

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 2007–08 **\$729.7m**

Establishment ceiling 2007–08 (notional annual mid-point salary value) representing an estimated 113 non-directorate posts as at 31 March 2007 rising by 12 posts to 125 posts as at 31 March 2008 ... **\$54.7m**

In addition, there will be an estimated 18 directorate posts as at 31 March 2007 rising by two posts to 20 posts as at 31 March 2008.

Commitment balance **\$28.4m**

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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	6.3	6.3	6.3 (—)	6.3 (—)

(or same as
2006–07 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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	50.0	41.5	47.4 (+14.2%)	29.1 (–38.6%)
				(or –29.9% on 2006–07 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 as well as 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 2006–07, the Branch:

- conducted negotiations on two new air services agreements and negotiated or reviewed air services arrangements with 14 aviation partners up to October 2006, as our continuous efforts to expand Hong Kong's air services network;
- worked with the Airport Authority (AA) to launch a "co-termination" service to encourage ferry operators to enhance the network and frequency of cross-boundary ferry service between the Hong Kong International Airport and Pearl River Delta ports;
- brought into force the agreements on the avoidance of double taxation signed with Iceland, Kenya and Kuwait;
- promoted Hong Kong's logistics advantages to the Mainland audiences through a promotional visit to Yunnan in May 2006 and participation in the Pan-Pearl River Delta Regional Co-operation and Development Forum in June 2006;
- maintained policy overview regarding the detailed feasibility study on the development of the Lantau Logistics Park (LLP) at Siu Ho Wan;
- agreed with the Guangdong authorities that a new control point at Liaobu in Dongguan would be opened before the end of 2006 as a measure to enhance cross-boundary logistics efficiency;
- worked with the logistics industry to monitor the implementation of the Digital Trade and Transportation Network (DTTN) services in accordance with the Operating Agreement signed with the DTTN Limited;
- implemented the Merchant Shipping (Local Vessels) Ordinance (LVO) after completion of the necessary legislative procedures in relation to the enactment of subsidiary legislation under the LVO;
- jointly launched with the Hong Kong Productivity Council (HKPC) a pilot project on an On-Board Trucker Information System (OBTIS);
- co-organised with the HKPC a training programme on the application of e-logistics for logistics employees; and
- substantially completed the Study on Hong Kong Port Cargo Forecasts 2005–06 and was finalising the Ecological, Fisheries and Water Quality Impact Assessment Study for the proposed port development at Northwest Lantau.

Matters Requiring Special Attention in 2007–08

7 During 2007–08, 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;
- continue to 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;

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- continue to seek to rationalise and optimise the efficient use of the airspace in the Pearl River Delta region in partnership with the civil aviation authorities of the Mainland and Macao, and to open up more air routes to and from the Mainland;
- oversee the development of a new departmental building of the Civil Aviation Department on the Airport Island and the replacement of the air traffic control systems;
- continue to work to ensure that air services meet market demands and further develop Hong Kong as an international and regional aviation centre;
- continue to develop initiatives to enhance our port competitiveness, including provision of more back up land for port and logistics uses and exploring measures to lower the cross-boundary trucking cost;
- continue to work closely with the logistics industry to monitor the implementation of the DTTN System in accordance with the DTTN Operating Agreement;
- work out the way forward of the LLP project having regard to the development of the necessary connecting infrastructure and the cargo flow from the Mainland, particularly the western part of the Pearl River Delta region;
- continue to enhance our collaboration with the Guangdong authorities to pursue measures on further reduction of cross-boundary trucking cost and facilitation of cross-boundary freight flow;
- continue to work closely with the HKPC to ensure the smooth implementation of the OBTIS pilot project;
- monitor closely the progress of the Ecological, Fisheries and Water Quality Impact Assessment Study for the proposed port development at Northwest Lantau; and
- continue to 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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	20.2	15.6	20.0 (+28.2%)	24.6 (+23.0%)
				(or +57.7% on 2006–07 Original)

Aim

8 The aims are to promote economic efficiency in the delivery of postal services, to ensure 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 2006–07, the Branch:

- oversaw the reliability of electricity and gas supply which was maintained by the companies concerned at a level exceeding 99.8%;
- continued to negotiate with the two power companies the regulatory arrangements for the electricity market after the expiry of the current Scheme of Control Agreements in 2008 having regard to the outcome of two rounds of public consultation;
- conducted a financial review pursuant to the Scheme of Control Agreement with a power company;
- completed a consultancy study on the competition situation in the auto-fuel retail market in Hong Kong;
- released the report of the Competition Policy Review Committee (CPRC) on the review of the existing competition policy and the composition, terms of reference and operations of the Competition Policy Advisory Group (COMPAG);
- launched a public consultation exercise on the way forward for competition policy; and
- published the annual report of the COMPAG for the year 2005–06 through the COMPAG website, and continued to co-ordinate the work of government bureaux and departments in promoting competition.

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Matters Requiring Special Attention in 2007–08

11 During 2007–08, 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 out the regulatory arrangements for the electricity market after the expiry of the current Scheme of Control Agreements in 2008 having regard to the outcome of two rounds of public consultation; and
- consider the recommendations of the CPRC and the outcome of the related public consultation exercise.

Programme (4): Public Safety

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	1.3	1.2	1.2 (—)	1.3 (+8.3%)
				(or +8.3% on 2006–07 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 2006–07, the Branch:

- oversaw the provision of a broad range of weather services to the general public as well as the aviation, shipping and other sectors with special requirements; and
- oversaw enforcement of regulations for domestic electrical and gas appliances to ensure public safety.

Matters Requiring Special Attention in 2007–08

15 During 2007–08, 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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	60.0	61.4	54.1 (–11.9%)	59.1 (+9.2%)
				(or –3.7% on 2006–07 Original)

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.

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18 In 2006–07, 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;
- 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 Services (QTS) Scheme;
- worked with the trade, the HKTB, the Travel Industry Council of Hong Kong (TIC), the Consumer Council (CC) and the Mainland authorities to improve service quality of inbound travel agents, enhance protection of consumer rights of Mainland visitors and step up consumer education for them;
- worked with the TIC to improve the regulatory framework of travel agents and tourist guides with a view to enhancing the quality of tourism services in Hong Kong;
- monitored the operation of the Hong Kong Disneyland;
- completed the construction of Phase II of the Hong Kong Wetland Park and ensured its smooth opening;
- 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;
- monitored the completion of the construction of the Ngong Ping 360 and its opening;
- continued with the housekeeping responsibility for the Ocean Park, liaised with the Ocean Park and relevant parties on the implementation of its redevelopment project, and provided support to the Task Force on the Redevelopment of Ocean Park and Tourist Attractions in Aberdeen;
- continued with the preparation of the timely development of new cruise terminal facilities to meet the future needs of Hong Kong;
- continued with the implementation of the Tsim Sha Tsui Promenade Beautification Project, Stanley Waterfront Improvement Project, Transport Link Project in Tsim Sha Tsui East and Peak Improvement Scheme;
- maintained co-ordination among government departments and relevant bodies on other policy and project initiatives to promote tourism development; and
- implemented the green tourism pilot scheme in the Plover Cove and Tolo Channel area and Tung Ping Chau.

Matters Requiring Special Attention in 2007–08

19 During 2007–08, the Branch will continue to:

- co-ordinate work on policy and project initiatives to facilitate tourism development;
- work with the trade, the HKTB and relevant parties to attract more visitors to Hong Kong and facilitate their entry;
- maintain close liaison with the trade, relevant government departments and the Mainland authorities to ensure smooth implementation of the IVS;
- work with the HKTB on the expansion of the QTS Scheme;
- work with the trade, the HKTB, the TIC, the CC and the Mainland authorities to further improve service quality of inbound travel agents and enhance protection of consumer rights of Mainland visitors;
- regulate inbound and outbound travel agents;
- monitor the progress of the MPHQ project and the smooth operation of tourism facilities, including the Hong Kong Disneyland, Hong Kong Wetland Park and Ngong Ping 360;
- liaise with the Ocean Park and relevant parties on the implementation of its redevelopment project;
- ensure timely development of new cruise terminal facilities at Kai Tak through an open land tender;
- 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
- implement the green tourism pilot scheme in the Plover Cove and Tolo Channel area and Tung Ping Chau, and plan further enhancement of green tourist attractions and facilities in Northern New Territories.

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Programme (6): Subvention: Consumer Council

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	71.5	63.3	62.8 (–0.8%)	67.5 (+7.5%)
				(or +6.6% on 2006–07 Original)

Aim

20 The aim is to protect and promote the interests of consumers of goods and services.

Brief Description

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

Targets

	Target	2005 (Actual)	2006 (Actual)	2007 (Plan)
handling consumer enquiries				
telephone calls answered within three minutes (%)	80 ^β	80	80	80
waiting time for over-the-counter enquiry service not to exceed ten minutes (%)	100	100	100	100
in writing				
issuing reply (simple case) (working days).....	7	7	7	7
issuing preliminary reply (complex case) (working days).....	6	7 [§]	6	6
issuing reply (complex case) (weeks)	1–3	1–3	1–3	1–3
handling consumer complaints				
telephone calls answered within three minutes (%)	80 ^β	80	80	80
in writing				
issuing acknowledgement (working days).....	2	2	2	2
issuing preliminary reply (working days).....	7	11 [§]	7	5[^]
notifying complainants of results/progress (working days).....	27	32 [§]	27	14[^]
publication of ‘CHOICE’ and release of product testing, research and survey results once per month (%).....	100	100	100	100

^β The target will be revised from immediate to 80% within three minutes as from 2007. The latter represents a more realistic target in the light of the operational experience in past years.

[§] 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 explored ways and put in place the necessary measures to cope with the increasing consumer enquiries and complaints with a view to meeting the relevant performance targets.

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[^] For the calculation of response time, the date of receipt of complaints is re-defined as from 2007 as the time when complainants have provided all the necessary information for processing, rather than the time when the complaints are first received.

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
consumer complaints	36 614	35 962	36 000
consumer enquiries	163 313	166 180	166 200
product tests	42	43	42
consumer surveys	16	16	16
in-depth studies	42	44	44
response to consultation from the Government and other public bodies	22	24	24
consumer educational programmes	193	190	190
press interviews and enquiries	5 500	5 600	5 600
circulation of publications	380 000	375 300	380 000
distribution of pamphlets	10 000	11 669	12 000

Matters Requiring Special Attention in 2007–08

23 During 2007–08, the Council will:

- continue to explore ways to cope with the increasing consumer enquiries and complaints;
- continue to forge closer co-operation with consumer associations in the Mainland to help tourists understand Hong Kong's market practice, introduce measures to enhance tourists' confidence in the Hong Kong market, and speed up the process of complaint handling;
- continue to 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;
- continue to strengthen the provision of independent and impartial market information to consumers on goods and services through increased international and regional joint testing and survey;
- continue to heighten awareness of consumers on their rights and responsibilities through a multi-media platform, i.e. internet, fixed and mobile phone networks of CHOICE magazine, and publicity drives such as the Consumer Rights Reporting Awards for the mass media;
- devote efforts to train teachers on consumer protection issues with support from the Education and Manpower Bureau, including providing web-based teaching courses for 100 teachers per year and developing educational resource materials;
- step up educational programmes for senior citizens and new migrants to heighten their awareness of possible malpractices in particular trades in Hong Kong; and
- continue to work closely with the Legislative Council, the Government, regulatory bodies and other organisations on consumer policy matters.

Programme (7): Subvention: Hong Kong Tourism Board

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	681.9	739.3	666.2 (-9.9%)	541.8 (-18.7%)
				(or -26.7% on 2006–07 Original)

Aim

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

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Brief Description

25 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.

26 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.

27 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

	2005 (Actual)	2006# (Revised Estimate)	2007# (Estimate)
visitor arrivals (million).....	23.4	25.3	26.4
increase on previous year (%)@.....	+7.1	+8.1	+4.6
tourism expenditure associated with inbound tourism (\$ billion)¶.....	105.7	117.3	124.4
increase on previous year (%)@.....	+14.1	+11.1	+6.1
expenditure per capita overnight visitor (\$)Ω.....	4,663	4,695	4,763
increase on previous year (%).....	+4.1	+0.7	+1.4

2006 revised estimate and 2007 estimate are subject to changes. Any global or regional security threats and health risks may affect the above estimates but cannot be assessed at this stage.

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

¶ This includes receipts of Hong Kong-based carriers for the cross-boundary transportation of non-resident visitors as estimated by the Census and Statistics Department. The expenditure for 2005 is \$26.3 billion. The projection for 2006 and 2007 is \$30.1 billion and \$31.3 billion respectively.

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

Matters Requiring Special Attention in 2007–08

28 During 2007–08, the HKTB will:

- ride on the momentum built up by the 2006 Discover Hong Kong Year global publicity campaign and continue to leverage on the new attractions, namely, the Hong Kong Disneyland, Hong Kong Wetland Park and Ngong Ping 360, as well as mega events such as the Hong Kong Shopping Festival, Hong Kong WinterFest and other third party events, to establish Hong Kong as a must-visit destination;
- maintain the “Hong Kong – Live it, Love it!” marketing platform and further reinforce it in terms of Hong Kong’s unique strength of living culture in shopping, dining, city lives, harbour activities, green tourism, culture, heritage and festivals, and deepen Hong Kong’s image of diversity and sophistication;
- as a key strategic focus commencing 2007–08, leveraging on the traffic to the Mainland from other key source markets, work with local and Mainland trade partners to establish overseas trade buy-in of multi-destination itineraries with Hong Kong and Mainland cities as a combo package and Hong Kong as a must-visit city, paving way to capture the pre- and post-Olympics opportunities and adopt similar marketing strategy in partnership with other neighbouring destinations, e.g. Thailand and Vietnam;
- carry out Mainland and overseas promotional activities targeted at consumers, the trade and media based on the following marketing strategies –
 - continue to maintain a diversified market portfolio by sustaining marketing efforts in the long haul markets, and develop high potential markets including the Mainland, South Korea, the Philippines and Thailand;
 - continue to exploit the potential of the Mainland cities under the IVS to sustain frequent visits from the more developed cities, in particular the consumption visits, while delivering consumer education on consumer rights in Hong Kong and IVS application procedure to the secondary and newly opened cities;

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- further promote “Honest and Quality Tour to Hong Kong” to more Mainland cities with a view to providing more choices of quality tour services to Mainland visitors;
- capitalise on the 10th Anniversary of the Establishment of the Hong Kong Special Administrative Region (HKSAR) to generate interest, particularly among Mainlanders, to visit Hong Kong, and identify publicity opportunities in selected key source markets to enhance awareness as well as image of Hong Kong;
- leverage on third party events, such as those for the 10th Anniversary of the Establishment of the HKSAR and other local events with high appeal for visitors, to maximise marketing mileage and create synergy with the HKTB’s marketing initiatives;
- ride on the global focus on the Beijing Olympics for publicity opportunities for the 2008 Olympic and Paralympic Equestrian Events to maximise exposure of Hong Kong and reinforce Hong Kong’s image of sophistication, quality, efficiency and professionalism;
- with the achievements in the family and business visitor segments, continue to focus marketing activities on these segments with the appeal of the new attractions, events and other segment-relevant offerings of Hong Kong’s living culture;
- continue to further reinforce Hong Kong’s leading position in conventions, exhibitions, incentive and corporate meetings and develop emerging potentials in the Mainland, Singapore, Malaysia, Thailand and India;
- leverage on the announcement of the development of new cruise terminal facilities to enhance the position of Hong Kong as the cruise hub in Asia and pave way for new long-term business; and
- continue to maintain the QTS Scheme and service quality operation to protect the consumer rights of tourists;
- continue to maintain a high degree of flexibility in its promotional activities and remain responsive to the development of issues that may affect the tourism industry; and
- continue to enhance productivity through continuous work re-engineering, integration and automation.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2005-06 (Actual) (\$m)	2006-07 (Original) (\$m)	2006-07 (Revised) (\$m)	2007-08 (Estimate) (\$m)
(1) Director of Bureau's Office	6.3	6.3	6.3	6.3
(2) Air and Sea Communications and Logistics Development	50.0	41.5	47.4	29.1
(3) Posts, Power, Competition Policy and Consumer Protection.....	20.2	15.6	20.0	24.6
(4) Public Safety.....	1.3	1.2	1.2	1.3
(5) Travel and Tourism.....	60.0	61.4	54.1	59.1
(6) Subvention: Consumer Council	71.5	63.3	62.8	67.5
(7) Subvention: Hong Kong Tourism Board	681.9	739.3	666.2	541.8
	<u>891.2</u>	<u>928.6</u>	<u>858.0</u> (-7.6%)	<u>729.7</u> (-15.0%)
				(or -21.4% on 2006-07 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2007-08 is the same as the revised estimate for 2006-07.

Programme (2)

Provision for 2007-08 is \$18.3 million (38.6%) lower than the revised estimate for 2006-07. This is mainly due to the additional provision for promotion of port and logistics development in 2006-07, reduced cash flow requirement for time-limited projects and redeployment of resources to cater for additional workload under Programme (3).

Programme (3)

Provision for 2007-08 is \$4.6 million (23.0%) higher than the revised estimate for 2006-07. This is mainly due to the redeployment of resources from Programme (2) to implement initiatives related to competition policy and creation of one post to handle energy-related matters in 2007-08.

Programme (4)

Provision for 2007-08 is \$0.1 million (8.3%) higher than the revised estimate for 2006-07. This is mainly due to salary increments for staff.

Programme (5)

Provision for 2007-08 is \$5.0 million (9.2%) higher than the revised estimate for 2006-07. This is mainly due to the increased provision for tourism initiatives, creation of 12 posts in 2007-08 to address the long-term manpower requirement for implementing tourism projects, partly offset by the reduced cash flow requirement for time-limited projects.

Programme (6)

Provision for 2007-08 is \$4.7 million (7.5%) higher than the revised estimate for 2006-07. This is mainly due to the procurement of an interactive computer system to enhance operational efficiency.

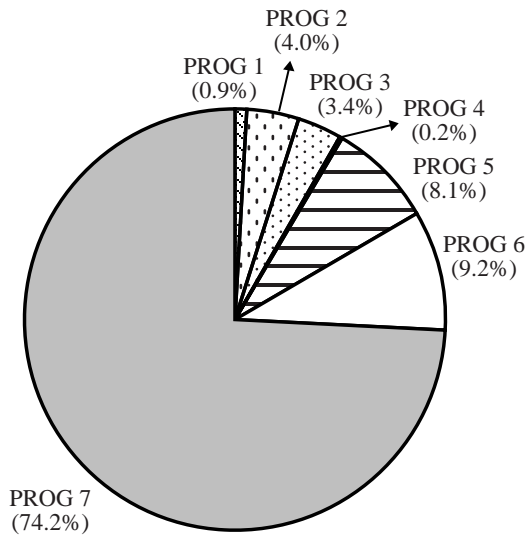
Programme (7)

Provision for 2007-08 is \$124.4 million (18.7%) lower than the revised estimate for 2006-07. This is mainly due to the decreased provision for project-based tourism initiatives and reduced cash flow requirement for a time-limited project.

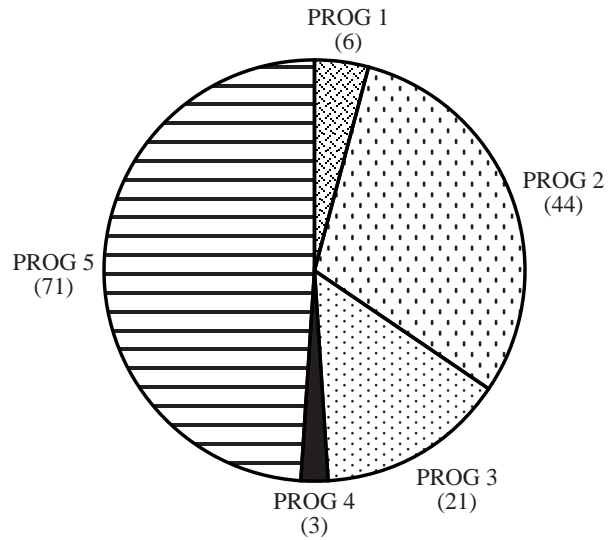
Note: In addition, there will be a net creation of one post in 2007-08 to provide administrative services to all programmes of work.

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Allocation of provision to programmes (2007-08)

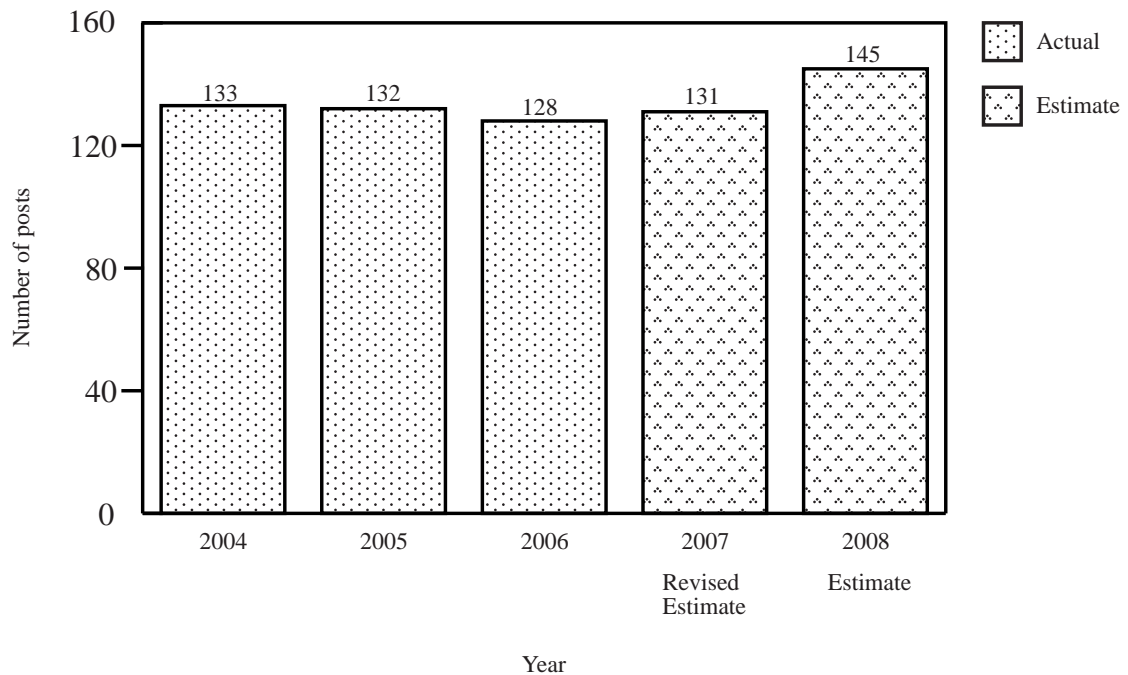


Staff by programme (as at 31 March 2008)



(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 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	Estimate 2007-08	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	844,608	889,057	827,919	710,743
	Total, Recurrent	<u>844,608</u>	<u>889,057</u>	<u>827,919</u>	<u>710,743</u>
Non-Recurrent					
700	General non-recurrent.....	46,585	39,286	29,846	14,735
	Total, Non-Recurrent	<u>46,585</u>	<u>39,286</u>	<u>29,846</u>	<u>14,735</u>
	Total, Operating Account.....	891,193	928,343	857,765	725,478
Capital Account					
Subventions					
955	Consumer Council	—	250	250	4,184
	Total, Subventions	<u>—</u>	<u>250</u>	<u>250</u>	<u>4,184</u>
	Total, Capital Account	—	250	250	4,184
	Total Expenditure.....	<u><u>891,193</u></u>	<u><u>928,593</u></u>	<u><u>858,015</u></u>	<u><u>729,662</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 2007–08 for the salaries and expenses of the Economic Development Branch is \$729,662,000. This represents a decrease of \$128,353,000 against the revised estimate for 2006–07 and of \$161,531,000 against actual expenditure in 2005–06.

Operating Account

Recurrent

2 Provision of \$710,743,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Economic Development Branch. The decrease of \$117,176,000 (14.2%) against the revised estimate for 2006–07 is mainly due to the additional provision for promotion of port and logistics development in 2006–07 and reduced provision for project-based tourism initiatives in 2007–08.

3 The establishment as at 31 March 2007 will be 131 permanent posts. It is expected that there will be a net creation of 13 permanent posts and one supernumerary post in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, but the notional annual mid-point salary value of all such posts must not exceed \$54,693,000.

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

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	2007–08 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	72,895	75,479	72,475	80,775
- Allowances.....	3,429	2,992	4,322	4,470
- Job-related allowances.....	—	3	3	3
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	63	60	120	120
Departmental Expenses				
- General departmental expenses.....	26,743	15,288	27,549	24,279
Subventions				
- Consumer Council.....	61,719	62,705	62,057	62,793
- Hong Kong Tourism Board.....	679,759	732,530	661,393	538,303
	844,608	889,057	827,919	710,743

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

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2006	Revised estimated expenditure for 2006-07	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	—	59
013	Promotion of Hong Kong as an international maritime centre and leading port		3,600	3,313	133	154
015	Enhancing public awareness of the work of the Competition Policy Advisory Group		500	298	102	100
016	A "Hospitable Hong Kong" Campaign ..		22,400	14,843	2,567	4,990
017	Consultancy studies for developing the regulatory and market restructuring framework of electricity supply industry in Hong Kong		8,500	3,869	1,000	3,631
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
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	500	570
428	Consultancy on cruise terminal facilities development for Hong Kong		8,000	1,011	2,633	4,356
483	Launching campaign of major tourism infrastructure projects		8,600	1,223	4,267	3,110
825	Revamping the website of Hong Kong Tourism Board		9,500	1,190	4,810	3,500
			<u>77,750</u>	<u>37,540</u>	<u>16,012</u>	<u>24,198</u>

**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 31.3.2006	Revised estimated expenditure for 2006-07	Balance
			\$'000	\$'000	\$'000	\$'000
Capital Account						
955		<i>Consumer Council</i>				
	876	Procurement and installation of interactive computer system for Consumer Council	4,184	—	—	4,184
			4,184	—	—	4,184
		Total.....	81,934	37,540	16,012	28,382