

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS OFFICES

Controlling officer: the Secretary for Commerce and Industry will account for expenditure under this Head.

Estimate 2001–02	\$238.6m
Establishment ceiling 2001–02 (notional annual mid-point salary value) representing an estimated 162 non-directorate posts at 31 March 2001 reducing by eight posts to 154 posts at 31 March 2002	\$59.1m
In addition there will be an estimated 21 directorate posts at 31 March 2001 and at 31 March 2002.	
Capital Account commitment balance	\$26.8m

Controlling Officer's Report

Programmes

Programme (1) Commercial Relations	These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Industry).
Programme (2) Public Relations	
Programme (3) Inward Investment	

Detail

Programme (1): Commercial Relations

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	93.3	109.0 (+16.8%)	104.4 (–4.2%)	101.5 (–2.8%)

Aim

- 2 The aim is to represent and promote Hong Kong's trading and commercial interests overseas.

Brief Description

3 The Hong Kong Economic and Trade Offices (HKETOs) in Brussels, Geneva, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington identify, develop and cultivate contacts with host governments or represent Hong Kong at international trade organisations, and maintain liaison with other governments and organisations in order to further Hong Kong's trade and economic interests. The HKETOs monitor and report on developments which are likely to affect such interests. They lobby and negotiate with their host governments on specific trade issues and assist staff from Hong Kong in negotiating trade agreements.

- 4 The key performance measures in respect of commercial relations are:

Indicators

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
meetings on trade-related matters attended	3 172	3 335	3 363
visits to foreign governments and trade organisations	635	798	725
seminars, exhibitions and workshops organised.....	117	118	109
participated	524	539	552
public speeches given	317	301	313
media interviews/briefings given.....	531	489	513
circulars/newsletters/press releases issued.....	500	515	514

Matters Requiring Special Attention in 2001–02

5 During 2001–02, the HKETOs will continue to focus on countering protectionism in Hong Kong's major markets, representing Hong Kong, and providing support to the Trade and Industry Department, in bilateral and multilateral trade negotiations overseas.

Programme (2): Public Relations

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	91.1	104.3 (+14.5%)	99.6 (–4.5%)	97.0 (–2.6%)

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS OFFICES

Aim

6 The aim is to promote Hong Kong as a reliable trading partner and a premier location for doing business.

Brief Description

7 The HKETOs monitor and report on overseas reactions to events in Hong Kong. They organise publicity and public relations activities for Hong Kong in overseas countries and provide a comprehensive information and enquiry service about Hong Kong.

8 The key performance measures in respect of public relations are:

Indicators

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
call on senior government officials/organisations	1 412	1 482	1 420
public relations functions/events			
organised.....	655	647	627
participated	780	728	795
newsletters, pamphlets, press releases issued.....	1 189	1 196	1 195
number of visitors assisted	1 743	1 821	1 852
public speeches given.....	399	380	415
media interviews/briefings given.....	865	844	870
enquiries handled.....	58 756	61 440	59 900

Matters Requiring Special Attention in 2001–02

9 During 2001–02, the HKETOs will continue to focus on sustaining and stepping up publicity and public relations efforts in North America, Europe, Japan, Association of Southeast Asian Nations countries and Australia.

Programme (3): Inward Investment

	1999–2000 (Actual)	2000–01 (Approved)	2000–01 (Revised)	2001–02 (Estimate)
Financial provision (\$m)	42.4	48.4 (+14.2%)	46.3 (–4.3%)	40.1 (–13.4%)

Aim

10 The aim is to encourage and attract overseas investment in Hong Kong.

Brief Description

11 The HKETOs promote foreign direct investment in Hong Kong by publicising the attraction of Hong Kong as a business centre and by providing advice and assistance to overseas companies in the formulation and implementation of their plans to invest in Hong Kong.

12 The key performance measures in respect of inward investment are:

Indicators

	1999 (Actual)	2000 (Actual)	2001 (Estimate)
companies visited to encourage inward investment	1 128	1 135	904#
companies targeted through direct mailing	21 740	29 092	25 700#
seminars/presentations			
organised.....	42	37	36
participated	176	184	166
projects handled			
committed	57	82	75
completed.....	98	98	85#
public speeches given.....	89	84	90
media interviews/inward investment briefings given.....	87	94	97

The decrease is mainly due to the closure and downsizing of Invest Hong Kong Desks in some ETOs following a rationalisation of the resources of Invest Hong Kong deployed overseas.

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS OFFICES

Matters Requiring Special Attention in 2001–02

13 During 2001–02, the overseas offices will continue to work in liaison with Invest Hong Kong under a more targeted approach to encourage and attract overseas companies to introduce to Hong Kong, through their investments, new and improved products and services, design processes and management techniques. They will continue to provide assistance to investors interested in establishing a business presence in Hong Kong.

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS OFFICES

ANALYSIS OF FINANCIAL PROVISION

Programme	1999-2000 (Actual) (\$m)	2000-01 (Approved) (\$m)	2000-01 (Revised) (\$m)	2001-02 (Estimate) (\$m)
(1) Commercial Relations	93.3	109.0	104.4	101.5
(2) Public Relations	91.1	104.3	99.6	97.0
(3) Inward Investment.....	42.4	48.4	46.3	40.1
	<u>226.8</u>	<u>261.7</u> (+15.4%)	<u>250.3</u> (-4.4%)	<u>238.6</u> (-4.7%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2001-02 is \$2.9 million (2.8%) lower than the revised estimate for 2000-01. This is mainly due to more favourable exchange rates used for 2001-02 as compared with 2000-01, and the transfer of two posts to Head 152 —Government Secretariat: Commerce and Industry Bureau in 2001-02 to cope with additional workload.

Programme (2)

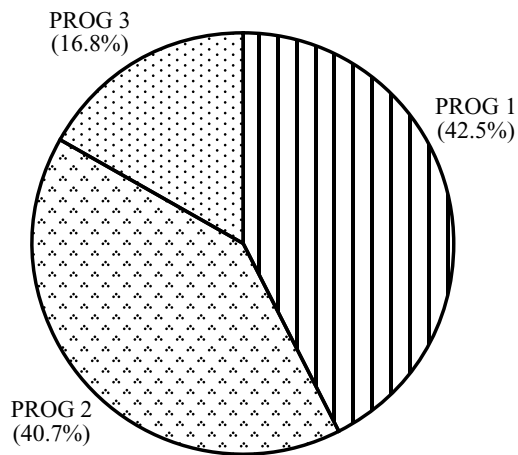
Provision for 2001-02 is \$2.6 million (2.6%) lower than the revised estimate for 2000-01. The reasons that account for the decrease under Programme (1) above also apply here.

Programme (3)

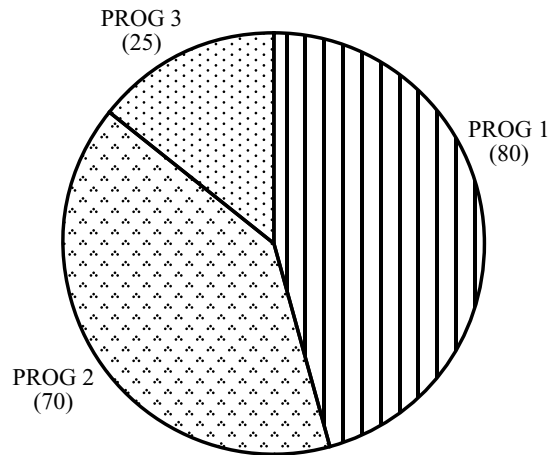
Provision for 2001-02 is \$6.2 million (13.4%) lower than the revised estimate for 2000-01. This is mainly due to the closure and downsizing of Invest Hong Kong Desks in some ETOs following a rationalisation of the resources of Invest Hong Kong deployed overseas. The resources so released which include six posts and related allowances will be redeployed to Head 79 —Invest Hong Kong in 2001-02. It is also due to more favourable exchange rates used for 2001-02 as compared with 2000-01.

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS OFFICES

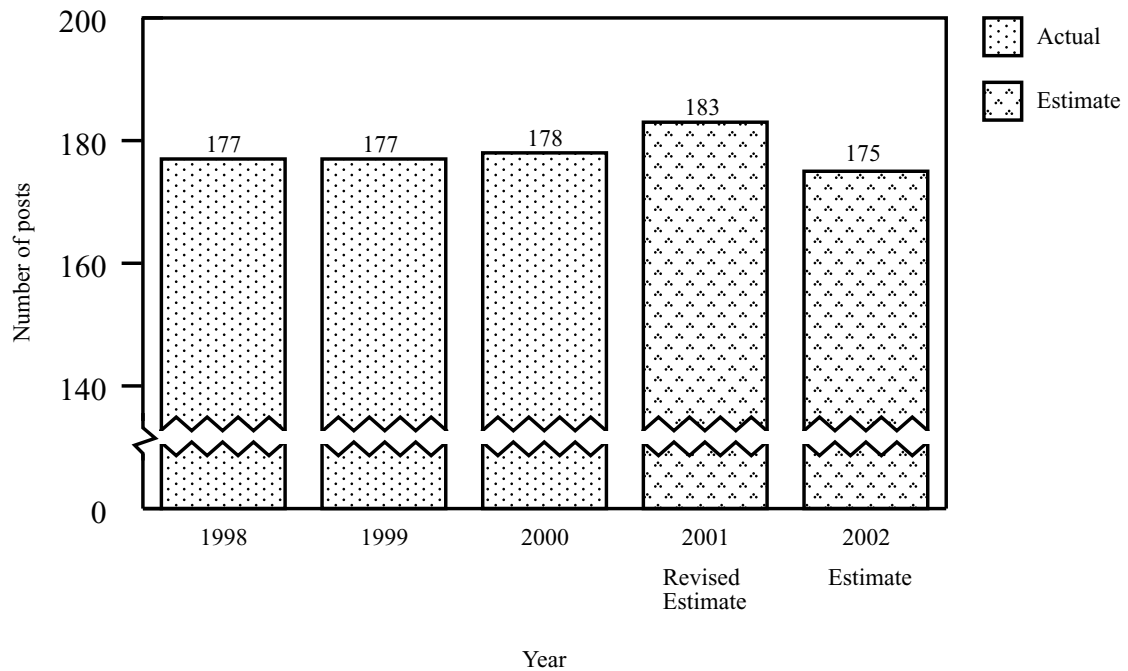
Allocation of provision to programmes (2001-02)



Staff by programme (as at 31 March 2002)



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



Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS OFFICES

Sub-head (Code)	Actual expenditure 1999–2000	Approved estimate 2000–01	Revised estimate 2000–01	Estimate 2001–02	
	\$' 000	\$' 000	\$' 000	\$'000	
Recurrent Account					
I — Personal Emoluments					
001	Salaries.....	90,649	95,176	93,235	84,808
002	Allowances.....	27,000	32,181	28,765	27,310
	Total, Personal Emoluments	117,649	127,357	122,000	112,118
II — Personnel Related Expenses					
031	Payment to redundant locally engaged staff of the HKETO in London	534	546	546	489
	Total, Personnel Related Expenses	534	546	546	489
III — Departmental Expenses					
149	General departmental expenses.....	77,783	97,872	92,800	86,583
	Total, Departmental Expenses	77,783	97,872	92,800	86,583
IV — Other Charges					
205	Publicity.....	13,498	14,641	14,000	13,686
217	Grants to organisations	2	616	200	192
	Total, Other Charges	13,500	15,257	14,200	13,878
	Total, Recurrent Account	209,466	241,032	229,546	213,068
Capital Account					
I — Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	—	—	—	1,242
	Total, Plant, Equipment and Works	—	—	—	1,242
II — Other Non-Recurrent					
700	General other non-recurrent	17,297	20,678	20,723	24,300
	Total, Other Non-Recurrent.....	17,297	20,678	20,723	24,300
	Total, Capital Account.....	17,297	20,678	20,723	25,542
	Total Expenditure	226,763	261,710	250,269	238,610

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS OFFICES

Details of Expenditure by Subhead

The estimate of the amount required in 2001–02 for the salaries and expenses of the Overseas Offices is \$238,610,000. This represents a decrease of \$11,659,000 against the revised estimate for 2000–01 and an increase of \$11,847,000 over actual expenditure in 1999–2000.

2 Certain items of expenditure are incurred in Hong Kong dollars, and these will be charged directly to the appropriate subheads in the amounts incurred. Expenditure in local currency incurred by the seven non-US based offices will be charged to the appropriate subheads at the following exchange rates (the spot rates on 1 December 2000) —

Australian Dollar	1=HK\$4.1098
Belgian Franc	1=HK\$0.1657
Canadian Dollar	1=HK\$5.075
Euro	1=HK\$6.687
Japanese Yen	1=HK\$0.070793
Pound Sterling	1=HK\$11.057
Singapore Dollar	1=HK\$4.4436
Swiss Franc	1=HK\$4.4293

Expenditure incurred by the three US offices in US currency will be charged to the appropriate subheads at a fixed exchange rate of US\$1=HK\$7.8.

Recurrent Account

Personal Emoluments

3 Provision of \$112,118,000 for personal emoluments represents a decrease of \$9,882,000 against the revised estimate for 2000–01.

4 The establishment at 31 March 2001 will be 183 permanent posts. Of the 183 permanent posts, 122 are staff engaged locally by the overseas offices. It is expected that two posts and six posts will be transferred to Head 152 — Government Secretariat: Commerce and Industry Bureau and Head 79 — Invest Hong Kong respectively in 2001–02.

5 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2001–02, but the notional annual mid-point salary value of all such posts must not exceed \$59,130,000.

6 Provision of \$27,310,000 under *Subhead 002 Allowances* is for standard allowances and the following non-standard allowances and contributions to pension and medical schemes and insurances, etc —

	Rate
Recruitment and Retention Allowance (for locally engaged staff in London)	up to £1,224 per annum
employer's contributions to occupational pension scheme (for locally engaged staff in London)	1.0% of gross salary
contributions to National Insurance (for locally engaged staff in London)	12.2% (maximum) of gross salary
special allowance (for locally engaged staff in London)	20.0% of basic salary per month; 10.0% of basic salary for locally engaged staff engaged after 20 May 1987
special posting allowance (for Hong Kong based staff in Brussels, Geneva, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington)	rates for individual officers to be reviewed annually in accordance with an approved formula
employer's contributions to local social security schemes, medical and dental insurance schemes, Workman Compensation, Provident Fund Schemes (for locally engaged staff in Brussels, New York, San Francisco, Singapore and Washington)	20.0% of basic salary per month
employer's contributions to pension and medical insurance schemes (for locally engaged staff in Geneva)	15.0% of basic salary per month

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS OFFICES

	<i>Rate</i>
employer's contributions to health, pension, Social Security Contribution, Unemployment Insurance Schemes and Workmen's Compensation Insurance Schemes (for locally engaged staff in Sydney, Tokyo and Toronto)	13.0% of basic salary per month

The decrease of \$1,455,000 (5.1%) against the revised estimate for 2000–01 is mainly due to more favourable exchange rates used for 2001–02 as compared with 2000–01 and the reduced requirements for special posting allowance arising from the transfer of posts to Head 79 —Invest Hong Kong.

Personnel Related Expenses

7 Provision of \$489,000 under *Subhead 031 Payment to redundant locally engaged staff of the HKETO in London* is for compensation payments to officers affected by the closure of the Students Centre in 1986 and the re-organisation of the office. The decrease of \$57,000 (10.4%) against the revised estimate for 2000–01 is mainly due to more favourable exchange rates used for 2001–02 as compared with 2000–01.

Departmental Expenses

8 Provision of \$86,583,000 under *Subhead 149 General departmental expenses* represents a decrease of \$6,217,000 (6.7%) against the revised estimate for 2000–01. This is mainly due to more favourable exchange rates used for 2001–02 as compared with 2000–01 and transfer of provision to Head 79 —Invest Hong Kong.

Other Charges

9 Provision of \$13,686,000 under *Subhead 205 Publicity* is for the engagement of public relations consultants, production of fact sheets and newsletters, Hong Kong perception surveys, newspaper clipping service, sponsored visits and public relations expenses.

10 Provision of \$192,000 under *Subhead 217 Grants to organisations* is for grants, donations and subsidies to international trade and economic organisations and local organisations in various overseas locations. This is to help them towards their running costs, researches and publications, including costs of organising publicity, public relations and cultural activities. The decrease of \$8,000 (4.0%) against the revised estimate for 2000–01 is mainly due to more favourable exchange rates used for 2001–02 as compared with 2000–01.

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS OFFICES

Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2000	Revised estimated expenditure for 2000-01	Balance
			\$ 000	\$ 000	\$ 000	\$ 000
700		<i>General other non-recurrent</i>				
	593	Consultancy services on commercial relations and non-trade issues in Europe.....	4,428	—	678	3,750
	595	Business and Hong Kong promotion by HKETO in Brussels	4,090	—	—	4,090
	596	Business and Hong Kong promotion by HKETO in London.....	3,510	—	—	3,510
	597	Business and Hong Kong promotion by HKETO in New York	2,570	—	—	2,570
	598	Business and Hong Kong promotion by HKETO in San Francisco	1,500	—	—	1,500
	599	Business and Hong Kong promotion by HKETO in Singapore.....	1,720	—	—	1,720
	600	Business and Hong Kong promotion by HKETO in Sydney	2,330	—	—	2,330
	601	Business and Hong Kong promotion by HKETO in Tokyo.....	2,710	—	—	2,710
	602	Business and Hong Kong promotion by HKETO in Toronto.....	2,100	—	—	2,100
	603	Business and Hong Kong promotion by HKETO in Washington.....	2,470	—	—	2,470
		Total.....	<u>27,428</u>	<u>—</u>	<u>678</u>	<u>26,750</u>