

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

Programme (2): Public Relations

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	95.0	99.9	98.1 (–1.8%)	96.9 (–1.2%)
				(or –3.0% on 2003–04 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 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 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

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
call on senior government officials/organisations	1 818	2 125	2 010
public relations functions/events			
organised	702	716	780
participated.....	989	1 155	1 090
newsletters, pamphlets, press releases issued	1 222	1 478	1 260
number of visitors assisted	2 394	2 247	2 460
public speeches given.....	451	454	460
media interviews/briefings given.....	875	926	870
enquiries handled.....	60 732	57 559	58 300

Matters Requiring Special Attention in 2004–05

9 During 2004–05, the HKETOs will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, Japan, Association of Southeast Asian Nations countries and the Guangdong Province in the Mainland.

Programme (3): Investment Promotion

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	45.3	52.4	51.3 (–2.1%)	50.6 (–1.4%)
				(or –3.4% on 2003–04 Original)

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 in respect of investment promotion are:

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Indicators

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
projects pursued§	119	153	270
projects completed	38	117	140

§ This indicator used to be split into the number of pursuable leads and number of projects generated from aftercare service before 2004.

Matters Requiring Special Attention in 2004–05

13 During 2004–05, the HKETOs will, in collaboration with Invest Hong Kong and adopting a targeted approach, continue to attract overseas and Mainland companies to invest in Hong Kong and take advantage of the preferential market access into the Mainland secured under the Mainland and Hong Kong Closer Economic Partnership Arrangement. They will encourage the target companies to introduce to Hong Kong, through their investments, new and improved products and services, design processes and management techniques, and will provide assistance to investors interested in establishing a business presence in Hong Kong.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2002-03 (Actual) (\$m)	2003-04 (Original) (\$m)	2003-04 (Revised) (\$m)	2004-05 (Estimate) (\$m)
(1) Commercial Relations.....	111.0	118.6	116.5	131.8
(2) Public Relations.....	95.0	99.9	98.1	96.9
(3) Investment Promotion.....	45.3	52.4	51.3	50.6
	251.3	270.9	265.9 (-1.8%)	279.3 (+5.0%)
				(or +3.1% on 2003-04 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2004-05 is \$15.3 million (13.1%) higher than the revised estimate for 2003-04. This is mainly due to the less favourable exchange rates, increased salary provision resulted from staff changes and provision for the payment of disturbance allowance previously not borne by HKETOs, partly offset by the reduced provision for publicity to achieve efficiency savings, effect of the 2004 and 2005 civil service pay cut and part of the savings from the net deletion of two posts.

Programme (2)

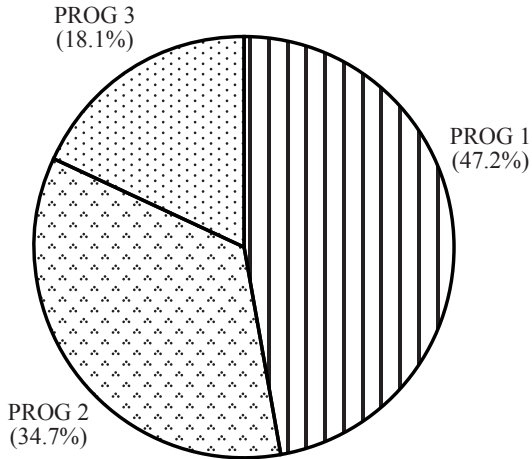
Provision for 2004-05 is \$1.2 million (1.2%) lower than the revised estimate for 2003-04. This is mainly due to the effect of the 2004 and 2005 civil service pay cut, part of the savings from the net deletion of two posts and full-year savings arising from posts deleted in 2003-04, partly offset by the less favourable exchange rates.

Programme (3)

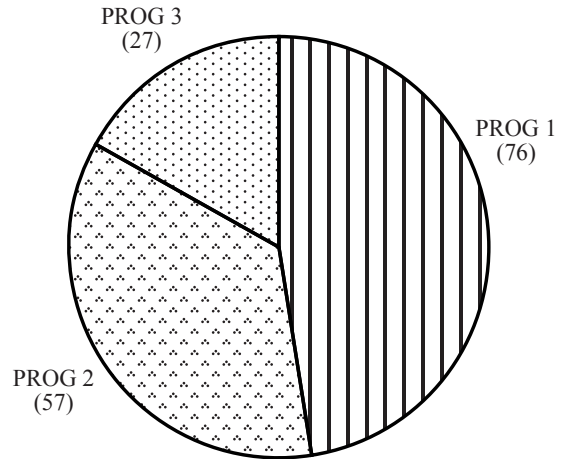
Provision for 2004-05 is \$0.7 million (1.4 %) lower than the revised estimate for 2003-04. This is mainly due to the transfer of provision to Invest Hong Kong upon rationalisation of resources for investment promotion and part of the savings from the net deletion of two posts, partly offset by the less favourable exchange rates.

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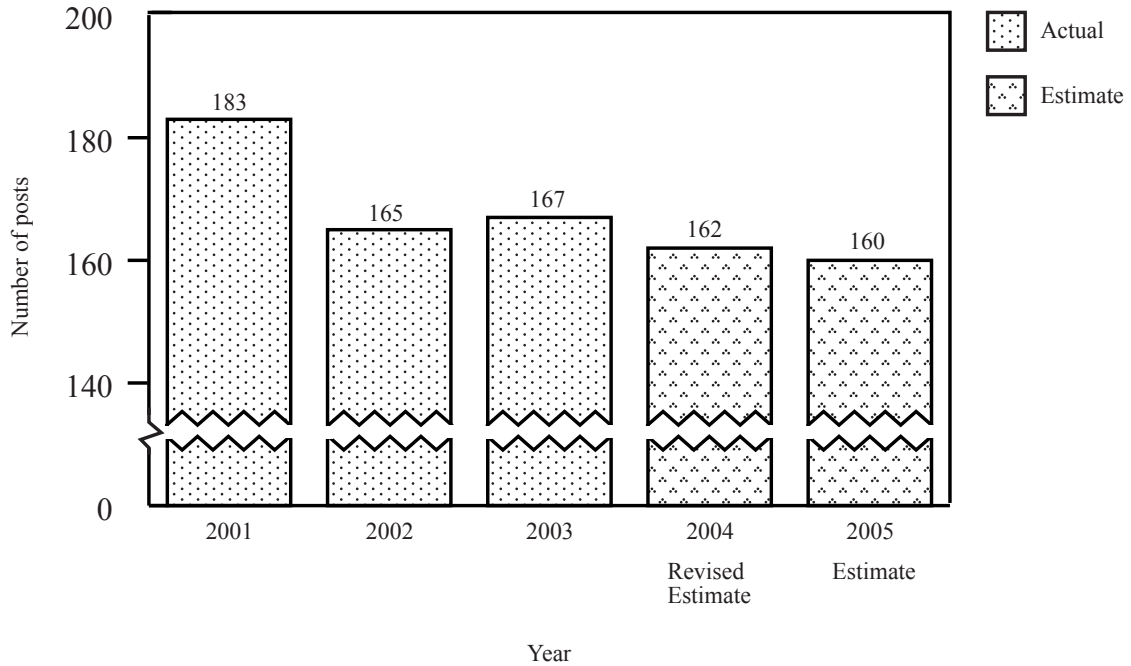
*Allocation of provision
to programmes
(2004-05)*



*Staff by programme
(as at 31 March 2005)*



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



**Head 96 — GOVERNMENT SECRETARIAT:
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Sub-head (Code)	Actual expenditure 2002-03	Approved estimate 2003-04	Revised estimate 2003-04	Estimate 2004-05	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	—	267,725	263,891	277,757
	Salaries	98,724	—	—	—
	Allowances	25,706	—	—	—
	Payment to redundant locally engaged staff of the HKETO in London	306	—	—	—
	General departmental expenses	79,053	—	—	—
	Publicity	12,253	—	—	—
	Total, Recurrent	216,042	267,725	263,891	277,757
Non-Recurrent					
700	General non-recurrent.....	35,108	2,692	2,034	1,036
	Total, Non-Recurrent	35,108	2,692	2,034	1,036
	Total, Operating Account.....	251,150	270,417	265,925	278,793
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	131	500	—	500
	Total, Plant, Equipment and Works	131	500	—	500
	Total, Capital Account	131	500	—	500
	Total Expenditure.....	251,281	270,917	265,925	279,293

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Details of Expenditure by Subhead

The estimate of the amount required in 2004–05 for the salaries and expenses of the HKETOs is \$279,293,000. This represents an increase of \$13,368,000 over the revised estimate for 2003–04 and of \$28,012,000 over actual expenditure in 2002–03.

Operating Account

Recurrent

2 It is operationally necessary for the HKETOs to make certain payments in the currencies of their host economies. Expenditures in the following currencies will be charged to the appropriate subheads at the spot rates as at 30 December 2003 set out below —

Australian Dollar	1=HK\$5.7342
Canadian Dollar	1=HK\$5.8779
Euro	1=HK\$9.6306
Japanese Yen	1=HK\$0.072277
Pound Sterling	1=HK\$13.6985
Singapore Dollar	1=HK\$4.5487
Swiss Franc	1=HK\$6.1791

Expenditures incurred in the US Dollar 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 Renminbi will be charged to the appropriate subheads at the prevailing market exchange rate.

3 Provision of \$277,757,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the HKETOs. The increase of \$13,866,000 (5.3%) over the revised estimate for 2003–04 is mainly due to the less favourable exchange rates, provision for the payment of disturbance allowance previously not borne by the HKETOs and increased salary provision resulted from staff changes, partly offset by the net deletion of two posts and effect of the 2004 and 2005 civil service pay cut.

4 The establishment as at 31 March 2004 will be 162 permanent posts, including 103 staff engaged locally by the HKETOs. It is expected that a net two posts will be deleted in 2004–05. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2004–05, but the notional annual mid-point salary value of all such posts must not exceed \$61,666,000.

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

	2002–03 (Actual) (\$'000)	2003–04 (Original) (\$'000)	2003–04 (Revised) (\$'000)	2004–05 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	98,724	98,300	98,000	98,085
- Allowances.....	25,706	28,700	27,000	28,313
Personnel Related Expenses				
- Payment to redundant locally engaged staff of the HKETO in London	306	350	350	391
- Mandatory Provident Fund contribution.....	—	36	41	36
- Disturbance allowance	—	—	—	3,632
Departmental Expenses				
- General departmental expenses.....	79,053	105,339	104,500	114,200
Other Charges				
- Publicity	12,253	35,000	34,000	33,000
- Grants to organisations.....	—	—	—	100
	216,042	267,725	263,891	277,757

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 2003–04. This is mainly due to the deferred purchase of an office car for the HKETO in Guangdong.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2003	Revised estimated expenditure for 2003-04	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	593	Consultancy services on commercial relations with and non-trade issues in Europe.....	4,428	2,357	1,035	1,036
		Total.....	<u>4,428</u>	<u>2,357</u>	<u>1,035</u>	<u>1,036</u>