

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 2015–16 **\$355.8m**

Establishment ceiling 2015–16 (notional annual mid-point salary value) representing an estimated 132 non-directorate posts as at 31 March 2015 rising by four posts to 136 posts as at 31 March 2016..... **\$78.0m**

In addition, there will be an estimated 18 directorate posts as at 31 March 2015 and as at 31 March 2016.

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

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	150.1	161.0	158.5 (–1.6%)	171.3 (+8.1%)
				(or +6.4% on 2014–15 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, Berlin, 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 hosts and other governments on specific trade and economic 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.

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

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
meetings on trade-related matters attended.....	3 915	3 491	3 580
visits to host governments and trade organisations.....	1 363	1 331	1 340
seminars, exhibitions and workshops			
organised	244	251	250
participated.....	832	827	820
public speeches given.....	455	441	440
media interviews/briefings given.....	726	729	730
circulars/newsletters/press releases issued.....	863	893	890

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Matters Requiring Special Attention in 2015–16

5 During 2015–16, 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 Commerce and Economic Development Bureau and as appropriate, its family of departments on issues of special interests on the bilateral, plurilateral and multilateral fronts. A new ETO will be set up in Asia to strengthen Hong Kong's representation to capitalise on the new business and trade opportunities in the Asian region.

Programme (2): Public Relations

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	112.0	118.0	116.6 (–1.2%)	126.2 (+8.2%)
				(or +6.9% on 2014–15 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 or regions under their purview, liaise with Hong Kong enterprises and people, and provide a comprehensive information and enquiry service about Hong Kong.

8 The key performance measures in respect of public relations are:

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
call on senior government officials/organisations.....	1 778	1 704	1 720
public relations functions/events			
organised	718	702	700
participated.....	1 382	1 469	1 440
newsletters, pamphlets, press releases issued	1 431	1 431	1 420
no. of visitors assisted.....	2 645	2 439	2 400
public speeches given.....	502	491	480
media interviews/briefings given	805	809	800
enquiries handled	32 733	31 930	31 520

Matters Requiring Special Attention in 2015–16

9 During 2015–16, the overseas ETOs, including the new ETO to be set up in Asia, will continue to sustain and step up publicity and public relations efforts in North America, Europe, Australia, New Zealand, Japan, South Korea 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

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	52.1	54.5	53.8 (–1.3%)	58.3 (+8.4%)
				(or +7.0% on 2014–15 Original)

Aim

10 The aim is to attract foreign direct investment to Hong Kong and to promote Hong Kong's many advantages as a regional hub and the preferred business location in Asia.

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Brief Description

11 In close collaboration with Invest Hong Kong, the overseas ETOs promote the attraction of Hong Kong as an international business centre and provide assistance to ensure that the companies have all the support they need to establish and expand operations in Hong Kong.

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

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
new projects generated#	341	357	376
projects completed^	179	175	188

New projects with the potential of becoming completed projects in the coming 18 months. It reflects the investment promotion efforts in a particular year, discounting projects carried forward from previous years.

^ Investment projects each resulting in an overseas company setting up or expanding its business in Hong Kong.

Matters Requiring Special Attention in 2015–16

13 During 2015–16, the overseas ETOs, including the new ETO to be set up in Asia but except the Geneva ETO, will continue to work closely with Invest Hong Kong to step up their efforts in attracting overseas companies to set up and expand their operations in Hong Kong and access opportunities on the Mainland and elsewhere in Asia.

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ANALYSIS OF FINANCIAL PROVISION

	2013-14 (Actual) (\$m)	2014-15 (Original) (\$m)	2014-15 (Revised) (\$m)	2015-16 (Estimate) (\$m)
Programme				
(1) Commercial Relations	150.1	161.0	158.5	171.3
(2) Public Relations	112.0	118.0	116.6	126.2
(3) Investment Promotion	52.1	54.5	53.8	58.3
	314.2	333.5	328.9 (-1.4%)	355.8 (+8.2%)
				(or +6.7% on 2014-15 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2015-16 is \$12.8 million (8.1%) higher than the revised estimate for 2014-15. This is mainly due to the increased provision for setting up a new ETO in Asia, increased salary provisions for filling vacancies and staff changes and increased operating expenses. In addition, two posts will be created in 2015-16.

Programme (2)

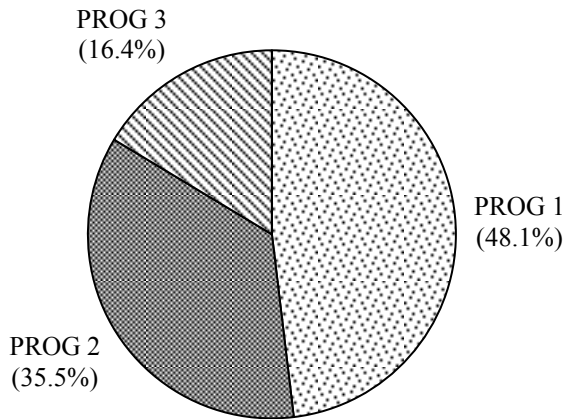
Provision for 2015-16 is \$9.6 million (8.2%) higher than the revised estimate for 2014-15. The reasons that account for the increase under Programme (1) above also apply here. In addition, two posts will be created in 2015-16.

Programme (3)

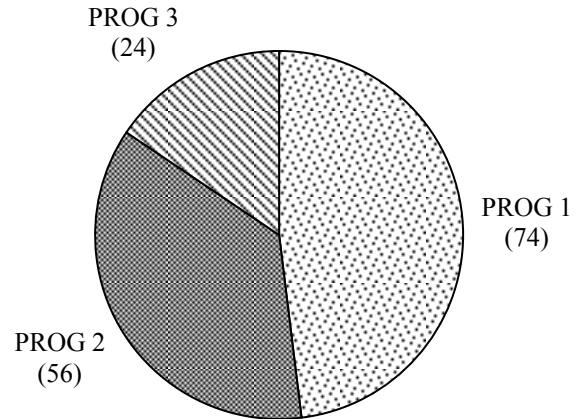
Provision for 2015-16 is \$4.5 million (8.4%) higher than the revised estimate for 2014-15. The reasons that account for the increase under Programme (1) above also apply here.

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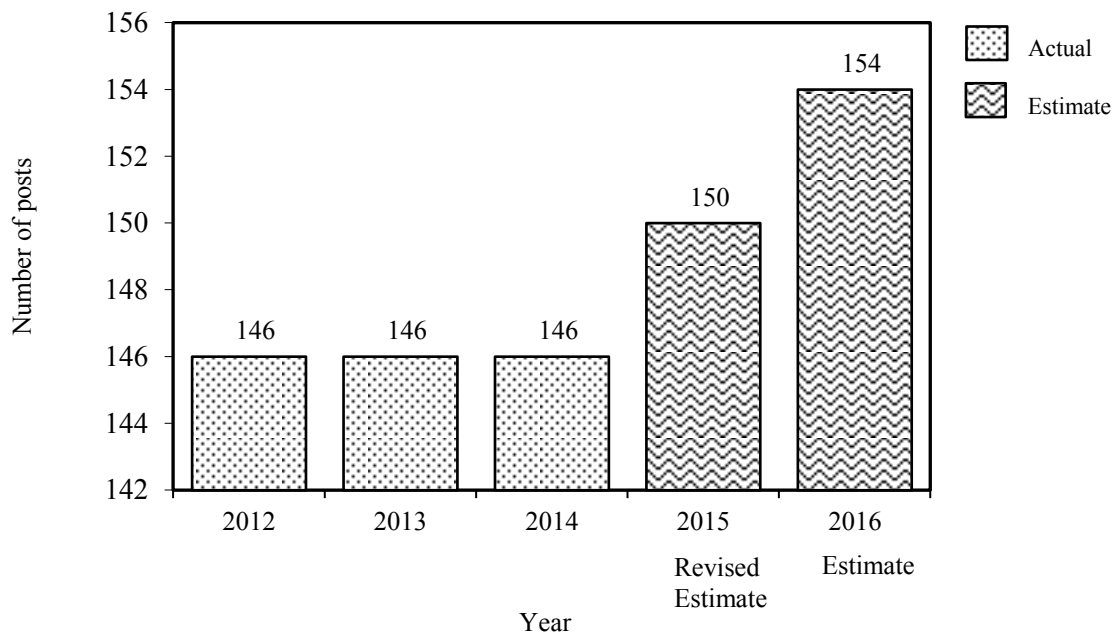
*Allocation of provision
to programmes
(2015-16)*



*Staff by programme
(as at 31 March 2016)*



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



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Sub-head (Code)	Actual expenditure 2013–14	Approved estimate 2014–15	Revised estimate 2014–15	Estimate 2015–16	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	314,183	333,479	328,236	355,250
	Total, Recurrent.....	314,183	333,479	328,236	355,250
	Total, Operating Account	314,183	333,479	328,236	355,250
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	—	—	671	523
	Total, Plant, Equipment and Works.....	—	—	671	523
	Total, Capital Account.....	—	—	671	523
	Total Expenditure	314,183	333,479	328,907	355,773

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Details of Expenditure by Subhead

The estimate of the amount required in 2015–16 for the salaries and expenses of the overseas Economic and Trade Offices (ETOs) is \$355,773,000. This represents an increase of \$26,866,000 over the revised estimate for 2014–15 and of \$41,590,000 over the actual expenditure in 2013–14.

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\$6.46474
Canadian Dollar	1=HK\$6.58726
Euro	1=HK\$9.29161
Japanese Yen	1=HK\$0.06445
Pound Sterling	1=HK\$11.92974
Singapore Dollar	1=HK\$5.81665
Swiss Franc	1=HK\$7.82740

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 \$355,250,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the overseas ETOs. The increase of \$27,014,000 (8.2%) over the revised estimate for 2014–15 is mainly due to the increased provision for setting up a new ETO in Asia, increased salary provisions for filling vacancies and staff changes and increased operating expenses.

4 The establishment as at 31 March 2015 will be 150 permanent posts. Of these posts, 104 are filled by staff engaged locally by the overseas ETOs. It is expected that there will be an increase of four posts in 2015–16. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2015–16, but the notional annual mid-point salary value of all such posts must not exceed \$78,023,000.

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

	2013–14 (Actual) (\$'000)	2014–15 (Original) (\$'000)	2014–15 (Revised) (\$'000)	2015–16 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	109,436	121,663	119,659	127,694
- Allowances.....	39,349	47,574	43,170	43,329
Personnel Related Expenses				
- Civil Service Provident Fund contribution.....	2,276	2,586	2,731	3,308
- Disturbance allowance.....	1,955	5,187	2,961	4,086
Departmental Expenses				
- General departmental expenses	114,973	113,359	116,178	131,376
Other Charges				
- Publicity	46,194	43,110	43,537	45,457
	314,183	333,479	328,236	355,250

Capital Account

Plant, Equipment and Works

6 Provision of \$523,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$148,000 (22.1%) against the revised estimate for 2014–15. This is mainly due to the difference in replacement cost in respect of the office cars for Washington ETO in 2014–15 and San Francisco ETO in 2015–16.