

**Head 96 — GOVERNMENT SECRETARIAT:  
HONG KONG ECONOMIC AND TRADE OFFICES**

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

<b>Estimate 2003–04</b> .....	<b>\$270.9m</b>
<b>Establishment ceiling 2003–04</b> (notional annual mid-point salary value) representing an estimated 152 non-directorate posts as at 31 March 2003 and as at 31 March 2004 .....	<b>\$64.6m</b>
In addition there will be an estimated 22 directorate posts as at 31 March 2003 and as at 31 March 2004.	
<b>Capital Account commitment balance</b> .....	<b>\$3.6m</b>

**Controlling Officer's Report**

**Programmes**

<b>Programme (1) Commercial Relations</b>	These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce, Industry and Technology).
<b>Programme (2) Public Relations</b>	
<b>Programme (3) Investment Promotion</b>	

**Detail**

**Programme (1): Commercial Relations**

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	<b>2003–04 (Estimate)</b>
Financial provision (\$m)	96.7	122.2 (+26.4%)	121.4 (–0.7%)	<b>118.6 (–2.3%)</b>

**Aim**

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

**Brief Description**

3 The Hong Kong Economic and Trade Offices (HKETOs) in Brussels, Geneva, Guangdong, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington 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. 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 officers from Hong Kong in negotiating trade agreements.

- 4 The key performance measures are:

**Indicators**

	2001 (Actual)	2002 (Actual)	<b>2003 (Estimate)</b>
meetings on trade-related matters attended .....	3 192	3 462	<b>3 464</b>
visits to host governments and trade organisations.....	735	897	<b>907</b>
seminars, exhibitions and workshops			
organised .....	94	152	<b>123</b>
participated.....	557	696	<b>622</b>
public speeches given.....	283	331	<b>322</b>
media interviews/briefings given.....	403	511	<b>518</b>
circulars/newsletters/press releases issued.....	489	534	<b>521</b>

**Matters Requiring Special Attention in 2003–04**

5 During 2003–04, the HKETOs will continue to focus on promoting Hong Kong's interests, including 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.

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**Programme (2): Public Relations**

	2001-02 (Actual)	2002-03 (Approved)	2002-03 (Revised)	<b>2003-04 (Estimate)</b>
Financial provision (\$m)	94.5	100.5 (+6.3%)	99.7 (-0.8%)	<b>99.9 (+0.2%)</b>

**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 reactions to events in Hong Kong. They organise publicity and public relations activities for Hong Kong in the host countries/regions and provide a comprehensive information and enquiry service about Hong Kong.

- 8 The key performance measures are:

**Indicators**

	2001 (Actual)	2002 (Actual)	<b>2003 (Estimate)</b>
call on senior government officials/organisations .....	1 678	1 818	<b>2 006</b>
public relations functions/events			
organised .....	671	702	<b>705</b>
participated.....	860	989	<b>966</b>
newsletters, pamphlets, press releases issued .....	1 188	1 222	<b>1 209</b>
number of visitors assisted .....	2 081	2 394	<b>2 645</b>
public speeches given.....	396	451	<b>467</b>
media interviews/briefings given.....	784	875	<b>879</b>
enquiries handled.....	61 205	60 732	<b>62 203</b>

**Matters Requiring Special Attention in 2003-04**

9 During 2003-04, 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. The HKETO in Guangdong will focus its efforts in the Guangdong Province.

**Programme (3): Investment Promotion**

	2001-02 (Actual)	2002-03 (Approved)	2002-03 (Revised)	<b>2003-04 (Estimate)</b>
Financial provision (\$m)	40.5	47.5 (+17.3%)	47.0 (-1.1%)	<b>52.4 (+11.5%)</b>

**Aim**

- 10 The aim is to encourage and attract investments to Hong Kong.

**Brief Description**

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

- 12 The key performance measures are:

**Indicators**

	2001 (Actual)	2002 (Actual)	<b>2003 (Estimate)</b>
companies visited to encourage inward investment.....	1 009	N.A.§	<b>N.A.§</b>
companies targeted through direct mailing.....	21 340	N.A.§	<b>N.A.§</b>
seminars/presentations			
organised .....	48	N.A.§	<b>N.A.§</b>
participated.....	164	N.A.§	<b>N.A.§</b>

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	2001 (Actual)	2002 (Actual)	2003 (Estimate)
public speeches given.....	100	N.A.§	N.A.§
media interviews/inward investment briefings given.....	112	N.A.§	N.A.§
projects pursued			
–  pursuable new leads .....	N.A.†	115	<b>150</b>
–  projects generated from aftercare service .....	N.A.†	4	<b>20</b>
projects completed .....	N.A.†	38	<b>76</b>

§ The indicator has been replaced by a new set of indicators from January 2002.

† The figures for 2001 are not available because these indicators were introduced from January 2002.

***Matters Requiring Special Attention in 2003–04***

**13** During 2003–04, the HKETOs will continue to work together 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. The HKETO in Guangdong will also aim at facilitating investments between Hong Kong and the Guangdong Province.

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**ANALYSIS OF FINANCIAL PROVISION**

<b>Programme</b>	2001-02 (Actual) (\$m)	2002-03 (Approved) (\$m)	2002-03 (Revised) (\$m)	<b>2003-04 (Estimate) (\$m)</b>
(1) Commercial Relations.....	96.7	122.2	121.4	<b>118.6</b>
(2) Public Relations.....	94.5	100.5	99.7	<b>99.9</b>
(3) Investment Promotion.....	40.5	47.5	47.0	<b>52.4</b>
	231.7	270.2 (+16.6%)	268.1 (-0.8%)	<b>270.9 (+1.0%)</b>

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2003-04 is \$2.8 million (2.3%) lower than the revised estimate for 2002-03. This is mainly due to the full-year effect of civil service pay cut in 2002, reduced operating expenses to achieve efficiency savings, reduced cashflow requirement for the establishment of HKETO in Guangdong, partly offset by salary adjustment for locally engaged staff, increased requirement for maintenance of government office automation systems for HKETOs and less favourable exchange rates for 2003-04.

**Programme (2)**

Provision for 2003-04 is \$0.2 million (0.2%) higher than the revised estimate for 2002-03. This is mainly due to less favourable exchange rates for 2003-04, salary adjustment for locally engaged staff and increased requirement for maintenance of government office automation systems for HKETOs, partly offset by the full-year effect of civil service pay cut in 2002, reduced operating expenses to achieve efficiency savings and reduced cashflow requirement for the establishment of HKETO in Guangdong.

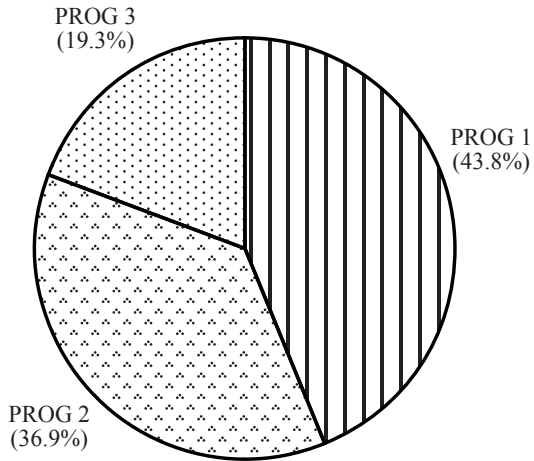
**Programme (3)**

Provision for 2003-04 is \$5.4 million (11.5%) higher than the revised estimate for 2002-03. This is mainly due to salary adjustment for locally engaged staff, less favourable exchange rates for 2003-04, increased requirement for strengthening investment promotion activities and for maintenance of government office automation systems for HKETOs, partly offset by reduced operating expenses to achieve efficiency savings and reduced cashflow requirement for the establishment of HKETO in Guangdong.

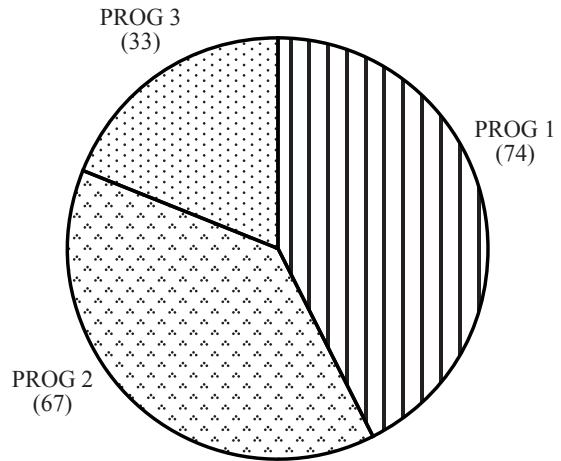
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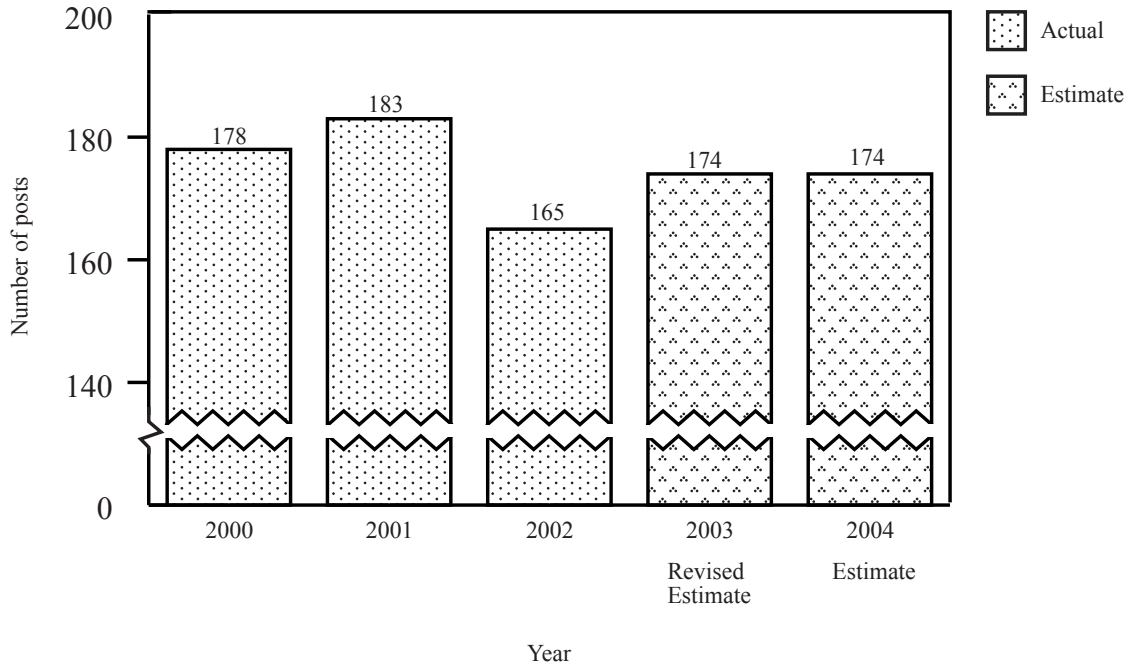
*Allocation of provision  
to programmes  
(2003-04)*



*Staff by programme  
(as at 31 March 2004)*



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



**Head 96 — GOVERNMENT SECRETARIAT:  
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Sub-head (Code)	Actual expenditure 2001-02	Approved estimate 2002-03	Revised estimate 2002-03	<b>Estimate 2003-04</b>
	\$'000	\$'000	\$'000	<b>\$'000</b>
<b>Recurrent Account</b>				
000	Operational expenses.....	—	—	<b>267,725</b>
	Salaries .....	90,947	92,156	—
	Allowances .....	25,200	29,992	—
	Job-related allowances .....	119	—	—
	Payment to redundant locally engaged staff of the HKETO in London .....	425	506	—
	General departmental expenses .....	76,598	93,957	—
	Publicity .....	13,262	14,800	—
	Grants to organisations .....	—	197	—
	Total, Recurrent Account .....	206,551	231,608	<b>267,725</b>
<b>Capital Account</b>				
I — Plant, Equipment and Works				
661	Minor plant, vehicles and equipment (block vote).....	1,124	500	<b>500</b>
	Total, Plant, Equipment and Works .....	1,124	500	<b>500</b>
II — Other Non-Recurrent				
700	General other non-recurrent .....	23,975	38,100	<b>2,692</b>
	Total, Other Non-Recurrent .....	23,975	38,100	<b>2,692</b>
	Total, Capital Account .....	25,099	38,600	<b>3,192</b>
	Total Expenditure.....	231,650	270,208	<b>270,917</b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for the salaries and expenses of the HKETOs is \$270,917,000. This represents an increase of \$2,817,000 over the revised estimate for 2002–03 and of \$39,267,000 over actual expenditure in 2001–02.

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. For the seven Economic and Trade Offices, expenditure in local currency incurred will be charged to the appropriate subheads at the following exchange rates (the spot rates on 30 December 2002)—

Australian Dollar	1=HK\$4.3789
Canadian Dollar	1=HK\$5.0288
Euro	1=HK\$8.0092
Japanese Yen	1=HK\$0.064783
Pound Sterling	1=HK\$12.4294
Singapore Dollar	1=HK\$4.4851
Swiss Franc	1=HK\$5.4997

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. For the HKETO in Guangdong, expenditure in local currency will be charged to the appropriate subheads at the prevailing market exchange rate.

#### *Recurrent Account*

3 Provision of \$267,725,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the HKETOs and for their other operating expenses. The increase of \$37,725,000 (16.4%) over the revised estimate for 2002–03 is mainly due to salary adjustment of locally engaged staff, less favourable exchange rates for 2003–04, inclusion of operating expenses for business and Hong Kong promotion previously funded under the Capital Account, increased requirement for maintenance of government office automation systems for HKETOs and for strengthening investment promotion activities, partly offset by the full-year effect of the civil service pay cut in 2002 and reduced operating expenses to achieve efficiency savings.

4 The establishment as at 31 March 2003 will be 174 permanent posts. Out of these posts, 112 staff are engaged locally by the HKETOs. No change in establishment is expected by 31 March 2004. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2003–04, but the notional annual mid-point salary value of all such posts must not exceed \$64,611,000.

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

	2001–02 (Actual) (\$'000)	2002–03 (Original Estimate) (\$'000)	2002–03 (Revised Estimate) (\$'000)	2003–04 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	90,947	92,156	98,694	98,300
- Allowances.....	25,200	29,992	26,000	28,700
- Job-related allowances .....	119	—	—	—
Personnel Related Expenses				
- Payment to redundant locally engaged staff of the HKETO in London .....	425	506	306	350
- Mandatory Provident Fund contribution.....	—	—	—	36
Departmental Expenses				
- General departmental expenses.....	76,598	93,957	91,000	105,339
Other Charges				
- Publicity.....	13,262	14,800	14,000	35,000
- Grants to organisations.....	—	197	—	—
	206,551	231,608	230,000	267,725

#### *Capital Account*

##### Plant, Equipment and Works

6 Provision of \$500,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$500,000 over the revised estimate for 2002–03. This is mainly due to the deferred purchase of a vehicle for the HKETO in Guangdong.

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**Capital Account**

**Commitments**

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2002	Revised estimated expenditure for 2002-03	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	1,462	1,035	1,931
	614	Setting up cost for the HKETO in Guangdong.....	9,500	—	7,843	1,657
		Total.....	<u>13,928</u>	<u>1,462</u>	<u>8,878</u>	<u>3,588</u>