

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 2016–17 **\$391.6m**

Establishment ceiling 2016–17 (notional annual mid-point salary value) representing an estimated 136 non-directorate posts as at 31 March 2016 rising by four posts to 140 posts as at 31 March 2017..... **\$81.4m**

In addition, there will be an estimated 18 directorate posts as at 31 March 2016 rising by one post to 19 posts as at 31 March 2017.

Controlling Officer's Report

Programmes

Programme (1) Commercial Relations
Programme (2) Public Relations
Programme (3) Investment Promotion

These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development).

Detail

Programme (1): Commercial Relations

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	154.3	171.3	172.6 (+0.8%)	187.5 (+8.6%)
				(or +9.5% on 2015–16 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 hosts and other governments on specific trade and economic 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

	2014 (Actual)	2015 (Actual)	2016 (Estimate)
meetings on trade-related matters attended.....	3 491	3 472	3 290
visits to host governments and trade organisations.....	1 331	1 514	1 380
seminars, exhibitions and workshops			
organised	251	278	270
participated.....	827	856	840
public speeches given.....	441	484	450
media interviews/briefings given.....	729	674	660
circulars/newsletters/press releases issued.....	893	932	850

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS ECONOMIC AND TRADE OFFICES

Matters Requiring Special Attention in 2016–17

5 During 2016–17, 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 the Commerce and Economic Development Bureau and as appropriate, its family of departments on issues of special interests on the bilateral, plurilateral and multilateral fronts. Two new ETOs are planned to be set up in Jakarta and Seoul to strengthen Hong Kong's representation to capitalise on the new business and trade opportunities in the Asian region.

Programme (2): Public Relations

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	116.7	126.2	129.3 (+2.5%)	140.2 (+8.4%)
				(or +11.1% on 2015–16 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 or regions under their purview, liaise with Hong Kong enterprises and people, and provide a comprehensive information and enquiry service about Hong Kong.

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

Indicators

	2014 (Actual)	2015 (Actual)	2016 (Estimate)
call on senior government officials/organisations.....	1 704	1 697	1 620
public relations functions/events			
organised	702	713	700
participated.....	1 469	1 570	1 520
newsletters, pamphlets, press releases issued	1 431	1 371	1 310
no. of visitors assisted	2 439	2 476	2 280
public speeches given.....	491	557	510
media interviews/briefings given	809	759	750
enquiries handled	31 930	26 950	26 540

Matters Requiring Special Attention in 2016–17

9 During 2016–17, the overseas ETOs, including the new ETOs to be set up in Jakarta and Seoul, will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, New Zealand, Japan, South Korea 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

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	55.0	58.3	59.6 (+2.2%)	63.9 (+7.2%)
				(or +9.6% on 2015–16 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.

**Head 96 — GOVERNMENT SECRETARIAT:
OVERSEAS ECONOMIC AND TRADE OFFICES**

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

	2014 (Actual)	2015 (Actual)	2016 (Estimate)
new projects generated#.....	357	345	376
projects completed^.....	175	189	188

New projects with the potential of becoming completed projects in the coming 18 months. It reflects the investment promotion efforts in a particular year, discounting projects carried forward from previous years.

^ Investment projects each resulting in an overseas company setting up or expanding its business in Hong Kong.

Matters Requiring Special Attention in 2016–17

13 During 2016–17, the overseas ETOs, including the new ETOs to be set up in Jakarta and Seoul but 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.

**Head 96 — GOVERNMENT SECRETARIAT:
OVERSEAS ECONOMIC AND TRADE OFFICES**

ANALYSIS OF FINANCIAL PROVISION

	2014–15 (Actual) (\$m)	2015–16 (Original) (\$m)	2015–16 (Revised) (\$m)	2016–17 (Estimate) (\$m)
Programme				
(1) Commercial Relations	154.3	171.3	172.6	187.5
(2) Public Relations	116.7	126.2	129.3	140.2
(3) Investment Promotion	55.0	58.3	59.6	63.9
	326.0	355.8	361.5 (+1.6%)	391.6 (+8.3%)
				(or +10.1% on 2015–16 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2016–17 is \$14.9 million (8.6%) higher than the revised estimate for 2015–16. This is mainly due to the increased provision for setting up two new ETOs in Jakarta and Seoul, increased salary provisions for filling vacancies and staff changes and increased operating expenses. In addition, two posts will be created in 2016–17.

Programme (2)

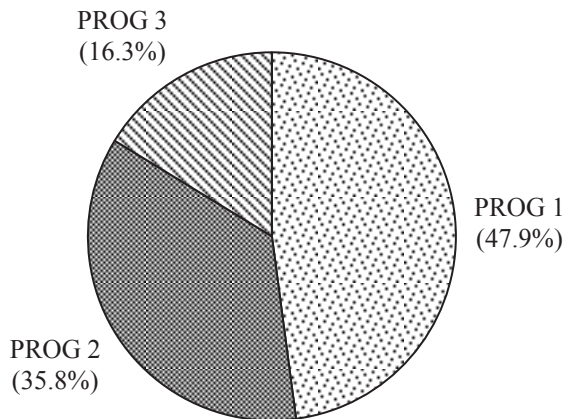
Provision for 2016–17 is \$10.9 million (8.4%) higher than the revised estimate for 2015–16. The reasons that account for the increase under Programme (1) above also apply here. In addition, three posts will be created in 2016–17.

Programme (3)

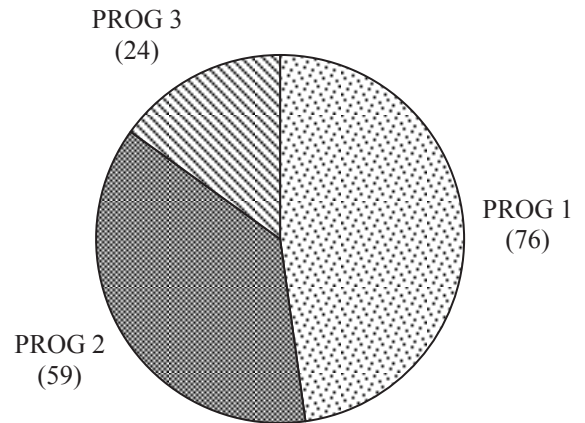
Provision for 2016–17 is \$4.3 million (7.2%) higher than the revised estimate for 2015–16. The reasons that account for the increase under Programme (1) above also apply here.

**Head 96 — GOVERNMENT SECRETARIAT:
OVERSEAS ECONOMIC AND TRADE OFFICES**

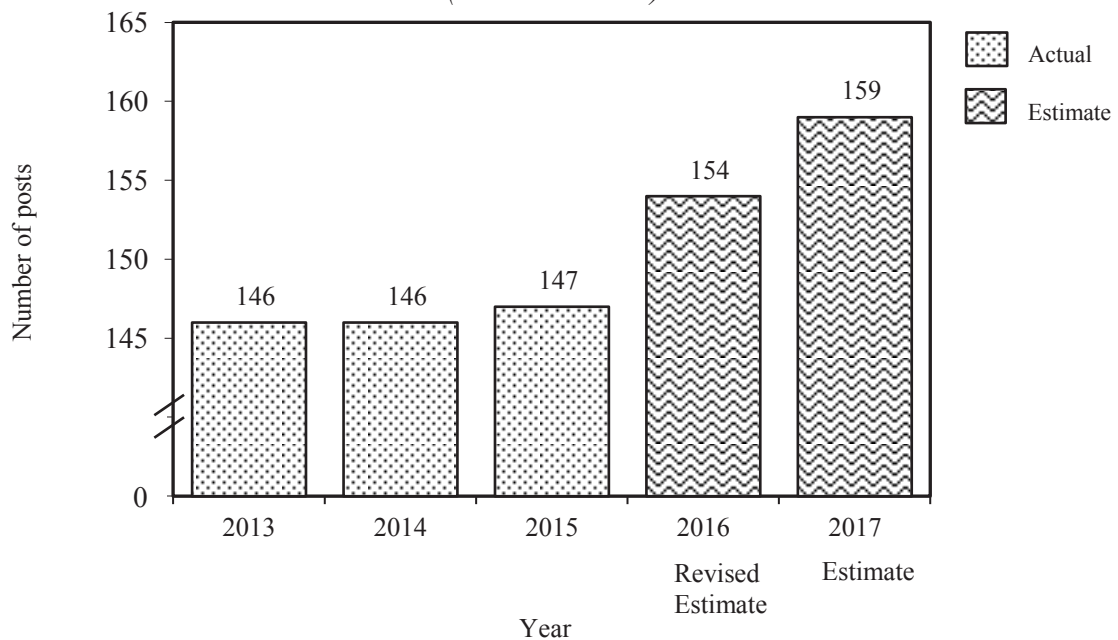
*Allocation of provision
to programmes
(2016-17)*



*Staff by programme
(as at 31 March 2017)*



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



**Head 96 — GOVERNMENT SECRETARIAT:
OVERSEAS ECONOMIC AND TRADE OFFICES**

Sub-head (Code)	Actual expenditure 2014–15	Approved estimate 2015–16	Revised estimate 2015–16	Estimate 2016–17	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	325,521	355,250	361,046	390,564
	Total, Recurrent.....	325,521	355,250	361,046	390,564
	Total, Operating Account	325,521	355,250	361,046	390,564
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	498	523	412	988
	Total, Plant, Equipment and Works.....	498	523	412	988
	Total, Capital Account.....	498	523	412	988
	Total Expenditure	326,019	355,773	361,458	391,552

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS ECONOMIC AND TRADE OFFICES

Details of Expenditure by Subhead

The estimate of the amount required in 2016–17 for the salaries and expenses of the overseas Economic and Trade Offices (ETOs) is \$391,552,000. This represents an increase of \$30,094,000 over the revised estimate for 2015–16 and \$65,533,000 over the actual expenditure in 2014–15.

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\$5.89167
Canadian Dollar	1=HK\$5.48660
Euro	1=HK\$8.52505
Japanese Yen	1=HK\$0.066025
Pound Sterling	1=HK\$11.44738
Singapore Dollar	1=HK\$5.40145
Swiss Franc	1=HK\$8.00792

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 \$390,564,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the overseas ETOs. The increase of \$29,518,000 (8.2%) over the revised estimate for 2015–16 is mainly due to the increased provision for setting up two new ETOs in Jakarta and Seoul, increased salary provisions for filling vacancies and staff changes and increased operating expenses.

4 The establishment as at 31 March 2016 will be 154 posts. Of these posts, 104 are filled by staff engaged locally by the overseas ETOs. It is expected that there will be an increase of five posts in 2016–17. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2016–17, but the notional annual mid-point salary value of all such posts must not exceed \$81,368,000.

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

	2014–15 (Actual) (\$'000)	2015–16 (Original) (\$'000)	2015–16 (Revised) (\$'000)	2016–17 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	114,971	127,694	125,289	140,167
- Allowances.....	37,880	43,329	35,230	40,269
Personnel Related Expenses				
- Civil Service Provident Fund contribution.....	2,861	3,308	3,639	5,402
- Disturbance allowance.....	2,809	4,086	3,908	4,292
Departmental Expenses				
- General departmental expenses	118,031	131,376	137,000	141,472
Other Charges				
- Publicity	48,969	45,457	55,980	58,962
	325,521	355,250	361,046	390,564

Capital Account

Plant, Equipment and Works

6 Provision of \$988,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$576,000 (139.8%) over the revised estimate for 2015–16. This is mainly due to the difference in replacement cost in respect of the office cars for San Francisco ETO in 2015–16 and Brussels and Toronto ETOs in 2016–17.