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 2008–09..	**$310.9m**
Establishment ceiling 2008–09 (notional annual mid-point salary value) representing an estimated 130 non-directorate posts as at 31 March 2008 rising by one post to 131 posts as at 31 March 2009....	**$62.9m**
In addition, there will be an estimated 18 directorate posts as at 31 March 2008 and as at 31 March 2009.	
Commitment balance	**$9.5m**

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

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	**2008–09 (Estimate)**
Financial provision ($m)	104.6	142.0	127.0 (−10.6%)	**146.5** (+15.4%) (or +3.2% on 2007–08 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, 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 new business opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA).

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

Indicators

	2006 (Actual)	2007 (Actual)	**2008 (Estimate)**
meetings on trade-related matters attended.............................	3 669	3 528	**3 280**
visits to host governments and trade organisations.................	866	1 024	**967**
seminars, exhibitions and workshops			
organised..	106	163	**135**
participated	634	630	**637**
public speeches given	286	409	**348**
media interviews/briefings given	496	660	**573**
circulars/newsletters/press releases issued..............................	527	594	**587**

Matters Requiring Special Attention in 2008–09

5 During 2008–09, 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 Trade and Industry Department in bilateral and multilateral trade negotiations; and
- strengthen Hong Kong's representation by setting up a new ETO in Berlin to capitalise on the new business and trade opportunities following the expansion of the European Union.

Programme (2): Public Relations

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	**2008–09 (Estimate)**
Financial provision ($m)	82.9	109.8	98.1 (−10.7%)	**113.0** (+15.2%) (or +2.9% on 2007–08 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

	2006 (Actual)	2007 (Actual)	**2008 (Estimate)**
call on senior government officials/organisations	1 552	1 618	**1 500**
public relations functions/events			
organised	670	736	**686**
participated	1 017	1 134	**1 058**
newsletters, pamphlets, press releases issued	1 100	1 156	**1 105**
no. of visitors assisted	1 598	2 184	**1 859**
public speeches given	379	480	**413**
media interviews/briefings given	638	749	**655**
enquiries handled	42 503	42 963	**41 927**

Matters Requiring Special Attention in 2008–09

9 During 2008–09, the overseas ETOs, including the new ETO to be set up in Berlin, 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.

Programme (3): Investment Promotion

	2006–07 (Actual)	2007–08 (Original)	2007–08 (Revised)	**2008–09 (Estimate)**
Financial provision ($m)	39.7	50.3	44.6 (−11.3%)	**51.4** (+15.2%) (or +2.2% on 2007–08 Original)

Aim

10 The aim is to encourage and attract investments to Hong Kong, and to promote Hong Kong's many advantages as an investment and business hub in Asia. The objective is to ensure that companies have all the support they need to establish operations in Hong Kong.

Brief Description

11 The overseas ETOs promote inward investments to Hong Kong by publicising the attraction of Hong Kong as a regional and international 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:

Indicators

	2006 (Actual)	2007 (Actual)	**2008 (Estimate)**
projects pursued	438	514	**456**
projects completed^	111	121	**105**

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

Matters Requiring Special Attention in 2008–09

13 During 2008–09, the overseas ETOs, including the new ETO to be set up in Berlin, will in collaboration with Invest Hong Kong and adopting a targeted approach, continue to attract overseas companies to invest in Hong Kong and take advantage of the preferential market access into the Mainland secured under the CEPA. 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.

ANALYSIS OF FINANCIAL PROVISION

Programme	2006–07 (Actual) ($m)	2007–08 (Original) ($m)	2007–08 (Revised) ($m)	**2008–09 (Estimate) ($m)**
(1) Commercial Relations	104.6	142.0	127.0	**146.5**
(2) Public Relations	82.9	109.8	98.1	**113.0**
(3) Investment Promotion	39.7	50.3	44.6	**51.4**
	227.2	302.1	269.7 (−10.7%)	**310.9 (+15.3%)**
				(or +2.9% on 2007–08 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2008–09 is $19.5 million (15.4%) higher than the revised estimate for 2007–08. This is mainly due to the setting up cost and operating expenses for the new ETO to be set up in Berlin in 2008–09, provisions for meeting unfavourable exchange rates and increased salary and allowance provisions for the creation of one post and staff changes.

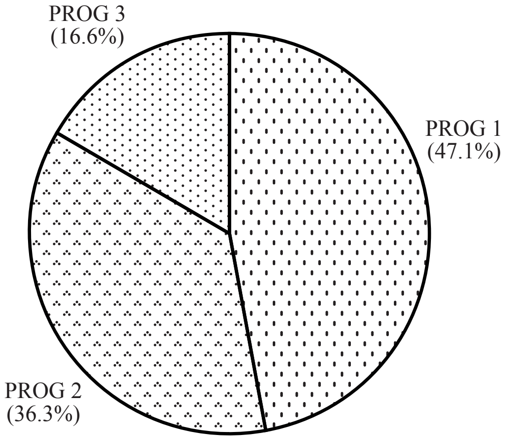
Programme (2)

Provision for 2008–09 is $14.9 million (15.2%) higher than the revised estimate for 2007–08. The reasons that account for the increase under Programme (1) above also apply here.

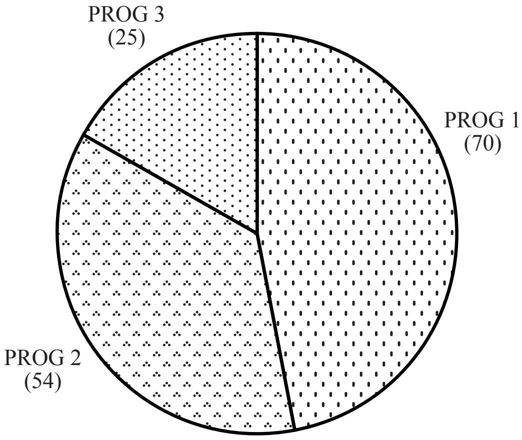
Programme (3)

Provision for 2008–09 is $6.8 million (15.2%) higher than the revised estimate for 2007–08. The reasons that account for the increase under Programme (1) above also apply here.

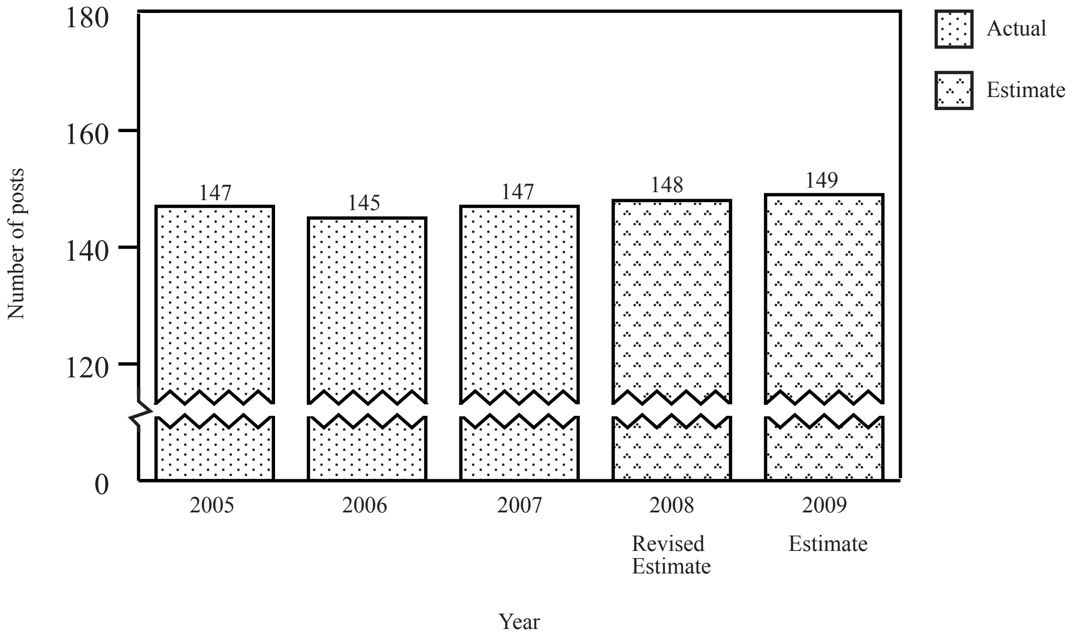
Allocation of provision to programmes (2008-09)



Staff by programme (as at 31 March 2009)



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



Sub-head (Code)		Actual expenditure 2006–07	Approved estimate 2007–08	Revised estimate 2007–08	**Estimate 2008–09**
		$'000	$'000	$'000	**$'000**
	Operating Account				
	Recurrent				
000	Operational expenses	226,668	292,010	268,520	**299,507**
	Total, Recurrent	226,668	292,010	268,520	**299,507**
	Non-Recurrent				
700	General non-recurrent	543	9,580	794	**9,000**
	Total, Non-Recurrent	543	9,580	794	**9,000**
	Total, Operating Account	227,211	301,590	269,314	**308,507**
	Capital Account				
	Plant, Equipment and Works				
661	Minor plant, vehicles and equipment (block vote)	—	500	426	**2,400**
	Total, Plant, Equipment and Works	—	500	426	**2,400**
	Total, Capital Account	—	500	426	**2,400**
	Total Expenditure	227,211	302,090	269,740	**310,907**

Details of Expenditure by Subhead

The estimate of the amount required in 2008–09 for the salaries and expenses of the overseas ETOs is $310,907,000. This represents an increase of $41,167,000 over the revised estimate for 2007–08 and of $83,696,000 over actual expenditure in 2006–07.

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$6.76211
Canadian Dollar	1=HK$7.86970
Euro	1=HK$10.86107
Japanese Yen	1=HK$0.06843
Pound Sterling	1=HK$15.46515
Singapore Dollar	1=HK$5.36940
Swiss Franc	1=HK$6.72576

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 $299,507,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the overseas ETOs. The increase of $30,987,000 (11.5%) over the revised estimate for 2007–08 is mainly due to the operating expenses for the new ETO to be set up in Berlin in 2008–09, provisions for meeting unfavourable exchange rates and increased salary and allowance provisions for the creation of one post and staff changes.

4 The establishment as at 31 March 2008 will be 148 permanent posts. Of these posts, 104 are filled by staff engaged locally by the overseas ETOs. It is expected that one post will be created in 2008–09. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2008–09, but the notional annual mid-point salary value of all such posts must not exceed $62,902,000.

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

	2006–07 (Actual) ($'000)	2007–08 (Original) ($'000)	2007–08 (Revised) ($'000)	**2008–09 (Estimate) ($'000)**
Personal Emoluments				
- Salaries	81,436	96,085	94,722	**101,262**
- Allowances	29,687	33,216	31,581	**35,454**
Personnel Related Expenses				
- Payment to redundant locally engaged staff of the ETO in London	445	308	308	**316**
- Mandatory Provident Fund contribution	56	46	35	**60**
- Civil Service Provident Fund contribution	—	75	197	**306**
- Disturbance allowance	1,366	3,609	3,761	**1,696**
Departmental Expenses				
- General departmental expenses	81,749	122,121	92,317	**122,918**
Other Charges				
- Publicity	31,889	36,450	45,534	**37,395**
- Grants to organisations	40	100	65	**100**
	226,668	292,010	268,520	**299,507**

Capital Account

Plant, Equipment and Works

6 Provision of $2,400,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of $1,974,000 (463.4%) over the revised estimate for 2007–08. This is mainly due to the purchase of office cars for Sydney ETO, Tokyo ETO and the new ETO to be set up in Berlin.

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2007	Revised estimated expenditure for 2007–08	Balance
			$'000	$'000	$'000	$'000
Operating Account						
700		*General non-recurrent*				
	934	Setting up cost for the Economic and Trade Office in Europe......................	9,500	—	—	9,500
		Total	9,500	—	—	9,500