

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 2017–18 **\$431.9m**

Establishment ceiling 2017–18 (notional annual mid-point salary value) representing an estimated 149 non-directorate posts as at 31 March 2017 reducing by one post to 148 posts as at 31 March 2018..... **\$86.1m**

In addition, there will be an estimated 19 directorate posts as at 31 March 2017 and as at 31 March 2018.

Commitment balance..... **\$7.1m**

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

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	147.5	187.5	174.8 (–6.8%)	201.7 (+15.4%)
				(or +7.6% on 2016–17 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, Jakarta, 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

	2015 (Actual)	2016 (Actual)	2017 (Estimate)
meetings on trade-related matters attended.....	3 472	3 412	3 530
visits to host governments and trade organisations.....	1 514	1 420	1 510
seminars, exhibitions and workshops			
organised	278	293	300
participated.....	856	889	900
public speeches given.....	484	449	480
media interviews/briefings given	674	677	690
circulars/newsletters/press releases issued.....	932	980	1 040

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Matters Requiring Special Attention in 2017–18

5 During 2017–18, 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. A new ETO is planned to be set up in Seoul to strengthen Hong Kong's representation in Korea to capitalise on the new business and trade opportunities in the Asian region.

Programme (2): Public Relations

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	113.2	140.2	134.9 (–3.8%)	157.8 (+17.0%)
				(or +12.6% on 2016–17 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

	2015 (Actual)	2016 (Actual)	2017 (Estimate)
call on senior government officials/organisations.....	1 697	1 638	1 740
public relations functions/events			
organised	713	726	740
participated.....	1 570	1 578	1 530
newsletters, pamphlets, press releases issued	1 371	1 384	1 420
no. of visitors assisted	2 476	2 253	2 430
public speeches given.....	557	528	550
media interviews/briefings given	759	746	760
enquiries handled	26 950	24 431	25 380

Matters Requiring Special Attention in 2017–18

9 During 2017–18, the overseas ETOs, including the new ETO to be set up in Seoul, will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, New Zealand, Japan, Korea and the Association of Southeast Asian Nations countries; to strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity; and to organise activities in relation to the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region (HKSAR).

Programme (3): Investment Promotion

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	53.7	63.9	62.2 (–2.7%)	72.4 (+16.4%)
				(or +13.3% on 2016–17 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

	2015 (Actual)	2016 (Actual)	2017 (Estimate)
new projects generated#	345	375	396
projects completed^	189	187	198

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 2017–18

13 During 2017–18, the overseas ETOs, including the new ETO to be set up in 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.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2015-16 (Actual) (\$m)	2016-17 (Original) (\$m)	2016-17 (Revised) (\$m)	2017-18 (Estimate) (\$m)
(1) Commercial Relations	147.5	187.5	174.8	201.7
(2) Public Relations	113.2	140.2	134.9	157.8
(3) Investment Promotion	53.7	63.9	62.2	72.4
	314.4	391.6	371.9 (-5.0%)	431.9 (+16.1%)
				(or +10.3% on 2016-17 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2017-18 is \$26.9 million (15.4%) higher than the revised estimate for 2016-17. This is mainly due to the increased provision for setting up the new ETO in Seoul, increased salary provisions for filling vacancies and staff changes and increased operating expenses.

Programme (2)

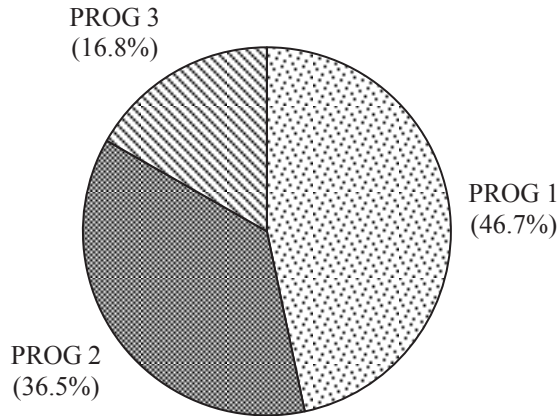
Provision for 2017-18 is \$22.9 million (17.0%) higher than the revised estimate for 2016-17. This is mainly due to the increased provision for setting up the new ETO in Seoul, increased salary provisions for filling vacancies and staff changes, and also the increased operating expenses for promotional activities for the Celebration of the 20th Anniversary of the Establishment of the HKSAR. In addition, one post will be deleted in 2017-18.

Programme (3)

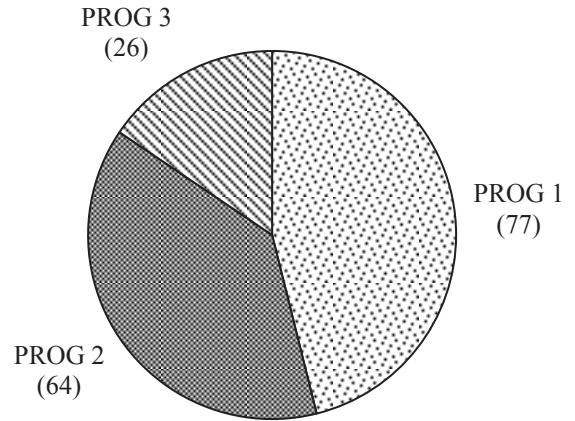
Provision for 2017-18 is \$10.2 million (16.4%) higher than the revised estimate for 2016-17. The reasons that account for the increase under Programme (1) above also apply here.

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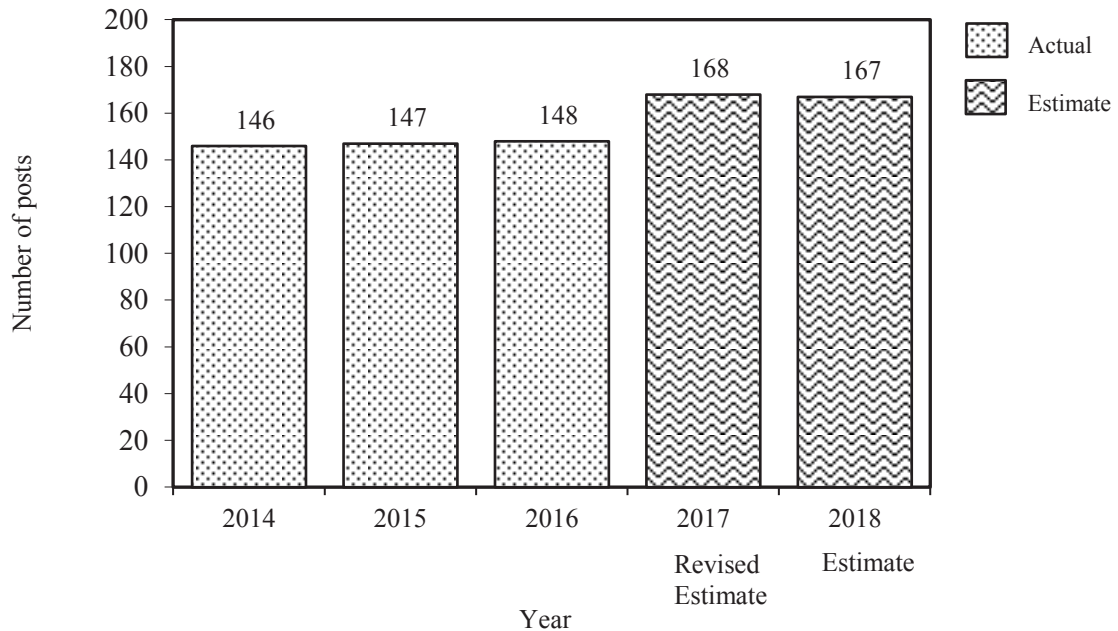
*Allocation of provision
to programmes
(2017-18)*



*Staff by programme
(as at 31 March 2018)*



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



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Sub-head (Code)	Actual expenditure 2015–16	Approved estimate 2016–17	Revised estimate 2016–17	Estimate 2017–18	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	313,974	390,564	368,687	424,161
	Total, Recurrent.....	<u>313,974</u>	<u>390,564</u>	<u>368,687</u>	<u>424,161</u>
Non-Recurrent					
700	General non-recurrent	—	—	2,315	7,085
	Total, Non-Recurrent.....	<u>—</u>	<u>—</u>	<u>2,315</u>	<u>7,085</u>
	Total, Operating Account	313,974	390,564	371,002	431,246
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	412	988	897	700
	Total, Plant, Equipment and Works.....	<u>412</u>	<u>988</u>	<u>897</u>	<u>700</u>
	Total, Capital Account.....	412	988	897	700
	Total Expenditure	<u><u>314,386</u></u>	<u><u>391,552</u></u>	<u><u>371,899</u></u>	<u><u>431,946</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2017–18 for the salaries and expenses of the overseas Economic and Trade Offices (ETOs) is \$431,946,000. This represents an increase of \$60,047,000 over the revised estimate for 2016–17 and \$117,560,000 over the actual expenditure in 2015–16.

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\$5.82884
Canadian Dollar	1=HK\$5.85500
Euro	1=HK\$8.27323
Japanese Yen	1=HK\$0.066934
Pound Sterling	1=HK\$9.83189
Singapore Dollar	1=HK\$5.42625
Swiss Franc	1=HK\$7.71007

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 \$424,161,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the overseas ETOs. The increase of \$55,474,000 (15%) over the revised estimate for 2016–17 is mainly due to the increased provision for setting up the new ETO in Seoul, increased salary provisions for filling vacancies and staff changes and increased operating expenses for promotional activities for the Celebration of the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region.

4 The establishment as at 31 March 2017 will be 168 posts. Of these posts, 114 are filled by staff engaged locally by the overseas ETOs. It is expected that there will be a decrease of one post in 2017–18. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2017–18, but the notional annual mid-point salary value of all such posts must not exceed \$86,095,000.

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

	2015–16 (Actual) (\$'000)	2016–17 (Original) (\$'000)	2016–17 (Revised) (\$'000)	2017–18 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	116,263	140,167	129,028	149,572
- Allowances.....	32,827	40,269	34,590	37,692
Personnel Related Expenses				
- Civil Service Provident Fund contribution.....	3,683	5,402	4,409	4,992
- Disturbance allowance.....	2,308	4,292	1,779	5,235
Departmental Expenses				
- General departmental expenses	106,340	141,472	115,679	116,217
Other Charges				
- Publicity.....	52,553	58,962	83,202	110,453
	313,974	390,564	368,687	424,161

Capital Account

Plant, Equipment and Works

6 Provision of \$700,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$197,000 (22%) against the revised estimate for 2016–17. This is mainly due to the difference in purchase cost in respect of the office cars for Brussels and Toronto ETOs in 2016–17 and Jakarta ETO in 2017–18.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2016	Revised estimated expenditure for 2016–17	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	801	One-off setting up cost for the Hong Kong Economic and Trade Office in Jakarta.....	9,400	—	2,315	7,085
		Total	9,400	—	2,315	7,085