

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 2009–10	\$314.7m
Establishment ceiling 2009–10 (notional annual mid-point salary value) representing an estimated 131 non-directorate posts as at 31 March 2009 and as at 31 March 2010	\$65.3m
In addition, there will be an estimated 18 directorate posts as at 31 March 2009 and as at 31 March 2010.	
Commitment balance	\$9.5m

Controlling Officer's Report

Programmes

Programme (1) Commercial Relations	These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development).
Programme (2) Public Relations	
Programme (3) Investment Promotion	

Detail

Programme (1): Commercial Relations

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	124.3	146.5	126.8 (–13.4%)	146.6 (+15.6%)
				(or +0.1% on 2008–09 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 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

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
meetings on trade-related matters attended	3 528	3 469	3 535
visits to host governments and trade organisations	1 024	1 158	1 146
seminars, exhibitions and workshops			
organised.....	163	180	165
participated	630	647	662
public speeches given	409	361	370
media interviews/briefings given.....	660	656	669
circulars/newsletters/press releases issued.....	594	744	753

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS ECONOMIC AND TRADE OFFICES

Matters Requiring Special Attention in 2009–10

5 During 2009–10, 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 business and trade opportunities following the expansion of the European Union.

Programme (2): Public Relations

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	102.1	113.0	102.2 (–9.6%)	114.3 (+11.8%)
				(or +1.2% on 2008–09 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

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
call on senior government officials/organisations	1 618	1 705	1 659
public relations functions/events			
organised.....	736	704	714
participated	1 134	1 056	1 052
newsletters, pamphlets, press releases issued	1 156	1 171	1 178
no. of visitors assisted.....	2 184	2 017	2 001
public speeches given	480	437	438
media interviews/briefings given.....	749	770	786
enquiries handled.....	42 963	40 871	41 872

Matters Requiring Special Attention in 2009–10

9 During 2009–10, 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. They will also strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity.

Programme (3): Investment Promotion

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	48.0	51.4	48.1 (–6.4%)	53.8 (+11.9%)
				(or +4.7% on 2008–09 Original)

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS ECONOMIC AND TRADE OFFICES

Aim

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

Brief Description

11 The overseas ETOs promote inward direct investment 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 set up or expand in Hong Kong.

12 The key performance measures in respect of investment promotion are:

Indicators

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
projects pursued.....	514	511	504
projects completed [^]	121	114	110

[^] 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 2009–10

13 During 2009–10, the overseas ETOs, including the new ETO to be set up in Berlin, will in collaboration with Invest Hong Kong step up their efforts in attracting overseas companies to invest in Hong Kong and take advantage of the preferential market access into the Mainland secured under the CEPA. They will continue to adopt a targeted approach and encourage these 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.

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

ANALYSIS OF FINANCIAL PROVISION

Programme	2007–08 (Actual) (\$m)	2008–09 (Original) (\$m)	2008–09 (Revised) (\$m)	2009–10 (Estimate) (\$m)
(1) Commercial Relations	124.3	146.5	126.8	146.6
(2) Public Relations	102.1	113.0	102.2	114.3
(3) Investment Promotion	48.0	51.4	48.1	53.8
	<hr/> 274.4	<hr/> 310.9	<hr/> 277.1 (–10.9%)	<hr/> 314.7 (+13.6%)
				(or +1.2% on 2008–09 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2009–10 is \$19.8 million (15.6%) higher than the revised estimate for 2008–09. This is mainly due to the setting up cost and operating expenses for the new ETO to be set up in Berlin in 2009–10 and increased salary and allowance provisions for filling of vacancies and staff changes.

Programme (2)

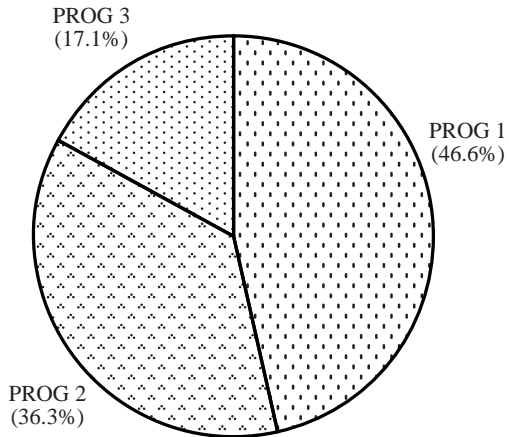
Provision for 2009–10 is \$12.1 million (11.8%) higher than the revised estimate for 2008–09. The reasons that account for the increase under Programme (1) above also apply here.

Programme (3)

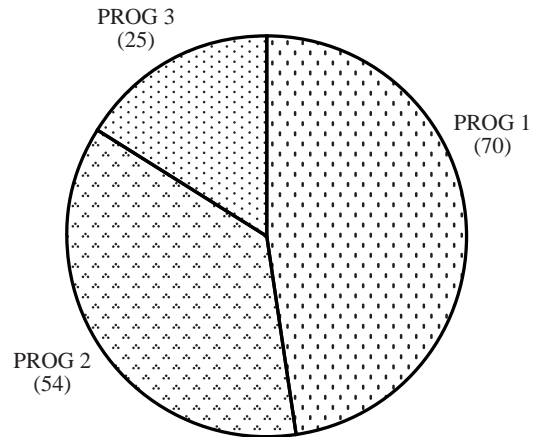
Provision for 2009–10 is \$5.7 million (11.9%) higher than the revised estimate for 2008–09. The reasons that account for the increase under Programme (1) above also apply here.

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

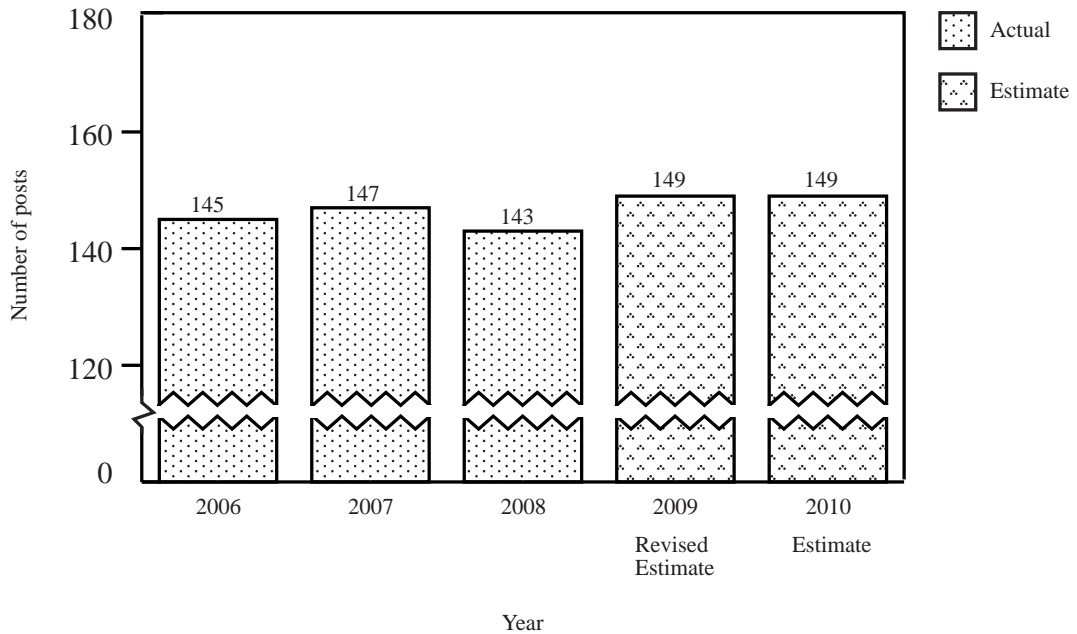
*Allocation of provision
to programmes
(2009-10)*



*Staff by programme
(as at 31 March 2010)*



*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 2007-08	Approved estimate 2008-09	Revised estimate 2008-09	Estimate 2009-10	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	273,388	299,507	275,909	304,401
	Total, Recurrent	273,388	299,507	275,909	304,401
Non-Recurrent					
700	General non-recurrent	580	9,000	—	9,500
	Total, Non-Recurrent	580	9,000	—	9,500
	Total, Operating Account	273,968	308,507	275,909	313,901
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote)	426	2,400	1,210	800
	Total, Plant, Equipment and Works	426	2,400	1,210	800
	Total, Capital Account	426	2,400	1,210	800
	Total Expenditure	274,394	310,907	277,119	314,701

Head 96 — GOVERNMENT SECRETARIAT: OVERSEAS ECONOMIC AND TRADE OFFICES

Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of the overseas ETOs is \$314,701,000. This represents an increase of \$37,582,000 over the revised estimate for 2008–09 and of \$40,307,000 over actual expenditure in 2007–08.

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\$5.93395
Canadian Dollar	1=HK\$6.40278
Euro	1=HK\$10.77037
Japanese Yen	1=HK\$0.085943
Pound Sterling	1=HK\$11.50900
Singapore Dollar	1=HK\$5.33912
Swiss Franc	1=HK\$6.92940

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 \$304,401,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the overseas ETOs. The increase of \$28,492,000 (10.3%) over the revised estimate for 2008–09 is mainly due to the operating expenses for the new ETO to be set up in Berlin in 2009–10 and increased salary and allowance provisions for filling of vacancies and staff changes.

4 The establishment as at 31 March 2009 will be 149 permanent posts. Of these posts, 104 are filled by staff engaged locally by the overseas ETOs. No change in establishment is expected in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$65,334,000.

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

	2007–08 (Actual) (\$'000)	2008–09 (Original) (\$'000)	2008–09 (Revised) (\$'000)	2009–10 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	91,240	101,262	98,150	106,926
- Allowances	30,730	35,454	36,221	38,957
Personnel Related Expenses				
- Payment to redundant locally engaged staff of the ETO in London	307	316	304	267
- Mandatory Provident Fund contribution	35	60	8	12
- Civil Service Provident Fund contribution	176	306	635	834
- Disturbance allowance	2,277	1,696	2,395	2,251
Departmental Expenses				
- General departmental expenses	89,787	122,918	99,875	118,208
Other Charges				
- Publicity	58,760	37,395	38,245	36,846
- Grants to organisations	76	100	76	100
	273,388	299,507	275,909	304,401

Capital Account

Plant, Equipment and Works

6 Provision of \$800,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$410,000 (33.9%) against the revised estimate for 2008–09. This is mainly due to the reduced requirement for purchase of office car in 2009–10.

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

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2008	Revised estimated expenditure for 2008–09	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
934	Setting up cost for the Economic and Trade Office in Europe		9,500	—	—	9,500
	Total		9,500	—	—	9,500