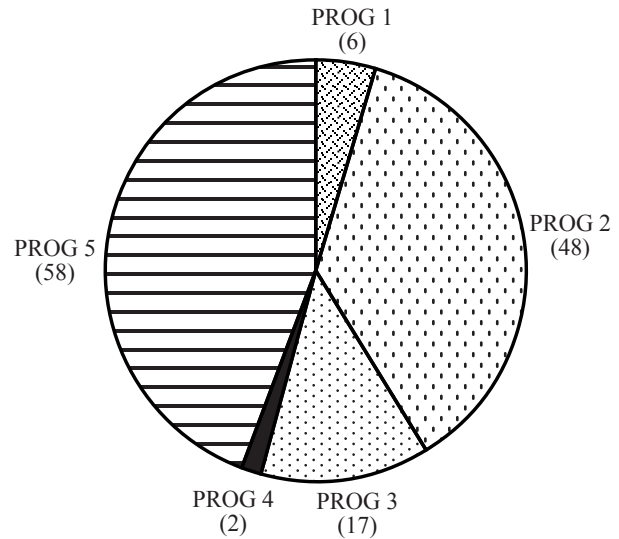
Provision for 2006-07 is \$56.8 million (8.3%) higher than the revised estimate for 2005-06. This is mainly due to the additional provision for project-based tourism initiatives in 2006-07 and rescheduling of some promotional activities to tie in with the opening of the new tourism projects.

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Allocation of provision to programmes (2006-07)

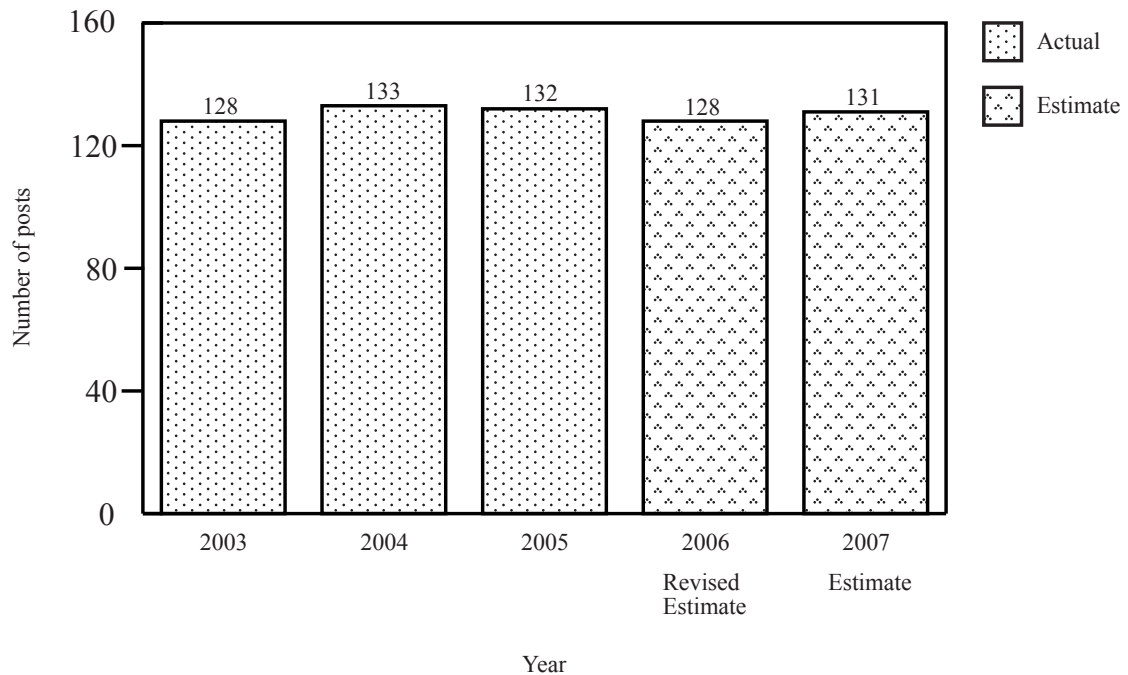


Staff by programme (as at 31 March 2007)



(No government staff under PROG 6 & 7)

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



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

Sub-head (Code)		Actual expenditure 2004-05	Approved estimate 2005-06	Revised estimate 2005-06	Estimate 2006-07
		\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses.....	700,811	882,180	844,630	889,057
	Total, Recurrent.....	700,811	882,180	844,630	889,057
Non-Recurrent					
700	General non-recurrent.....	22,445	15,660	36,990	39,286
	Total, Non-Recurrent.....	22,445	15,660	36,990	39,286
	Total, Operating Account.....	723,256	897,840	881,620	928,343
Capital Account					
Subventions					
955	Consumer Council.....	—	—	—	250
	Total, Subventions.....	—	—	—	250
	Total, Capital Account	—	—	—	250
	Total Expenditure.....	723,256	897,840	881,620	928,593

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

Details of Expenditure by Subhead

The estimate of the amount required in 2006–07 for the salaries and expenses of the Economic Development Branch is \$928,593,000. This represents an increase of \$46,973,000 over the revised estimate for 2005–06 and of \$205,337,000 over actual expenditure in 2004–05.

Operating Account

Recurrent

2 Provision of \$889,057,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Economic Development Branch.

3 The establishment as at 31 March 2006 will be 128 permanent posts. It is expected that there will be a net creation of three permanent posts in 2006–07. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2006–07, but the notional annual mid-point salary value of all such posts must not exceed \$47,943,000.

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

	2004–05 (Actual) (\$'000)	2005–06 (Original) (\$'000)	2005–06 (Revised) (\$'000)	2006–07 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	75,286	74,316	73,773	75,479
- Allowances	3,612	3,642	4,339	2,992
- Job-related allowances	1	3	3	3
Personnel Related Expenses				
- Mandatory Provident Fund contribution	62	60	60	60
Departmental Expenses				
- General departmental expenses	18,553	15,111	24,957	15,288
Subventions				
- Consumer Council	64,185	61,719	61,719	62,705
- Hong Kong Tourism Board	539,112	727,329	679,779	732,530
	<u>700,811</u>	<u>882,180</u>	<u>844,630</u>	<u>889,057</u>

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

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2005	Revised estimated expenditure for 2005–06	Balance
			\$'000	\$'000	\$'000	\$'000
Operating Account						
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	—	59
	013	Promotion of Hong Kong as an international maritime centre and leading port	3,600	3,313	—	287
	014	Consultancy on competition issues in other economies	1,200	400	138	662
	015	Enhancing public awareness of the work of the Competition Policy Advisory Group	500	197	99	204
	016	A “Hospitable Hong Kong” Campaign ..	22,400	10,967	3,960	7,473
	017	Consultancy studies for developing the regulatory and market restructuring framework of electricity supply industry in Hong Kong.....	8,500	2,513	1,355	4,632
	018	Developing and promoting Hong Kong as the preferred international and regional transportation and logistics centre.....	9,500	7,272	—	2,228
	021	Organisation of an international logistics conference.....	900	—	—	900
	022	Tourism Development Assistant Training Project	104,900	93,099	6,408	5,393
	023	Promotion of Hong Kong’s logistics advantages under the Mainland/Hong Kong Closer Economic Partnership Arrangement ..	600	—	—	600
	152	Review of web-based services and computer infrastructure of the Consumer Council.....	3,500	2,430	750	320
	428	Consultancy on cruise terminal facilities development for Hong Kong.....	8,000	333	3,147	4,520
	483	Launching campaign of major tourism infrastructure projects	8,600	—	2,531	6,069
	825	Revamping the website of Hong Kong Tourism Board	9,500	—	2,750	6,750
	926	Consultancy study on the local auto-fuel retail market	7,500	—	6,375	1,125
	929	Study on Hong Kong port cargo forecasts 2005–06	3,000	—	660	2,340

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

Commitments—Cont'd.

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2005	Revised estimated expenditure for 2005–06	Balance
			\$'000	\$'000	\$'000	\$'000
Operating Account—Cont'd.						
700		<i>General non-recurrent—Cont'd.</i>				
	930	Ecological, fisheries and water quality impact assessment study for the proposed port development at Northwest Lantau	5,000	—	950	4,050
			<u>199,350</u>	<u>122,615</u>	<u>29,123</u>	<u>47,612</u>
Capital Account						
955		<i>Consumer Council</i>				
	801	Upgrading of desktop publication system of Consumer Council	250	—	—	250
		Total	<u>199,600</u>	<u>122,615</u>	<u>29,123</u>	<u>47,862</u>