

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

**Controlling officer:** the Secretary for Commerce and Industry will account for expenditure under this Head.

|  |                 |
|--|-----------------|
| <b>Estimate 2002–03</b> .....  | <b>\$270.2m</b> |
| <b>Establishment ceiling 2002–03</b> (notional annual mid-point salary value) representing an estimated 147 non-directorate posts at 31 March 2002 rising by seven posts to 154 posts at 31 March 2003 ..... | <b>\$64.1m</b>  |
| In addition there will be an estimated 21 directorate posts at 31 March 2002 rising by one post to 22 posts at 31 March 2003.  |                 |
| <b>Capital Account commitment balance</b> .....  | <b>\$42.0m</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 and Industry). |
| <b>Programme (2) Public Relations</b>     |  |
| <b>Programme (3) Investment Promotion</b> |  |

**Detail**

**Programme (1): Commercial Relations**

|                           | 2000–01<br>(Actual) | 2001–02<br>(Approved) | 2001–02<br>(Revised) | <b>2002–03<br/>(Estimate)</b> |
|---------------------------|---------------------|-----------------------|----------------------|-------------------------------|
| Financial provision (\$m) | 100.6               | 101.5<br>(+0.9%)      | 102.3<br>(+0.8%)     | <b>122.2<br/>(+19.5%)</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, 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**

|  | 2000<br>(Actual) | 2001<br>(Actual) | <b>2002<br/>(Estimate)</b> |
|--|------------------|------------------|----------------------------|
| meetings on trade-related matters attended .....         | 3 335            | 3 192            | <b>3 223</b>               |
| visits to host governments and trade organisations ..... | 798              | 735              | <b>748</b>                 |
| seminars, exhibitions and workshops organised .....      | 118              | 94               | <b>98</b>                  |
| participated .....                                       | 539              | 557              | <b>527</b>                 |
| public speeches given .....                              | 301              | 283              | <b>275</b>                 |
| media interviews/briefings given .....                   | 489              | 403              | <b>406</b>                 |
| circulars/newsletters/press releases issued .....        | 515              | 489              | <b>488</b>                 |

**Matters Requiring Special Attention in 2002–03**

5 During 2002–03, the HKETOs will continue to focus on 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. An HKETO in Guangdong will be established to promote economic co-operation and strengthen business liaison with the Guangdong Province in the Mainland and to provide better support services for Hong Kong businesses in the Pearl River Delta.

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**Programme (2): Public Relations**

|                           | 2000-01<br>(Actual) | 2001-02<br>(Approved) | 2001-02<br>(Revised) | 2002-03<br>(Estimate)          |
|---------------------------|---------------------|-----------------------|----------------------|--------------------------------|
| Financial provision (\$m) | 96.6                | 97.0<br>(+0.4%)       | 97.1<br>(+0.1%)      | <b>100.5</b><br><b>(+3.5%)</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**

|  | 2000<br>(Actual) | 2001<br>(Actual) | 2002<br>(Estimate) |
|--|------------------|------------------|--------------------|
| call on senior government officials/organisations..... | 1 482            | 1 678            | <b>1 505</b>       |
| public relations functions/events                      |                  |                  |                    |
| organised.....   | 647              | 671              | <b>685</b>         |
| participated.....                                      | 728              | 860              | <b>860</b>         |
| newsletters, pamphlets, press releases issued.....     | 1 196            | 1 188            | <b>1 183</b>       |
| number of visitors assisted.....                       | 1 821            | 2 081            | <b>2 015</b>       |
| public speeches given .....                            | 380              | 396              | <b>385</b>         |
| media interviews/briefings given .....                 | 844              | 784              | <b>800</b>         |
| enquiries handled .....                                | 61 440           | 61 205           | <b>57 300</b>      |

**Matters Requiring Special Attention in 2002-03**

9 During 2002-03, 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 new HKETO in Guangdong will focus its efforts in the Guangdong Province.

**Programme (3): Investment Promotion**

|                           | 2000-01<br>(Actual) | 2001-02<br>(Approved) | 2001-02<br>(Revised) | 2002-03<br>(Estimate)          |
|---------------------------|---------------------|-----------------------|----------------------|--------------------------------|
| Financial provision (\$m) | 45.8                | 40.1<br>(-12.4%)      | 40.5<br>(+1.0%)      | <b>47.5</b><br><b>(+17.3%)</b> |

**Aim**

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

**Brief Description**

11 The HKETOs promote investment in 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**

|   | 2000<br>(Actual) | 2001<br>(Actual) | 2002<br>(Estimate) |
|---|------------------|------------------|--------------------|
| companies visited to encourage inward investment.....   | 1 135            | 1 009            | <b>N.A.§</b>       |
| companies targeted through direct mailing .....         | 29 092           | 21 340           | <b>N.A.§</b>       |
| seminars/presentations                                  |                  |                  |                    |
| organised.....  | 37               | 48               | <b>N.A.§</b>       |
| participated.....                                       | 184              | 164              | <b>N.A.§</b>       |
| public speeches given .....                             | 84               | 100              | <b>N.A.§</b>       |
| media interviews/inward investment briefings given..... | 94               | 112              | <b>N.A.§</b>       |

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|  | 2000<br>(Actual) | 2001<br>(Actual) | <b>2002<br/>(Estimate)</b> |
|--|------------------|------------------|----------------------------|
| pursuable new leads.....                       | N.A.†            | N.A.†            | <b>100</b>                 |
| projects generated from aftercare service..... | N.A.†            | N.A.†            | <b>28</b>                  |
| projects pursued.....                          | N.A.†            | N.A.†            | <b>128</b>                 |
| projects completed.....                        | N.A.†            | N.A.†            | <b>53</b>                  |

§ Not applicable. The indicators will be replaced by a new set of indicators from January 2002.

† Not applicable. The figures for 2000 and 2001 are not available because these indicators are introduced from 1 January 2002.

***Matters Requiring Special Attention in 2002–03***

**13** During 2002–03, the HKETOs will continue to work in liaison with Invest Hong Kong under a more targeted approach to encourage and attract 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>              | 2000-01<br>(Actual)<br>(\$m) | 2001-02<br>(Approved)<br>(\$m) | 2001-02<br>(Revised)<br>(\$m) | <b>2002-03<br/>(Estimate)<br/>(\$m)</b> |
|-------------------------------|------------------------------|--------------------------------|-------------------------------|---|
| (1) Commercial Relations..... | 100.6                        | 101.5                          | 102.3                         | <b>122.2</b>                            |
| (2) Public Relations .....    | 96.6                         | 97.0                           | 97.1                          | <b>100.5</b>                            |
| (3) Investment Promotion..... | 45.8                         | 40.1                           | 40.5                          | <b>47.5</b>                             |
|                               | 243.0                        | 238.6<br>(-1.8%)               | 239.9<br>(+0.5%)              | <b>270.2<br/>(+12.6%)</b>               |

**Analysis of Financial and Staffing Provision**

**Programme (1)**

Provision for 2002-03 is \$19.9 million (19.5%) higher than the revised estimate for 2001-02. This is mainly due to the setting up cost, the creation of eight posts and operating expenses for the new HKETO in Guangdong; increase in requirement for promotion activities by new and existing HKETOs; and salary increments for staff; partly offset by reduced operating expenses under the Enhanced Productivity Programme.

**Programme (2)**

Provision for 2002-03 is \$3.4 million (3.5%) higher than the revised estimate for 2001-02. The reasons that account for the increase under Programme (1) above also apply here.

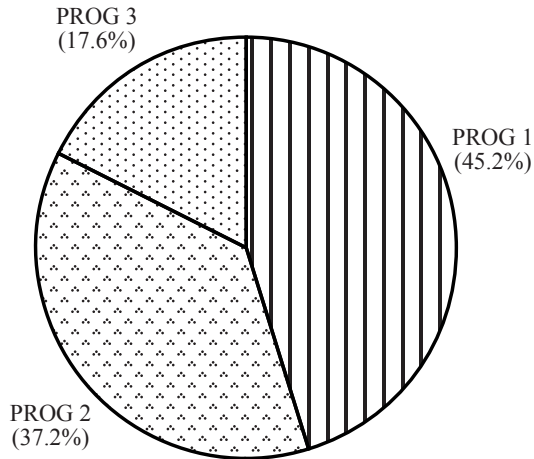
**Programme (3)**

Provision for 2002-03 is \$7.0 million (17.3%) higher than the revised estimate for 2001-02. The reasons that account for the increase under Programme (1) above also apply here.

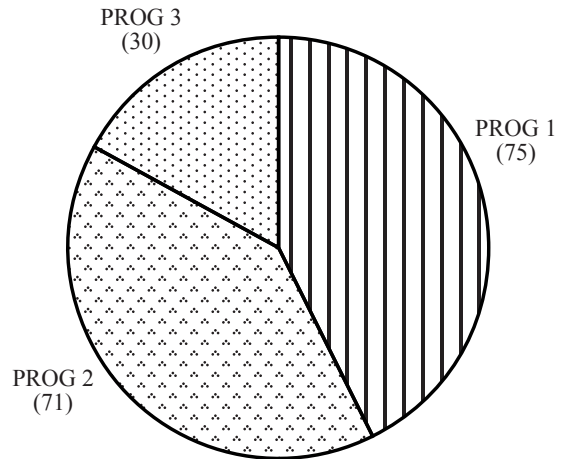
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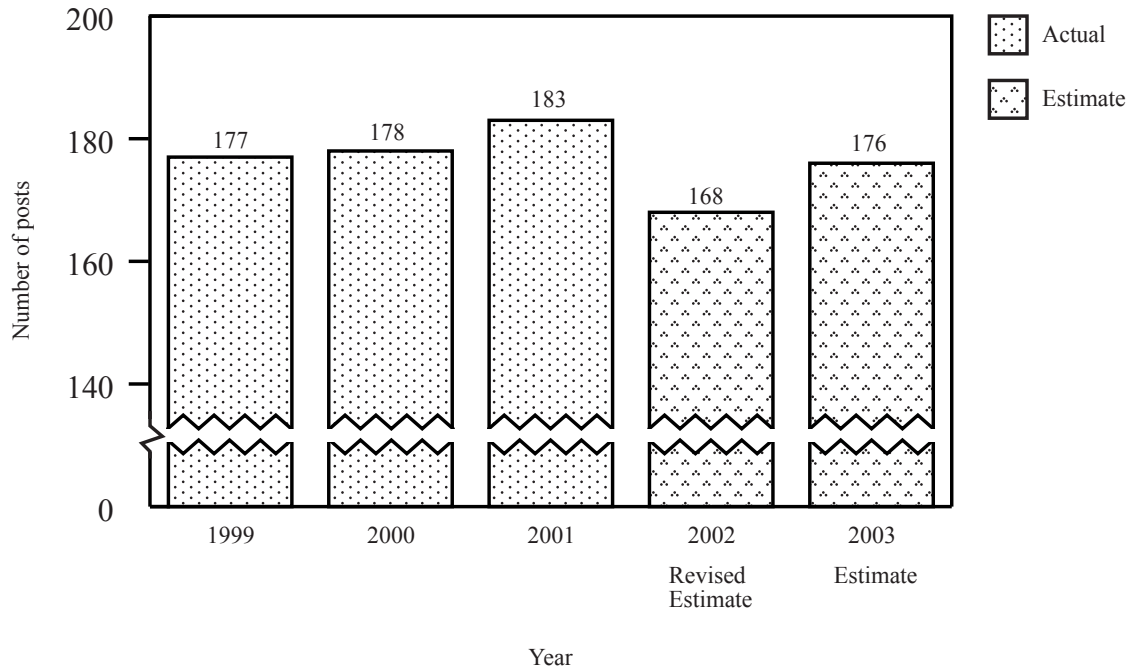
*Allocation of provision  
to programmes  
(2002-03)*



*Staff by programme  
(as at 31 March 2003)*



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



**Head 96 — GOVERNMENT SECRETARIAT:  
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| Sub-head<br>(Code)              | Actual<br>expenditure<br>2000-01 | Approved<br>estimate<br>2001-02 | Revised<br>estimate<br>2001-02 | Estimate<br>2002-03 |
|---------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------|
|                                 | \$'000                           | \$'000                          | \$'000                         | \$'000              |
| <b>Recurrent Account</b>        |                                  |                                 |                                |                     |
| I — Personal Emoluments         |                                  |                                 |                                |                     |
| 001                             | 93,379                           | 84,808                          | 91,030                         | <b>92,156</b>       |
| 002                             | 27,293                           | 27,310                          | 26,600                         | <b>29,992</b>       |
|                                 | 11                               | —                               | 146                            | —                   |
|                                 | 120,683                          | 112,118                         | 117,776                        | <b>122,148</b>      |
| II — Personnel Related Expenses |                                  |                                 |                                |                     |
| 031                             | 539                              | 489                             | 489                            | <b>506</b>          |
|                                 | 539                              | 489                             | 489                            | <b>506</b>          |
| III — Departmental Expenses     |                                  |                                 |                                |                     |
| 149                             | 89,281                           | 86,583                          | 82,560                         | <b>93,957</b>       |
|                                 | 89,281                           | 86,583                          | 82,560                         | <b>93,957</b>       |
| IV — Other Charges              |                                  |                                 |                                |                     |
| 205                             | 13,754                           | 13,686                          | 13,680                         | <b>14,800</b>       |
| 217                             | —                                | 192                             | 190                            | <b>197</b>          |
|                                 | 13,754                           | 13,878                          | 13,870                         | <b>14,997</b>       |
|                                 | 224,257                          | 213,068                         | 214,695                        | <b>231,608</b>      |
| <b>Capital Account</b>          |                                  |                                 |                                |                     |
| I — Plant, Equipment and Works  |                                  |                                 |                                |                     |
| 661                             | —                                | 1,242                           | 1,242                          | <b>500</b>          |
|                                 | —                                | 1,242                           | 1,242                          | <b>500</b>          |
| II — Other Non-Recurrent        |                                  |                                 |                                |                     |
| 700                             | 18,721                           | 24,300                          | 24,000                         | <b>38,100</b>       |
|                                 | 18,721                           | 24,300                          | 24,000                         | <b>38,100</b>       |
|                                 | 18,721                           | 25,542                          | 25,242                         | <b>38,600</b>       |
|                                 | 242,978                          | 238,610                         | 239,937                        | <b>270,208</b>      |

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### Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the HKETOs is \$270,208,000. This represents an increase of \$30,271,000 over the revised estimate for 2001–02 and of \$27,230,000 over actual expenditure in 2000–01.

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. Except for the three US based offices and the new HKETO in Guangdong, expenditure in local currency incurred by the seven Economic and Trade Offices will be charged to the appropriate subheads at the following exchange rates (the spot rates on 10 December 2001)—

|                   |                |
|-------------------|----------------|
| Australian Dollar | 1=HK\$4.0348   |
| Canadian Dollar   | 1=HK\$4.9519   |
| Euro              | 1=HK\$6.9215   |
| Japanese Yen      | 1=HK\$0.062931 |
| Pound Sterling    | 1=HK\$11.0397  |
| Singapore Dollar  | 1=HK\$4.2579   |
| Swiss Franc       | 1=HK\$4.6975   |

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*

##### Personal Emoluments

3 Provision of \$122,148,000 for personal emoluments represents an increase of \$4,372,000 over the revised estimate for 2001–02.

4 The establishment at 31 March 2002 will be 168 permanent posts. Out of these posts, 114 are staff engaged locally by the HKETOs. It is expected that eight posts will be created in 2002–03.

5 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$64,100,000.

6 Provision of \$29,992,000 under *Subhead 002 Allowances* is for standard allowances and the following non-standard allowances and contributions to pension and medical schemes and insurances, etc—

|  | <i>Rate</i>   |
|--|---|
| employer's contributions to local social security schemes, medical and dental insurance schemes, Workman Compensation, Provident Fund Schemes (for locally engaged staff in Brussels, New York, San Francisco, Singapore and Washington) | 20.0% of basic salary per month   |
| employer's contributions to pension and medical insurance schemes (for locally engaged staff in Geneva)  | 15.0% of basic salary per month   |
| employer's contributions to health, pension, Social Security Contribution, Unemployment Insurance Schemes and Workmen's Compensation Insurance Schemes (for locally engaged staff in Sydney, Tokyo and Toronto)                          | 13.0% of basic salary per month   |
| employer's contributions to occupational pension scheme (for locally engaged staff in London)  | 1.0% of gross salary  |
| contributions to National Insurance (for locally engaged staff in London)  | 12.2% (maximum) of gross salary   |
| special posting allowance (for Hong Kong based staff)  | rates for individual officers to be reviewed annually in accordance with an approved formula  |
| tax allowance (for Hong Kong based staff)  | the allowance is to meet the additional expenses arising from tax payable on salaries and allowances by officers in the host country as a result of the posting |

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|   | <i>Rate</i>  |
|---|--|
| special allowance (for locally engaged staff in London)                                     | 20.0% of basic salary per month; 10.0% of basic salary for locally engaged staff engaged after 20 May 1987 |
| pay enhancement (for certain locally engaged staff undertaking additional duties in London) | £34 - £50 per month  |

The increase of \$3,392,000 (12.8%) over the revised estimate for 2001–02 is mainly due to the increased requirements for standard allowances and special posting allowance for staff of the new HKETO in Guangdong.

Personnel Related Expenses

**7** Provision of \$506,000 under *Subhead 031 Payment to redundant locally engaged staff of the HKETO in London* is for compensation payments to officers affected by the closure of the Students Centre in 1986 and the re-organisation of the office.

Departmental Expenses

**8** Provision of \$93,957,000 under *Subhead 149 General departmental expenses* represents an increase of \$11,397,000 (13.8%) over the revised estimate for 2001–02. This is mainly due to the operating expenses of the new HKETO in Guangdong.

Other Charges

**9** Provision of \$14,800,000 under *Subhead 205 Publicity* is for the engagement of public relations consultants, production of fact sheets and newsletters, Hong Kong perception surveys, newspaper clipping service, sponsored visits and public relations expenses. The increase of \$1,120,000 (8.2%) over the revised estimate for 2001–02 is mainly due to the increase in requirement arising from the new HKETO in Guangdong.

**10** Provision of \$197,000 under *Subhead 217 Grants to organisations* is for grants, donations and subsidies to international trade and economic organisations and local organisations in various locations. This is to help them towards their running costs, researches and publications, including costs of organising publicity, public relations and cultural activities.

*Capital Account*

Plant, Equipment and Works

**11** Provision of \$500,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$742,000 (59.7%) against the revised estimate for 2001–02. This is mainly due to the reduced requirement for replacement vehicles in 2002–03.



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**Capital Account**

**Commitments**

| Sub-head<br>(Code) | Item<br>(Code) | Ambit  | Approved<br>commitment | Accumulated<br>expenditure<br>to 31.3.2001 | Revised<br>estimated<br>expenditure<br>for 2001-02 | 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                  | 492  | 1,000  | 2,936         |
|                    | 604            | Business and Hong Kong promotion by HKETO in Brussels .....                      | 5,317                  | —  | —  | 5,317         |
|                    | 605            | Business and Hong Kong promotion by HKETO in London .....                        | 4,688                  | —  | —  | 4,688         |
|                    | 606            | Business and Hong Kong promotion by HKETO in New York .....                      | 2,800                  | —  | —  | 2,800         |
|                    | 607            | Business and Hong Kong promotion by HKETO in San Francisco .....                 | 1,875                  | —  | —  | 1,875         |
|                    | 608            | Business and Hong Kong promotion by HKETO in Singapore.....                      | 1,850                  | —  | —  | 1,850         |
|                    | 609            | Business and Hong Kong promotion by HKETO in Sydney .....                        | 2,900                  | —  | —  | 2,900         |
|                    | 610            | Business and Hong Kong promotion by HKETO in Tokyo .....                         | 2,610                  | —  | —  | 2,610         |
|                    | 611            | Business and Hong Kong promotion by HKETO in Toronto .....                       | 2,650                  | —  | —  | 2,650         |
|                    | 612            | Business and Hong Kong promotion by HKETO in Washington.....                     | 2,910                  | —  | —  | 2,910         |
|                    | 613            | Business and Hong Kong promotion by HKETO in Guangdong .....                     | 2,000                  | —  | —  | 2,000         |
|                    | 614            | Setting up cost for the HKETO in Guangdong.....                                  | 9,500                  | —  | —  | 9,500         |
|                    |                | Total.....   | <u>43,528</u>          | <u>492</u>                                 | <u>1,000</u>                                       | <u>42,036</u> |