

ITEM FOR FINANCE COMMITTEE

RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE

At the Establishment Subcommittee (ESC) meeting on 16 December 1998, Members endorsed, amongst other things, agenda item EC(98-99)16 relating to the setting up of an Office of the Commissioner for Tourism in the Economic Services Bureau. According to the original schedule, all ESC recommendations at the meeting on 16 December 1998 will be considered by Finance Committee at its meeting on 15 January 1999. To enable the Administration to commence the recruitment process for the Commissioner for Tourism as soon as possible, ESC Members have suggested and the Finance Committee Chairman has kindly agreed that we may put this item to the Finance Committee for consideration as a late item at its meeting on 18 December 1998.

2. Members are invited to approve the following ESC recommendation -

EC Item No.	Head of Expenditure	Recommendation
EC(98-99)16	HEAD 145 - GOVERNMENT SECRETARIAT : ECONOMIC SERVICES BUREAU	To recommend to Finance Committee the following to promote the development of the tourist industry in Hong Kong - (a) creation of a new rank - Commissioner for Tourism (D5) (\$154,150); (b) creation of three permanent posts - 1 Commissioner for Tourism (D5) (\$154,150) 1 Administrative Officer Staff Grade C (D2) (\$116,650 - \$123,850) 1 Principal Executive Officer (D1) (\$98,250 - \$104,250); and

/(c)

EC Item No.	Head of Expenditure	Recommendation
		(c) Increase in the establishment ceiling from \$28,310,000 by \$1,980,960 to \$30,290,960 in 1998-99 to facilitate the creation of seven non-directorate posts.

Encl. The relevant ESC paper is at the Enclosure.

3. During discussion on the above item, some Members expressed concern about the requirement for seven non-directorate staff to support the Commissioner’s Office. Having consulted the Secretary for Economic Services (SES), we would like to provide the following additional information -

- (a) the seven non-directorate posts costing about \$2 million a year in additional salaries at mid-point are entirely funded through savings identified by SES from within his global allocation of resources;
- (b) the proposed increase in ceiling placed on the total notional annual mid-point salary (NAMS) value by \$1,980,960 represents the maximum provision sought. In practice, creation of the seven non-directorate posts would need to go through the Departmental Establishment Committee and be subject to vigorous vetting. On this occasion, SES has undertaken to consult Civil Service Bureau and Finance Bureau before the creation of the posts and the two resource bureaux will take account of the general undertaking we have given to ESC Members that we would exercise extreme care before supporting additional posts in the present economic climate; and
- (c) to take account of Members’ views, SES will not create one Personal Secretary II post at the outset of the establishment of the Commissioner’s Office. He will review the need for this post in the light of workloads and operational requirements.

Finance Bureau
December

For discussion
on 16 December 1998

ITEM FOR ESTABLISHMENT SUBCOMMITTEE
OF FINANCE COMMITTEE

HEAD 145 - GOVERNMENT SECRETARIAT :
ECONOMIC SERVICES BUREAU
Subhead 001 Salaries

Members are invited to recommend to Finance Committee -

- a. the creation of a new rank and permanent post of -

Commissioner for Tourism
(D5) (\$154,150)

- b. the creation of the following permanent posts -

1 Administrative Officer Staff Grade C
(D2) (\$116,650 - \$123,850)

1 Principal Executive Officer
(D1) (\$98,250 - \$104,250)

in the Economic Services Bureau

- c. the increase in ceiling placed on the total notional annual mid-point salary (NAMS) value of all non-directorate posts in the permanent establishment of Head 145 - Government

Secretariat : Economic Services Bureau in 1998-99 from \$28,310,000 by \$1,980,960 to \$30,290,960 to facilitate the creation of seven non-directorate posts in the Bureau

PROBLEM

There is a need to designate a senior government official to better co-ordinate within Government various tourism development efforts and to provide better policy support and leadership on the part of Government in developing tourism in Hong Kong.

PROPOSAL

2. The Secretary for Economic Services (SES) proposes to create in the Economic Services Bureau (ESB) -

- a. a permanent post in the new rank of Commissioner for Tourism (D5);
b. a permanent post of Administrative Officer Staff Grade C (AOSGC) (D2); and
c. a permanent post of Principal Executive Officer (PEO) (D1);

and the necessary supporting staff to promote the development of the tourist industry in Hong Kong with a view to maintaining Hong Kong's position as the most popular tourist destination in Asia after the Mainland.

JUSTIFICATION

3. Tourism is an important economic sector of Hong Kong. It accounted for 8% of our Gross Domestic Product in 1996. Visitor arrivals reached 11.7 million and travel and tourism receipts amounted to \$102 billion in that year. However, like many neighbouring economies, we have been suffering from a downturn in tourism since the middle of 1997. Our total visitor arrivals and travel and tourism receipts dropped by 11% in 1997 when compared to the 1996 figures. Although we have noticed that visitor arrivals figures are on the rise in the past few months, it is still premature to conclude that our tourist industry is in a full-fledged recovery.

4. There is a pressing need to rejuvenate our tourist industry. Government, taking into account views from the industry and the Hong Kong Tourist Association (HKTA), has drawn up a three-pronged strategy for the purpose. It embraces promoting Hong Kong, enhancing our attractions, and facilitating visitors' entry to Hong Kong. The key initiatives in the strategy are highlighted in Enclosure 1.

5. In October 1997, a Tourism Task Force was set up, comprising representatives from Government, HKTA, and all sectors of the tourist industry. Its aim is to identify problems facing the tourist industry, recommend solutions and advise Government on strategies to revive the industry.

A Commissioner for Tourism

6. ESB is responsible for inbound tourism policy and overseeing the activities of HKTA. The latter is a statutory body set up to undertake tourism promotion activities both in Hong Kong and overseas and to advise Government on tourism development.

7. At present, tourism is one of the eight policy areas for which Deputy Secretary (Economic Services) 1 (DS(ES)1), ranked at Administrative Officer Staff Grade B1, is responsible. He is supported by "A" Division on tourism policy and bureau administration. "A" Division originally comprised a Principal Assistant Secretary at the rank of an AOSGC and an Assistant Secretary at the rank of a Senior Administrative Officer (SAO). In October and December 1997, we created a permanent Administrative Officer (AO) post and a supernumerary Chief Executive Officer post respectively in the Division to help cope with the increasing workload. This supernumerary post will lapse in January 1999. In March 1998, the Division was relieved of the policy responsibility for civil aviation.

8. However, notwithstanding the increase in staffing level and reduction in policy responsibilities, the existing strength of the Division remains grossly inadequate in meeting the demand of the rapidly expanding tourism schedule which requires:

- Government to adopt a strategic overview to develop a longer term vision and a better structured strategy for developing tourism and to identify priority areas for action.

- Government to pay greater attention to the increasing number of tourism-related consultancy studies and to take these proposals forward. There are now over 20 such studies and more are in the pipeline.

- extra staffing resources to cater for the additional workload generated by undertaking new tourism initiatives. These include, for instance, co-operation with the Guangdong authorities on new joint efforts in promoting tourism, the development of heritage tourism, the expected increase in liaison with international organisations like the World Tourism Organisation, and supporting the Tourism Task Force (TTF) and its sub-groups. So far, the TTF and its sub-groups have proposed some 75 recommendations and 46 specific suggestions for follow-up by ESB.

9. In the meantime, there is a vocal demand within the tourist industry to create a Secretary for Tourism to enhance co-ordination and to provide the necessary dedicated leadership from Government in developing tourism. We are convinced that, to revive the industry, it is justified to designate a senior government official at Head of Department level to focus on the development of tourism for the betterment of the trade as a whole.

10. Currently, DS(ES)1 is charged with the responsibility of overseeing the development of tourism, in addition to his responsibilities for other major policy areas including agriculture and fisheries, energy, financial monitoring of energy companies, postal services, meteorological services, resource management and bureau administration. The officer is unable to give dedicated attention to the work of tourism. Equally, the increasing workload and complexity of the schedule on tourism as explained above have made it difficult for DS(ES)1 to devote the level of attention to his other policy areas that they deserve.

11. In view of this undesirable situation, we propose to create a new Commissioner for Tourism within ESB:

- to provide stronger leadership and steer within Government in mapping out the tourism development policy and strategy;
- to provide a focal point for liaison with the tourist industry and the international forum; and
- to enhance co-ordination in developing tourism.

The job description of the proposed Commissioner for Tourism is at Enclosure 2.

12. We have considered the feasibility and appropriateness of having the industry or the HKTA to assume the leading role of the proposed Commissioner. However, we conclude that many of the proposed duties of the Commissioner would best be performed by a senior government official. For instance, it is only appropriate for Government to play a leading role in reviewing, mapping out and implementing a tourism strategy, to co-ordinate action among policy bureaux and departments to take tourism initiatives forward, to process resource bids in support of such initiatives, to hold discussions with the Mainland authorities at a governmental level on co-operative measures and to take part in international governmental forums.

13. The Commissioner will need to be sufficiently senior so that he can provide the necessary strategic guidance on the future development of tourism and new initiatives to be explored. Unlike other policy schedules, tourism development cuts across a number of different major policy areas and require extensive co-ordination among different government bureaux and departments and with parties outside the Government. We will require an officer of sufficient seniority to ensure the speedy resolution of interdepartmental and inter-organisation differences and problems. A ranking higher than that of a Deputy Secretary (D3 or D4) in a policy bureau will ensure that the

incumbent has the necessary seniority within Government to push for the tourism agenda and has direct access to the key decision makers. We therefore propose that the Commissioner post be pitched at D5 level. This will also be a positive response to the trade's request for a dedicated senior official on tourism at the rank of a Policy Secretary.

The DS(ES)1 Post

14. With the establishment of the tourism office, we have considered the feasibility of deleting the DS(ES)1 post and re-distribute the remaining of his schedule to the other two Deputy Secretaries (at AOSGB rank) within ESB, namely DS(ES)2 and DS(ES)3. This is however considered not feasible having regard to the volume of work and level of responsibilities required of his remaining schedule. Furthermore, the other two Deputy Secretaries are already fully loaded with the very busy policy areas relating to civil aviation, air services, port development and maritime services. Details of the work of these areas are set out at Enclosure 3.

15. Relieved of the tourism schedule, DS(ES)1 will be able to focus better on his schedule of remaining responsibilities. In the past few years, we have seen his workload on energy, financial monitoring of the energy companies and agriculture and fisheries increasing rapidly due to growing public concern over matters related to energy and food safety. A description of DS(ES)1's workload is at Enclosure 4. His heavy and expanding workload will absorb fully his free-up capacity arising from the removal of the tourism schedule from his portfolio. Nevertheless, we will review the workload of ESB in a year's time to determine whether any staff savings in ESB can be achieved as a result of the creation of the tourism office and the proposed transfer of policy responsibility for the agriculture and fisheries schedule to another policy bureau.

An additional AOSGC and PEO

16. To meet the demand of the rapidly expanding tourism schedule as set out in paragraph 9 above and to provide adequate support to the new Commissioner, there is a need to provide additional staff to the proposed tourism office.

17. We expect the workload on tourism to grow further. For instance, the current consultancy study on HKTA's role and organisation will trigger considerable follow up work on the part of Government in considering and implementing the various recommendations. In addition, our liaison with the tourist industry and the media has increased substantially to gauge the views of the trade on tourism development as well as to explain to the public the Government's actions. The formation of the Tourism Task Force in October last year and subsequently of its sub-groups has generated an enormous amount of work, not only in supporting these groups, but also in follow-up actions. The Task Force and its sub-groups have so far conducted 16 meetings. The extent of the above commitments, even at the current level, can be reflected to some extent by the fact that "A" Division has to attend over 30 meetings every month on tourism matters. This does not include the tremendous amount of time and efforts spent on preparations beforehand and follow-up work after the meetings.

18. We therefore propose to create an additional AOSGC post to support the Commissioner. Together with the existing AOSGC in "A" Division, there will be two AOSGCs, designated as Assistant Commissioner for Tourism (1) (ACT(1)) and Assistant Commissioner for Tourism (2) (ACT(2)), to underpin the Commissioner. ACT(1) will assist the Commissioner in developing a longer term vision through the drawing up of a structured strategy for developing tourism. This will help set the priority for the many tourism initiatives and help achieve a better synergy among various measures. He

will assist the Commissioner in the strategic work of identifying and examining major tourism policy issues such as the regulation of travel agents and tour co-ordinators, as well as following up the outcome of the strategic organisation review of HKTA. He will also examine ways to upgrade the service quality of the tourist industry. His team will support the Commissioner in liaison with the Mainland which is the single largest source market of tourism of Hong Kong, as well as other international bodies on tourism. In the course of the ACT(1)'s work, in particular in devising strategies, setting priorities and formulating policies, he will need to undertake extensive liaison and consultation with various sectors of the trade to define issues and reconcile differences as well as to consult other concerned bureaux and departments to resolve any interfacing issues. He will also need to undertake extensive background research for the purpose. He will be supported by an Assistant Secretary at SAO rank who is in the existing establishment of "A" Division. ACT(1)'s job description is at Enclosure 5.

19. ACT(2) will take up the responsibility for considering the various tourism development proposals and arrange for their implementation. This will normally involve the examination of the proposals, consultation with other government bureaux and departments and non-government organisation, resolving differences in assessments, exploring different alternatives, considering and mapping out implementation mechanisms and time frame, and securing the necessary resources. He will need to closely involve himself in key tourism projects which have significant impact on the economy and interfacing with other policy bureaux. ACT(2) will also be responsible for providing support to the Tourism Task Force and its sub-groups, the housekeeping of HKTA which involves processing of HKTA's resources bids and monitoring their performance, matters relating to hotels and measures to facilitate the entry of visitors. He will need to provide support to the Commissioner in the various management meetings including the HKTA's Board of Management, International Events Fund Steering Committee, Tourism Development Fund Steering Committee. He will be supported by an Assistant Secretary at AO rank who is in the existing establishment of "A" Division and a PEO whose post we propose to create in the paragraph below. ACT(2)'s job description is at Enclosure 6.

20. We propose to create a PEO post to provide the necessary support to ACT(2) in respect of the co-ordination work concerning the consideration and implementation of new tourism attractions, facilities and initiatives, as well as in servicing the Tourism Task Force and its three sub-groups. The PEO will attend the steering committees on the various studies on new tourist attractions and facilities, scrutinise their findings and reports, and formulate implementation options. An officer at PEO rank is required so that he can take on various proposals independently. He will need to liaise with senior officers of Government bureaux and departments and non-government organisations. The PEO will also oversee the servicing of the Tourism Task Force and its sub-groups, which meet every one or two months. Such will not only involve supervising the secretariat support, he will also need to take up many of the issues personally and pursue them with the concerned departments as necessary. So far, the Tourism Task Force and the sub-groups have raised some 120 suggestions for following up. An Executive Grade officer at D1 rank is appropriate to handle the co-ordination work. The job description of the PEO is at Enclosure 7.

21. We have examined the workload of the other existing Principal Assistant Secretary and Assistant Secretary posts in ESB and consider that there is no spare capacity to absorb the duties for the proposed additional posts of AOSGC and PEO.

Non-directorate Posts

22. To provide support to the Commissioner and his directorate officers, we will create seven non-directorate posts comprising one Senior Executive Officer (SEO), one

Assistant Clerical Officer, one Senior Personal Secretary, one Personal Secretary I, two Personal Secretary IIs and one Motor Driver. This will require raising the NAMS ceiling of ESB from \$28,310,000 by \$1,980,960 to \$30,290,960 in 1998-99. \$ to \$. The SEO is required to support the PEO in the day-to-day coordination work which includes soliciting and consolidating assessments from departments and bureaux concerned, seeking clarifications, monitoring of progress of implementation of initiatives or suggestions by the trade, compiling necessary reports and briefs on the various initiatives and their state of play, arranging meetings and providing support to the Tourism Task Force and its sub-groups. As for the other posts, they are supporting staff ancillary to the creation of the posts of the Commissioner and his assistants. The creation of these non-directorate posts will be dealt with in accordance with the normal procedures through the Departmental Establishment Committee mechanism. Details of the seven new non-directorate posts are set out in Enclosure 8.

23. The existing and the revised organisation charts of ESB are at Enclosures 9 and 10 respectively.

Time Frame

24. Subject to Members' approval and allowing time for the recruitment procedure, we expect early so that we can proceed with the necessary recruitment procedures as appropriate.

32. We estimate that in order for the Commissioner to assume his office before mid 1999.

FINANCIAL IMPLICATIONS

25. The additional notional annual salary cost of the proposal at MID-POINT is -

New Permanent Posts	\$	No. of Posts
Commissioner for Tourism (D5)	1,849,800	1
AOSGC (D2)	1,443,000	1
PEO (D1)	1,213,200	1
Additional cost	4,506,000	3
	=====	=====

The additional full annual average staff cost of the proposal, including salaries and staff on-cost is \$7,931,000.

26. In addition, the proposal will necessitate the creation of seven additional non-directorate posts (as detailed in paragraph 22 above) at a notional annual mid-point salary cost of \$2,097,300 and the full annual average staff cost of \$3,308,000.

27. We have not included the provision in the 1998-99 Estimates to meet the cost of the proposal, which is estimated at \$869,800 for the remainder of the financial year. Subject to Members's approval, we will provide the necessary supplementary provision under delegated authority. We will include the additional provision required in the 1999-2000 draft Estimates.

BACKGROUND INFORMATION

28. The tourism sector is one of our traditional economic strongholds. Hong Kong is the most popular visitor destination in Asia after the Mainland of China. Tourists now demand more sophisticated attractions and services. Our competitors are upgrading their infrastructure (e.g. new theme parks in Japan and new convention and exhibition facilities in Singapore) in a bid to capture a greater market share. Hong Kong has to take a strategic view on how best to respond and to develop initiatives to maintain the interest of visitors. We need to enhance our appeal to visitors, and for this, our broader vision is to cultivate Hong Kong's image as the Asian centre of arts and culture, and of entertainment and sporting events. To take our new vision for tourism forward with a clear focus, the Chief Executive announced in his Policy Address on 7 October 1998 that a Commissioner for Tourism will be appointed to promote the development of the tourist industry.

CIVIL SERVICE BUREAU COMMENTS

29. Civil Service Bureau supports the establishment of a new Commissioner for Tourism and additional staff for the tourism schedule. The grading and ranking of the proposed permanent posts are considered appropriate having regard to their respective job content and complexity of work.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

30. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the gradings proposed for the posts could be appropriate if the posts were to be created.

Economic Services Bureau
December 1998

Enclosure 1 to EC(98-99)16

Highlight of key initiatives to promote tourism

Promoting Hong Kong

- launching the largest ever \$173 million-worth world-wide new destination campaign in 1998 to promote Hong Kong;
- familiarisation visits for over 7,000 representatives from overseas media and travel trade;
- production of 500,000 pamphlets for distribution overseas to explain the situation in Hong Kong after the handover, e.g. law and order and visa;
- exploring further joint promotion opportunities with the Mainland and in particular Guangdong Province.

Enhancing attractions

- studying the feasibility of new or improved tourist attractions in Hong Kong and to arrange for their implementation as appropriate;
- improving tourist facilities such as the installation of Powerphones, additional visitor signages;
- launching new tourist products such as the Heritage and Architecture Walk in Hong Kong this year;
- rolling out special tactical promotion supported by attractive discounts by the tourist industry so as to lure visitors to come to Hong Kong;
- further promoting event tourism in Hong Kong by:
 - giving HKTA a loan of \$100 million for their setting up the International Events Fund to support the staging of some 50 international events in Hong Kong in 5 years;
 - granting the prime Tamar site to HKTA on a short term basis up to mid 2000 for holding tourism-related events;
 - considering the construction of a new world-class state-of-the-art new performance venue at the West Kowloon Reclamation.

Facilitating visitors' entry

- relaxing the quota for Mainland travellers on the Hong Kong Group Tour Scheme;
- streamlining the immigration arrangements for visitors from Taiwan;
- extending the 72-hour visa free entry arrangement for overseas visitors going from Hong Kong to Shenzhen also to the Zhuhai Special Economic Zone; and
- appropriately relaxing the quota arrangements for tour coaches operated by registered Hong Kong travel agencies to take overseas visitors directly from Hong Kong into Shenzhen.

Enclosure 2 to EC(98-99)16

Schedule of duties of the proposed Commissioner for Tourism

The duty of the Commissioner is to assist the Secretary for Economic Services in promoting the development of inbound tourism in Hong Kong. In particular, the Commissioner will be responsible for the following duties -

- To formulate policy and overall strategy, in consultation with the Hong Kong Tourist Association (HKTA) and the tourist industry, in promoting the development of inbound tourism in Hong Kong, as well as to see to their implementation.
- To consider the feasibility of new tourism attractions and facilities, and to arrange for the implementation of specific proposals as applicable.

- To explore and develop areas of improvements which may enhance the overall attraction of Hong Kong as a tourist destination.
- To maintain liaison with the tourist industry, Mainland tourism authorities and international tourism bodies and to explore opportunities for cooperation with parties outside Hong Kong in tourism development.
- To co-ordinate with other Government bureaux and departments on tourism related matters.
- To work closely with HKTA to ensure its best use of resources and attend to its needs for Government support.

Enclosure 3 to EC(98-99)16

Workload of Deputy Secretary (Economic Services) 2 and Deputy Secretary (Economic Services) 3

Currently, there are two other Deputy Secretaries in the Economic Services Bureau (ESB), namely Deputy Secretary (Economic Services) 2 (DS(ES)2) and Deputy Secretary (Economic Services) 3 (DS(ES)3). DS(ES)2 and DS(ES)3 are ranked at AOSGB. They are already fully occupied with the heavy workload in policy areas relating to civil aviation, air services, port development and maritime services.

2. DS(ES)2 is responsible for the civil aviation and air services schedules. As far as civil aviation is concerned, ESB needs to maintain policy oversight over the work of the Civil Aviation Department (CAD) which provides air traffic control services and performs all the civil aviation regulatory functions including safety of aerodrome. ESB also needs to process legislative proposals in respect of civil aviation and resources requests by CAD. Moreover, ESB needs to maintain policy oversight over the Airport Authority (AA) on matters related to civil aviation such as airport charges, as well as to act as interface between AA and the Executive Council, Legislative Council and where necessary, with other parts of the Administration. The interfacing role vis-a-vis other bureaux and departments is expected to grow following the disbandment of the New Airport Projects Co-ordination Office. Following the transition of the AA from the construction to operation mode, we expect that a number of issues including organisation, staffing and operational procedures will need to be reviewed. The Bureau will provide support to Secretary for Economic Services on various matters put to the AA Board.

3. In addition, ESB is responsible for air services policies and negotiations with aviation partners. We are committed to maintaining Hong Kong's position as a centre of international and regional aviation. To this end, the ESB will continue to seek to negotiate new air services agreements and review existing arrangements to meet market demand. ESB is also keeping air services policies under review in the light of changes on the aviation scene e.g. airline alliance etc. DS(ES)2 needs to oversee all the above areas of work which demand her full attention.

4. DS(ES)3 is responsible for the port development and maritime services schedules. As for the maritime services, the Shipping and Port Development Division of ESB headed by DS(ES)3 oversees the work of the Marine Department which is responsible for, among other things, the regulation of local shipping through licensing and vessel

inspections, as well as overseeing the safe movement of vessels in Hong Kong waters. ESB is also responsible for the strategic development of the port of Hong Kong through its role as secretariat to the Port Development Board. The latter's function has recently been expanded to include the promotion of Hong Kong's shipping industry and enhancement of Hong Kong as an international shipping centre, hence the renaming of the Board to the Hong Kong Port and Maritime Board. Important initiatives undertaken by ESB include the formulation of a new vessel and navigational regulatory scheme to improve the safe operation of Hong Kong waters and to develop the Hong Kong harbour to meet rapid growing demand of marine traffics, liaising with the container freight industry and identify measures to maintain the competitiveness of the Hong Kong container port, and to formulate and implement a strategy, including overseas publicity, to promote Hong Kong as an international shipping centre. DS(ES)3 is responsible for overseeing all the above maritime works which, as explained above, is already a very heavy area in its own right.

Enclosure 4 to EC(98-99)16

Workload of Deputy Secretary (Economic Services) 1 other than tourism

Other than tourism, Deputy Secretary (Economic Services) 1 (DS(ES)1) has responsibilities for agriculture and fisheries, energy, financial monitoring of energy companies, postal services, meteorological services, resource management and bureau administration. In the past few years, we have seen the drastic increase in workload arising from energy, financial monitoring of energy companies and agriculture and fisheries. The following is a brief description of the latest development in the energy and agriculture and fisheries fields.

Energy

2. There has been increasing public concern over Government's monitoring of the electricity and gas companies and the operation of the energy supply market. To help strengthen Government's role in these areas and in formulating energy policies, we established the Energy Advisory Committee in 1996. ESB has been undertaking a number of initiatives in the energy field. We have signed agreements with the two power companies on implementation of full scale demand side management programmes. We have recently reached agreement in principle with the two power companies on certain significant improvements to the Scheme of Control Agreements which are beneficial to the consumers. We need to ensure satisfactory implementation of all these initiatives.

3. We are examining critically the Hongkong Electric Company's proposals for additional electricity generating capacity. We need to make sure that while there should be adequate supply to meet growth in demand, the interests of the consumer and the investor are balanced.

4. We have embarked on new initiatives in the direction of encouraging competitions in the energy supply market. We have commissioned a consultancy study on interconnection and competition in the electricity supply sector. We shall conduct public consultation on the findings of the study and then formulate our policy in this regard. As the subject has long term impact on the future development of the electricity supply industry, it is expected that the whole process will involve considerable high level discussions and negotiations with parties concerned.

5. We are examining ways to introduce more competitions into the gas supply market. We are in the process of discussions with the town gas company in establishing the accounting parameters to identify the costs of transmission of gas, as part of the preparations for further examination of the feasibility of a common carrier system for gas supply.

Agriculture and fisheries

6. Development in the past year such as the avian flu, red tides and contaminated pig offal has called for greater attention of ESB to the policy area of agriculture and fisheries. We need to monitor closely to ensure that the measures taken to deal with these problems continue to be effective. We shall need to review of the relevant legislation comprehensively to make sure that the provisions meet prevailing requirements. We are also conducting a strategic review on fisheries resources, support to agricultural development in Hong Kong and the future of the Government's fresh produce wholesale markets. All these result in an unprecedented growth in workload in the agriculture and fisheries schedule.

Enclosure 5 to EC(98-99)16

Schedule of duties of Assistant Commissioner for Tourism (1)

To assist the Commissioner in the following duties -

- To make recommendations on inbound tourism policy issues.
- To make recommendations in the formulation of the overall strategy in promoting inbound tourism in consultation with HKTA.
- To work with HKTA and the tourist industry in the areas of promotion, publicity and events for inbound tourism development.
- To liaise with the Mainland authorities on tourism-related matters as well as the travel and tourism trade.
- To maintain liaison with international tourism bodies.
- To consider ways to upgrade the quality of services of the tourist industry, in consultation with HKTA and the industry.
- Any other duties as may be assigned.

Enclosure 6 to EC(98-99)16

Schedule of duties of Assistant Commissioner for Tourism (2)

To assist the Commissioner in the following duties -

- To consider the various feasibility studies on new tourism attractions and facilities as well as to make arrangement for the implementation of the proposals

concerned.

- To oversee the coordination of government's efforts in the implementation of new tourism attractions or improvement projects on existing attractions.
- To provide inbound tourism inputs to the various planning studies undertaken by Government.
- To be responsible for the housekeeping of HKTA.
- To be responsible for matters related to hotels.
- To oversee the interface with and provide necessary support to the Tourism Task Force, including its sub-groups.
- To consider ways to facilitate entry of visitors to Hong Kong.
- Any other duties as may be assigned.

Enclosure 7 to EC(98-99)16

Schedule of duties of the Principal Executive Officer

To assist Assistant Commissioner for Tourism (2) in the following duties -

- To monitor and consider the feasibility studies on new tourism attractions and facilities and improvements to existing facilities.
- To coordinate and monitor government's efforts in the implementation of new tourism attractions or improvement projects on existing attractions.
- To supervise the provision of adequate support to the Tourism Task Force and its sub-groups and to coordinate and monitor follow-up actions.
- To monitor the tourism-related statistics.
- To undertake any other duties as may be assigned.

Enclosure 8 to EC(98-99)16

List of Non-directorate Posts Proposed to be Created

Rank	No.	NAMS for Rank	Total NAMS
		\$	
Senior Executive Officer	1	722,280	722,280
Assistant Clerical Officer	1	181,920	181,920
Senior Personal Secretary	1	386,280	386,280
Personal Secretary I	1	291,840	291,840
Personal Secretary II	2	181,920	363,840
Motor Driver	1	151,140	151,140
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Total	7		2,097,300
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EC Item No.	Head of Expenditure	Recommendation
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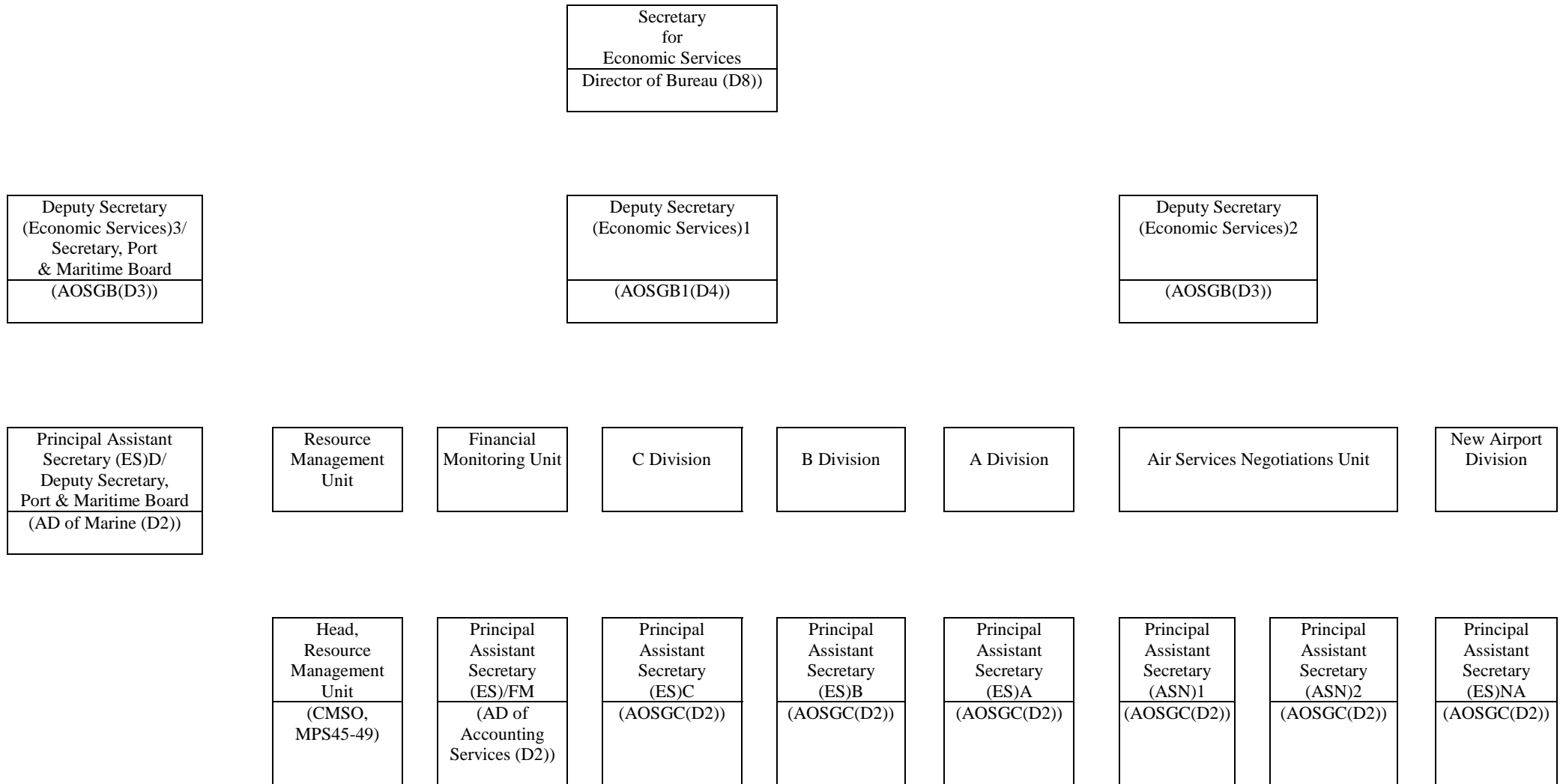
(c) increase in the establishment ceiling from \$28,310,000 by \$1,980,960 to \$30,290,960 in 1998-99 to facilitate the creation of seven non-directorate posts.

Encl. The relevant ESC paper is at the Enclosure.

3. During discussion on the above item, some Members expressed concern about the requirement for seven non-directorate staff to support the Commissioner's Office. Having consulted the Secretary for Economic Services (SES), we would like to provide the following additional information -

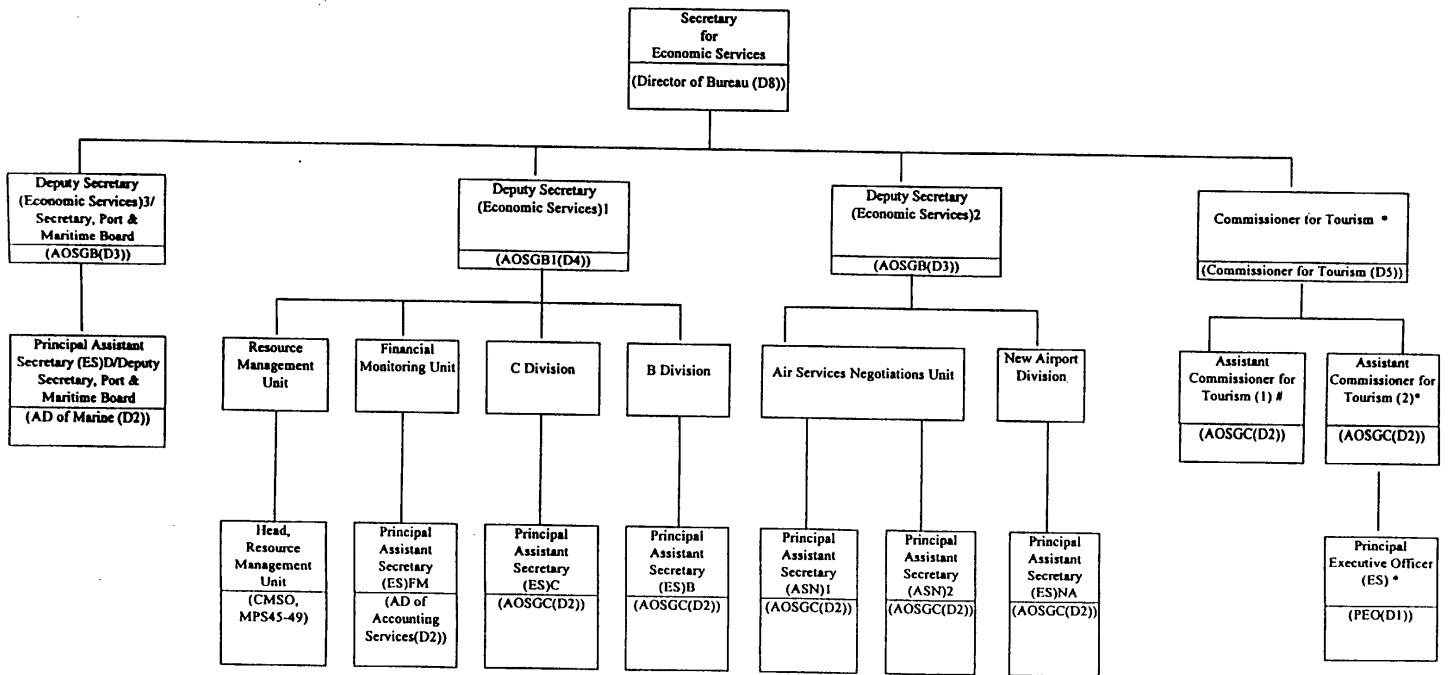
- (a) the seven non-directorate posts costing about \$2 million a year in additional salaries at mid-point are entirely funded through savings identified by SES from within his global allocation of resources;
- (b) the proposed increase in ceiling placed on the total notional annual mid-point salary (NAMS) value by \$1,980,960 represents the maximum provision sought. In practice, creation of the seven non-directorate posts would need to go through the Departmental Establishment Committee and be subject to vigorous vetting. On this occasion, SES has undertaken to consult Civil Service Bureau and Finance Bureau before the creation of the posts and the two resource bureaux will take account of the general undertaking we have given to ESC Members that we would exercise extreme care before supporting additional posts in the present economic climate; and
- (c) to take account of Members' views, SES will not create one Personal Secretary II post at the outset of the establishment of the Commissioner's Office. He will review the need for this post in the light of workloads and operational requirements.

**Existing Organisation Chart
of Economic Services Bureau**



Revised Organisation Chart
of Economic Services Bureau

Enclosure 10 to EC(98-99)16



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