

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS ECONOMIC AND TRADE OFFICES

Controlling officer: the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) will account for expenditure under this Head.

| | |
|---|-----------------|
| Estimate 2010–11 | \$303.7m |
| Establishment ceiling 2010–11 (notional annual mid-point salary value) representing an estimated 131 non-directorate posts as at 31 March 2010 and as at 31 March 2011 | \$65.7m |
| In addition, there will be an estimated 18 directorate posts as at 31 March 2010 and as at 31 March 2011. | |
| Commitment balance | \$9.4m |

Controlling Officer's Report

Programmes

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

Detail

Programme (1): Commercial Relations

| | 2008–09 (Actual) | 2009–10 (Original) | 2009–10 (Revised) | 2010–11 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 125.8 | 146.6 | 134.2 (–8.5%) | 143.4 (+6.9%) |
| | | | | (or –2.2% on 2009–10 Original) |

Aim

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

Brief Description

3 The overseas Economic and Trade Offices (ETOs) in Brussels, Geneva, Berlin, London, New York, San Francisco, Washington, Singapore, Sydney, Tokyo and Toronto identify, develop and cultivate contacts with host governments, 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. They monitor and report on developments which are likely to affect such interests. They lobby and negotiate with their host and other governments on specific trade issues and assist officers from Hong Kong in negotiating trade agreements and in promoting the business opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement.

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

Indicators

| | 2008 (Actual) | 2009 (Actual) | 2010 (Estimate) |
|---|------------------|------------------|--------------------|
| meetings on trade-related matters attended | 3 469 | 3 583 | 3 600 |
| visits to host governments and trade organisations..... | 1 158 | 1 207 | 1 168 |
| seminars, exhibitions and workshops | | | |
| organised | 180 | 181 | 184 |
| participated..... | 647 | 694 | 689 |
| public speeches given..... | 361 | 386 | 379 |
| media interviews/briefings given..... | 656 | 684 | 695 |
| circulars/newsletters/press releases issued..... | 744 | 762 | 787 |

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Matters Requiring Special Attention in 2010–11

5 During 2010–11, the overseas ETOs will continue to promote Hong Kong's trade and commercial interests, including countering protectionism in Hong Kong's major markets, as well as representing Hong Kong and providing support to Commerce and Economic Development Bureau and as appropriate, its family of departments in issues of special interests on the bilateral and multilateral fronts.

Programme (2): Public Relations

| | 2008–09 (Actual) | 2009–10 (Original) | 2009–10 (Revised) | 2010–11 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 103.4 | 114.3 | 102.5 (–10.3%) | 109.5 (+6.8%) |
| | | | | (or –4.2% on 2009–10 Original) |

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 overseas ETOs monitor and report on reactions to events in Hong Kong. They organise publicity and public relations activities for Hong Kong in the host countries/regions under their purview and provide a comprehensive information and enquiry service about Hong Kong.

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

Indicators

| | 2008 (Actual) | 2009 (Actual) | 2010 (Estimate) |
|---|------------------|------------------|----------------------------|
| call on senior government officials/organisations | 1 705 | 1 721 | 1 713 |
| public relations functions/events | | | |
| organised | 704 | 690 | 684 |
| participated | 1 056 | 1 170 | 1 139 |
| newsletters, pamphlets, press releases issued | 1 171 | 1 178 | 1 174 |
| no. of visitors assisted | 2 017 | 2 186 | 2 192 |
| public speeches given | 437 | 459 | 466 |
| media interviews/briefings given | 770 | 786 | 807 |
| enquiries handled | 40 871 | 40 325 | 39 495 |

Matters Requiring Special Attention in 2010–11

9 During 2010–11, the overseas ETOs will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, Japan and the Association of Southeast Asian Nations countries. They will also strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity.

Programme (3): Investment Promotion

| | 2008–09 (Actual) | 2009–10 (Original) | 2009–10 (Revised) | 2010–11 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 49.0 | 53.8 | 47.9 (–11.0%) | 50.8 (+6.1%) |
| | | | | (or –5.6% on 2009–10 Original) |

Aim

10 The aim is to attract foreign direct investment to Hong Kong and to promote Hong Kong's many advantages as a regional hub and the preferred business location in Asia.

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Brief Description

11 In close collaboration with Invest Hong Kong, the overseas ETOs promote the attraction of Hong Kong as an international business centre and provide assistance to ensure that the companies have all the support they need to establish and expand operations in Hong Kong.

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

Indicators

| | 2008 (Actual) | 2009 (Actual) | 2010 (Estimate) |
|---------------------------------------|------------------|------------------|----------------------------|
| projects pursued | 511 | 554 | 550 |
| projects completed [^] | 114 | 132 | 131 |

[^] A completed project refers to an investment project resulting in an overseas company setting up a presence or expanding its business in Hong Kong.

Matters Requiring Special Attention in 2010–11

13 During 2010–11, the overseas ETOs, except the Geneva ETO, will continue to work closely with Invest Hong Kong to step up their efforts in attracting overseas companies to set up and expand their operations in Hong Kong and access opportunities on the Mainland and elsewhere in Asia.

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ANALYSIS OF FINANCIAL PROVISION

| Programme | 2008–09 (Actual) (\$m) | 2009–10 (Original) (\$m) | 2009–10 (Revised) (\$m) | 2010–11 (Estimate) (\$m) |
|-------------------------------|------------------------------|--------------------------------|-------------------------------|---|
| (1) Commercial Relations..... | 125.8 | 146.6 | 134.2 | 143.4 |
| (2) Public Relations..... | 103.4 | 114.3 | 102.5 | 109.5 |
| (3) Investment Promotion..... | 49.0 | 53.8 | 47.9 | 50.8 |
| | 278.2 | 314.7 | 284.6 (–9.6%) | 303.7 (+6.7%) |
| | | | | (or –3.5% on 2009–10 Original) |

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2010–11 is \$9.2 million (6.9%) higher than the revised estimate for 2009–10. This is mainly due to the setting up cost and operating expenses for the newly established ETO in Berlin and increased salary for locally engaged staff and salary and allowance provisions for filling of vacancies and staff changes.

Programme (2)

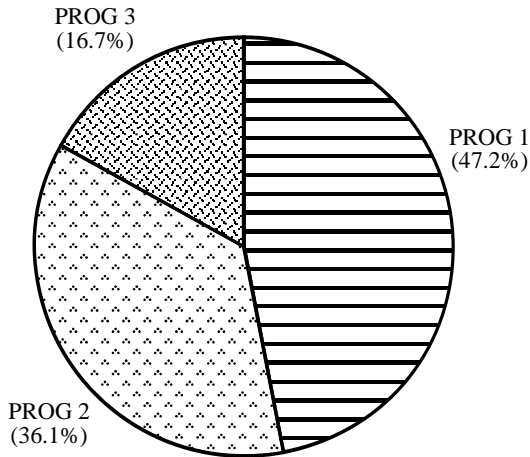
Provision for 2010–11 is \$7.0 million (6.8%) higher than the revised estimate for 2009–10. The reasons that account for the increase under Programme (1) above also apply here.

Programme (3)

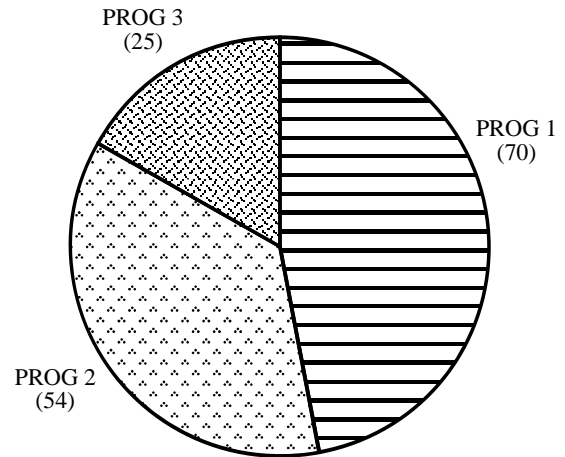
Provision for 2010–11 is \$2.9 million (6.1%) higher than the revised estimate for 2009–10. The reasons that account for the increase under Programme (1) above also apply here.

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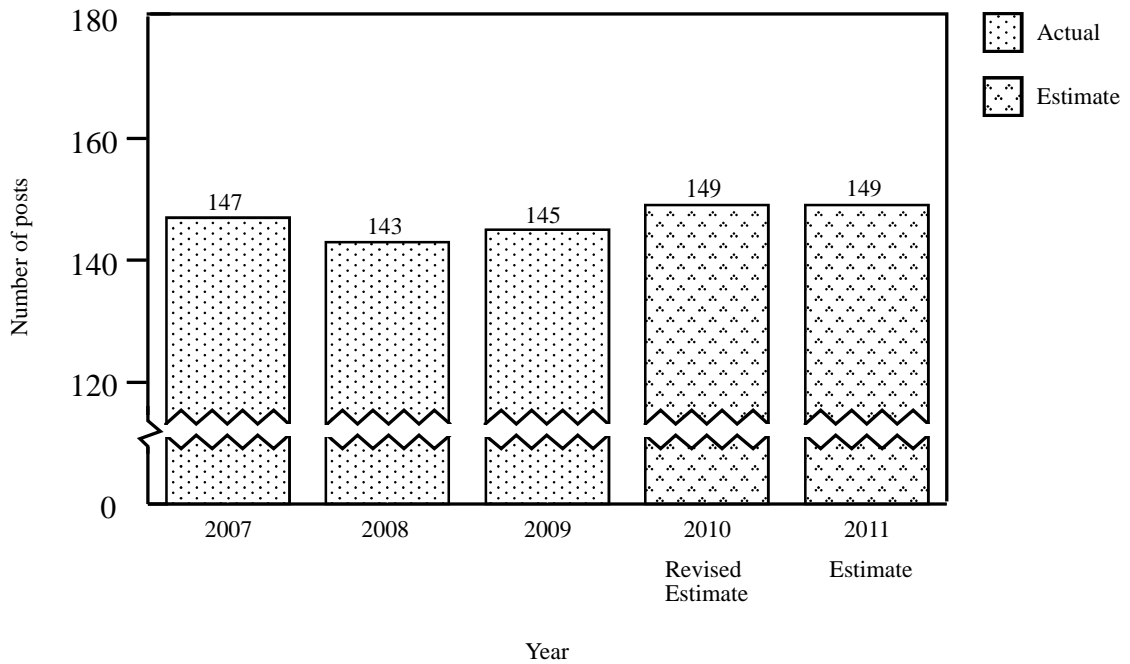
*Allocation of provision
to programmes
(2010-11)*



*Staff by programme
(as at 31 March 2011)*



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



**Head 96 — GOVERNMENT SECRETARIAT:
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| Sub-head (Code) | Actual expenditure 2008-09 | Approved estimate 2009-10 | Revised estimate 2009-10 | Estimate 2010-11 | |
|----------------------------|--|---------------------------------|--------------------------------|-----------------------------|-----------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | |
| Operating Account | | | | | |
| Recurrent | | | | | |
| 000 | Operational expenses..... | 277,184 | 304,401 | 284,025 | 293,597 |
| | Total, Recurrent..... | <u>277,184</u> | <u>304,401</u> | <u>284,025</u> | <u>293,597</u> |
| Non-Recurrent | | | | | |
| 700 | General non-recurrent..... | — | 9,500 | 150 | 9,350 |
| | Total, Non-Recurrent..... | <u>—</u> | <u>9,500</u> | <u>150</u> | <u>9,350</u> |
| | Total, Operating Account | 277,184 | 313,901 | 284,175 | 302,947 |
| Capital Account | | | | | |
| Plant, Equipment and Works | | | | | |
| 661 | Minor plant, vehicles and equipment (block vote)..... | 1,014 | 800 | 445 | 800 |
| | Total, Plant, Equipment and Works..... | <u>1,014</u> | <u>800</u> | <u>445</u> | <u>800</u> |
| | Total, Capital Account | 1,014 | 800 | 445 | 800 |
| | Total Expenditure..... | <u>278,198</u> | <u>314,701</u> | <u>284,620</u> | <u>303,747</u> |

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Details of Expenditure by Subhead

The estimate of the amount required in 2010–11 for the salaries and expenses of the overseas ETOs is \$303,747,000. This represents an increase of \$19,127,000 over the revised estimate for 2009–10 and of \$25,549,000 over actual expenditure in 2008–09.

Operating Account

Recurrent

2 It is operationally necessary for the overseas ETOs to make certain payments in the currencies of their host economies. Expenditure in the following currencies will be charged to the appropriate subheads at the exchange rates set out below —

| | |
|-------------------|----------------|
| Australian Dollar | 1=HK\$6.85564 |
| Canadian Dollar | 1=HK\$7.41675 |
| Euro | 1=HK\$11.13668 |
| Japanese Yen | 1=HK\$0.084725 |
| Pound Sterling | 1=HK\$12.38430 |
| Singapore Dollar | 1=HK\$5.51615 |
| Swiss Franc | 1=HK\$7.34777 |

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

3 Provision of \$293,597,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the overseas ETOs.

4 The establishment as at 31 March 2010 will be 149 permanent posts. Of these posts, 104 are filled by staff engaged locally by the overseas ETOs. No change in establishment is expected in 2010–11. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2010–11, but the notional annual mid-point salary value of all such posts must not exceed \$65,690,000.

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

| | 2008–09 (Actual) (\$'000) | 2009–10 (Original) (\$'000) | 2009–10 (Revised) (\$'000) | 2010–11 (Estimate) (\$'000) |
|--|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| Personal Emoluments | | | | |
| - Salaries..... | 97,300 | 106,926 | 102,395 | 108,114 |
| - Allowances..... | 33,312 | 38,957 | 32,787 | 33,298 |
| Personnel Related Expenses | | | | |
| - Payment to redundant locally engaged staff of the ETO in London..... | 303 | 267 | 212 | — |
| - Mandatory Provident Fund contribution..... | 7 | 12 | 12 | 6 |
| - Civil Service Provident Fund contribution..... | 663 | 834 | 760 | 1,132 |
| - Disturbance allowance..... | 1,926 | 2,251 | 1,596 | 3,747 |
| Departmental Expenses | | | | |
| - General departmental expenses..... | 98,064 | 118,208 | 107,025 | 107,689 |
| Other Charges | | | | |
| - Publicity..... | 45,553 | 36,846 | 39,180 | 39,511 |
| - Grants to organisations..... | 56 | 100 | 58 | 100 |
| | 277,184 | 304,401 | 284,025 | 293,597 |

Capital Account

Plant, Equipment and Works

6 Provision of \$800,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$355,000 (79.8%) over the revised estimate for 2009–10. This is mainly due to the replacement of an office car for Singapore ETO.

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Commitments

| Sub-head (Code) | Item (Code) | Ambit | Approved commitment | Accumulated expenditure to 31.3.2009 | Revised estimated expenditure for 2009–10 | Balance |
|---------------------------------|--|-------|------------------------|--|--|---------|
| | | | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>Operating Account</i> | | | | | | |
| 700 | <i>General non-recurrent</i> | | | | | |
| 934 | Setting up cost for the Economic and Trade Office in Europe | | 9,500 | — | 150 | 9,350 |
| | Total | | 9,500 | — | 150 | 9,350 |