Head 55 — GOVERNMENT SECRETARIAT: COMMERCE, INDUSTRY AND TECHNOLOGY BUREAU (INFORMATION TECHNOLOGY AND BROADCASTING BRANCH)

Controlling officer: the Permanent Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) will account for expenditure under this Head.

Estimate 2003–04 .... **$149.1m**

Establishment ceiling 2003–04 (notional annual mid-point salary value) representing an estimated 67 non-directorate posts as at 31 March 2003 rising by five posts to 72 posts as at 31 March 2004 ...... **$28.5m**

In addition there will be an estimated 11 directorate posts as at 31 March 2003 reducing by two posts to nine posts as at 31 March 2004.

Capital Account commitment balance **$2.1m**

Controlling Officer's Report

Programmes

Programme (1) Broadcasting and Film Services	These programmes contribute to Policy Area 17: Information Technology and Broadcasting (Secretary for Commerce, Industry and Technology).
Programme (2) Information Technology	
Programme (3) Telecommunications	

Detail

Programme (1): Broadcasting and Film Services

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	**2003–04 (Estimate)**
Financial provision ($m)	21.0	20.1 (−4.3%)	19.6 (−2.5%)	**19.2 (−2.0%)**

Aim

2 The aim is to promote the development of the broadcasting and film industries and enhance Hong Kong's position as a broadcasting and film production centre.

Brief Description

3 The Information Technology and Broadcasting Branch's main responsibilities under this programme are to formulate policies on broadcasting, control of obscene and indecent articles, film censorship, and promotion of the development of the film industry.

4 The key performance measure is reflected in the extent to which the policy objectives have been achieved and the progress made in implementing the various policy commitments. It is also reflected in the extent to which the executive departments have accomplished their programmes efficiently and cost-effectively.

5 In 2002–03, the branch:

- completed the renewal of the domestic free television programme service licences of Asia Television Limited (ATV) and Television Broadcasts Limited (TVB);

- issued guidance notes for the application of domestic free and domestic pay television programme service licences;

- finalised the policy decisions on tightening the control of unauthorised decoders for reception of subscription television services;

- completed review on the frequency channel layout plan of in-building coaxial cable distribution systems (IBCCDS) to cater for digitisation and introduction of new telecommunications and broadcasting services;

- organised large-scale activities to promote Hong Kong as a location for film shooting and facilitate location shooting in Hong Kong; and

- proposed to set up a new Film Guarantee Fund to facilitate the development of film financing infrastructure in Hong Kong.

Matters Requiring Special Attention in 2003–04

6 During 2003–04, the key tasks will include:

• formulating the licensing and regulatory framework for digital terrestrial broadcasting services;

• conducting the renewal exercise for the sound broadcasting licences of Hong Kong Commercial Broadcasting Limited and Metro Broadcast Corporation Limited;

• tightening the control of unauthorised decoders for reception of subscription television services by introducing amendments to the Broadcasting Ordinance;

• further relaxing regulatory restrictions on broadcasting service licensees by reviewing the "disqualified persons" provisions in the Broadcasting Ordinance;

• reviewing the existing broadcasting regulatory regime after assessing the impact of media convergence, emerging media and market developments in broadcasting and related sectors on the regime;

• implementing the new Film Guarantee Fund scheme; and

• reviewing the Control of Obscene and Indecent Articles Ordinance, having regard to the comments received in the public consultation exercise.

Programme (2): Information Technology

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	**2003–04 (Estimate)**
Financial provision ($m)	84.6	103.5 (+22.3%)	94.8 (−8.4%)	**118.7 (+25.2%)**

Aim

7 Building on Hong Kong's early success in establishing a solid foundation for the use of information technology (IT), the branch now strives to position Hong Kong as a leading e-business community and digital city in the globally connected world of the 21st century.

Brief Description

8 The branch's main responsibilities under the IT programme are to formulate policies and implement initiatives to facilitate and promote IT and e-business development within the Government and across the community.

9 In 2002–03, the branch:

• continued to promote the Digital 21 IT strategy to enhance Hong Kong's position as a leading digital city;

• continued working with bureaux and departments to attain the E-government targets of providing an e-option for 90% of public services amenable to the electronic mode of service delivery by end-2003 and carrying out 80% of government procurement tenders through electronic means by end-2003;

• extended the service coverage of the Electronic Service Delivery (ESD) scheme by introducing online registration to sit for more public examinations, purchase of public examinations publications, search for bankruptcy/compulsory winding-up of companies, and by providing ESD services through mobile phones or computing devices;

• coordinated the development of the value-added non-immigration applications of the smart identity cards to be issued from mid 2003;

• introduced a pilot scheme for providing public services using voice recognition technology;

• introduced a series of projects for using mobile computing devices to enhance efficiency of off-site operations in government departments;

• commenced a pilot programme in seven bureaux/departments to provide shared IT facilities to civil servants to promote greater use of IT for internal operations;

• put in place a mechanism for fully exploiting business process re-engineering opportunities both within and across bureaux and departments when implementing IT projects, to ensure that the benefits of using IT are fully reaped in improving operational efficiency and quality of service, and that cross-departmental collaboration in joined-up government is stimulated;

• conducted public consultation on a set of proposals to improve the Electronic Transactions Ordinance with a view to ensuring that Hong Kong has the most up-to-date legislative framework for the conduct of e-business;

- launched programmes to encourage the private sector, especially small and medium-sized enterprises (SMEs), to adopt e-commerce;

- launched a simplified character version of Government websites to enhance their accessibility to Chinese communities outside Hong Kong, in particular the people in the Mainland, so as to help facilitate the development of e-business with these communities;

- led, in conjunction with the Hong Kong Trade Development Council, industry delegations to attend major overseas and Mainland IT events to explore business opportunities for, and raise the profile of, the Hong Kong IT industry;

- continued to organise the IT Hong Kong Campaign with the Information Technology Services Department (ITSD) and other relevant government departments to raise IT awareness in and promote the use of IT by the community;

- launched "IT Easy Link", a free public enquiry service on basic IT applications, with ITSD and the Hong Kong Computer Society to assist and encourage citizens to adopt IT;

- completed a computer recycling campaign to donate surplus computers within the Government to the elders and the disabled;

- facilitated the establishment of a link between the universities in Hong Kong and the Internet2 consortium in North America for research and development of the next generation of Internet technologies;

- entered into co-operative arrangements on ICT Co-operation with the Netherlands, Italy, and Ireland; and

- put in place the institutional arrangements for the future management of the Cyberport; signed lease agreements with successful applicants which are companies of varying sizes and at different stages of development; and worked out a comprehensive strategy to promote the Cyberport as our flagship IT project.

Matters Requiring Special Attention in 2003–04

10 During 2003–04, the key tasks will include:

- continuing to promote the Digital 21 IT strategy to enhance Hong Kong's position as a leading digital city;

- working with bureaux and departments to implement flagship e-government projects which will bring significant benefits to both the Government and the community;

- rolling out more services under the ESD scheme and introducing improvements to enhance the user-friendliness of ESD services;

- coordinating the implementation of value-added non-immigration applications of the smart identity cards;

- pushing forward joined-up projects across bureaux and departments both to streamline government internal operations and to provide more customer-centric services to the community, e.g. in facilitating information sharing in the criminal justice system and in providing one-stop access to property information kept in Government departments;

- rolling out the "Common Look and Feel" web page designs to bureaux and departments, and carrying out a follow-up survey to gauge public reaction and feedback;

- reviewing the implementation of the pilot programme in seven bureaux/departments to provide shared IT facilities to civil servants and consider whether it is worthwhile to extend the programme to other bureaux and departments;

- considering the deployment of Customer Relationship Management technology to re-organise service delivery around customers' need so as to improve service to the public and save costs;

- introducing legislative amendments to improve and update the Electronic Transactions Ordinance;

- launching new programmes to drive e-business, including programmes to encourage the private sector, especially SMEs, to adopt e-business;

- launching and promoting the initiative to offer one year's free use of Hongkong Post's e-Cert, to be embedded on the smart identity cards to be issued in 2003, so as to create a critical mass of e-Cert users to drive the adoption and further development of e-business;

- actively helping the IT industry explore markets outside Hong Kong, in particular the Mainland market;

- exploring the feasibility of allowing the contractors engaged to develop IT systems and software for the Government to distribute such systems and software to other parties in order to create more business opportunities for the local IT industry;

- introducing new initiatives in collaboration with industry support organisations to encourage and assist local software companies to obtain internationally-recognised quality certification so as to enhance the competitiveness of the software industry;

- continuing with the IT Hong Kong Campaign and implementing other projects to raise IT awareness and promote wider use of IT for the building of a digitally inclusive community;

- implementing measures to ensure sufficient and stable supply of quality IT manpower in Hong Kong; and

- completing the construction of the Cyberport Portion as scheduled, promoting the Cyberport globally and locally as our flagship IT project, and running the Cyberport in accordance with prudent commercial principles.

Programme (3): Telecommunications

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	**2003–04 (Estimate)**
Financial provision ($m)	47.4	20.2 (−57.4%)	23.0 (+13.9%)	**11.2 (−51.3%)**

Aim

11   The aim is to facilitate the development of the telecommunications industry and enhance Hong Kong's position as a telecommunications hub.

Brief Description

12   The branch's main responsibility under this programme is to formulate policies and programmes in order to provide the necessary regulatory framework for telecommunications, create an open and competitive market, facilitate the development of an open, integrated broadband network and establish Hong Kong as a world-class telecommunications centre.

13   In 2002–03, the branch:

- launched a series of publicity campaign to enhance consumers' understanding of new telecommunications services. This will promote education on how the public could enrich their living by upgrading the telecommunications infrastructure of their buildings;

- pressed on with the commitments to fully liberalise the telecommunications market by inviting applications for local wireline-based fixed telecommunications network services licences for operation from 1 January 2003;

- introduced Telecommunications (Amendment) Bill 2002 to provide a clear and comprehensive framework for regulation of mergers and acquisitions in the telecommunications market. This will promote effective competition and assist investors to make informed decisions on merger and acquisition matters; and

- successfully hosted the international telecommunications exhibition and conference "International Telecommunication Union TELECOM ASIA 2002" in December 2002.

Matters Requiring Special Attention in 2003–04

14   During 2003–04, the key tasks will include:

- subject to passage of the Telecommunications (Amendment) Bill 2002, implementing the improved framework of regulation of mergers and acquisitions, including the issue of guidelines after industry consultation;

- implementing the regulatory framework of the third generation mobile services (3G) to enhance competition, as 3G will start to roll out in Hong Kong;

- promoting the development of services and applications based on 3G platform;

- continuing to implement the improved regulatory framework under the Telecommunication (Amendment) Ordinance 2000 to encourage the rollout of new wireless Local Area Network (LAN) services; and

- continuing to introduce new class licences to provide a streamlined licensing regime, and implementing class licence for in-building telecommunications systems to facilitate development of intelligent buildings.

Head 55 — GOVERNMENT SECRETARIAT: COMMERCE, INDUSTRY AND TECHNOLOGY BUREAU (INFORMATION TECHNOLOGY AND BROADCASTING BRANCH)

ANALYSIS OF FINANCIAL PROVISION

Programme	2001–02 (Actual) ($m)	2002–03 (Approved) ($m)	2002–03 (Revised) ($m)	**2003–04 (Estimate) ($m)**
(1) Broadcasting and Film Services..................	21.0	20.1	19.6	**19.2**
(2) Information Technology	84.6	103.5	94.8	**118.7**
(3) Telecommunications..................................	47.4	20.2	23.0	**11.2**
	153.0	143.8 (−6.0%)	137.4 (−4.5%)	**149.1 (+8.5%)**

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2003–04 is $0.4 million (2.0%) lower than the revised estimate for 2002–03. This is mainly due to the reduction in operating expenses in 2003–04.

Programme (2)

Provision for 2003–04 is $23.9 million (25.2%) higher than the revised estimate for 2002–03. This is mainly due to the pooling of resources for internal redeployment among Information Technology and Broadcasting Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy areas, notably those that are related to information and creative industries, and to the higher requirement for the Electronic Service Delivery scheme, partly offset by the reduced cashflow requirement of two capital projects that will be completed in 2003–04.
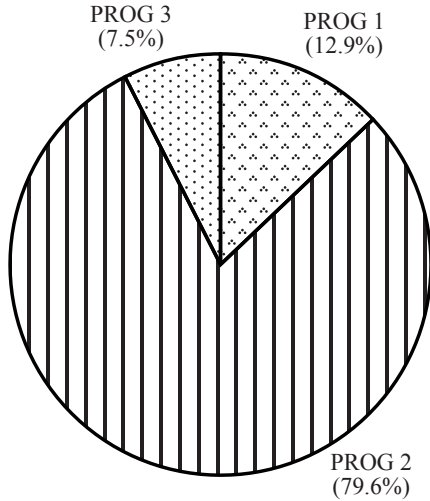
Programme (3)

Provision for 2003–04 is $11.8 million (51.3%) lower than the revised estimate for 2002–03. This is mainly due to the completion of a capital project for hosting International Telecommunication Union TELECOM ASIA 2002.
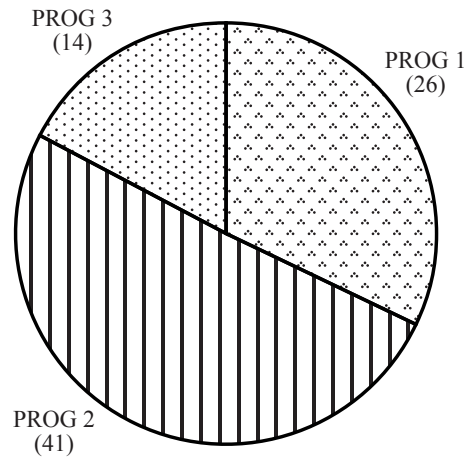
*Allocation of provision
to programmes
(2003-04)*

PROG 3
(7.5%)

PROG 1
(12.9%)

PROG 2
(79.6%)

*Staff by programme
(as at 31 March 2004)*

PROG 3
(14)

PROG 1
(26)

PROG 2
(41)

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

Actual

Estimate

Number of posts

100

75

50

25

0

84
2000

82
2001

83
2002

78
2003

Revised
Estimate

81
2004

Estimate

Year

Head 55 — GOVERNMENT SECRETARIAT: COMMERCE, INDUSTRY AND TECHNOLOGY BUREAU (INFORMATION TECHNOLOGY AND BROADCASTING BRANCH)

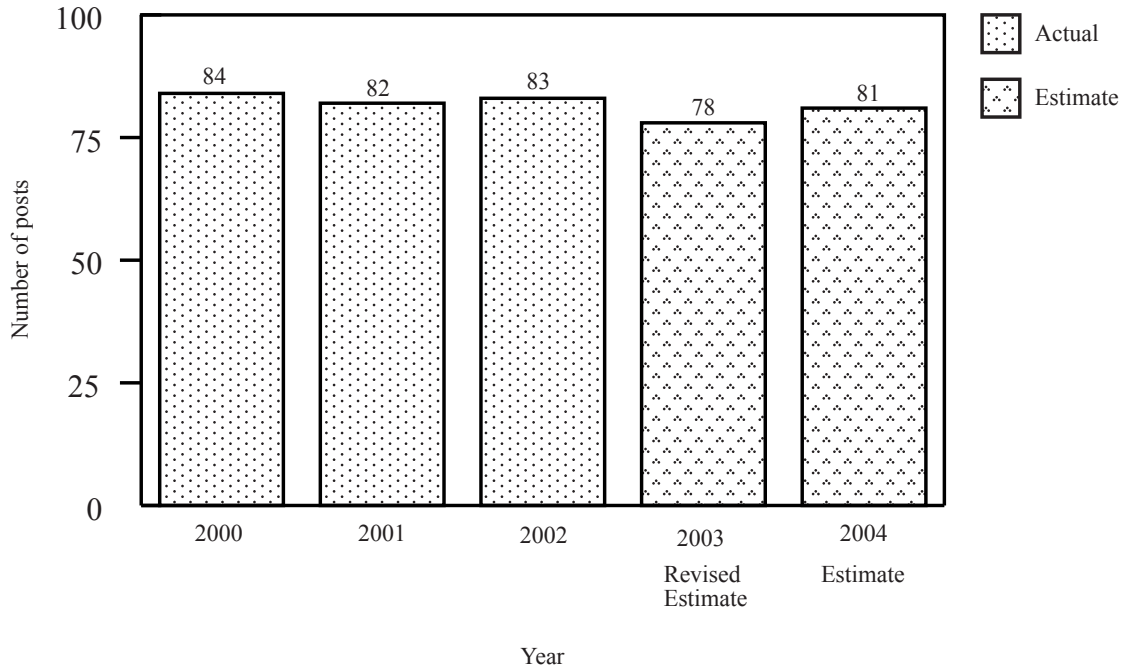| Sub-head (Code)		Actual expenditure 2001–02	Approved estimate 2002–03	Revised estimate 2002–03	Estimate 2003–04
		$'000	$'000	$'000	$'000
	Recurrent Account				
000	Operational expenses	—	—	—	**146,968**
	Salaries	44,699	46,069	44,479	—
	Allowances	2,388	3,044	2,914	—
	Job-related allowances	6	7	7	—
	General departmental expenses	20,259	40,020	38,236	—
	Electronic Service Delivery scheme	33,558	45,481	35,000	—
	Total, Recurrent Account	100,910	134,621	120,636	**146,968**
	Capital Account				
	II — Other Non-Recurrent				
700	General other non-recurrent	52,082	9,132	16,800	**2,117**
	Total, Other Non-Recurrent	52,082	9,132	16,800	**2,117**
	Total, Capital Account	52,082	9,132	16,800	**2,117**
	Total Expenditure	152,992	143,753	137,436	**149,085**

Head 55 — GOVERNMENT SECRETARIAT: COMMERCE, INDUSTRY AND TECHNOLOGY BUREAU (INFORMATION TECHNOLOGY AND BROADCASTING BRANCH)

Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for the salaries and expenses of the Information Technology and Broadcasting Branch is $149,085,000. This represents an increase of $11,649,000 over the revised estimate for 2002–03 and a decrease of $3,907,000 against actual expenditure in 2001–02.

Recurrent Account

2 Provision of $146,968,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Information Technology and Broadcasting Branch and its other operating expenses. The increase of $26,332,000 (21.8%) over the revised estimate for 2002–03 is mainly due to the pooling of resources for internal redeployment among Information Technology and Broadcasting Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy areas, notably those that are related to information and creative industries, and to the higher requirement for the Electronic Service Delivery scheme.

3 The establishment as at 31 March 2003 will be 75 permanent posts and three supernumerary posts. It is expected that six permanent posts will be transferred from ITSD, and one permanent and two supernumerary posts will be deleted in 2003–04. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2003–04, but the notional annual mid-point salary value of all such posts must not exceed $28,479,000.

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

	2001–02 (Actual)	2002–03 (Original Estimate)	2002–03 (Revised Estimate)	**2003–04 (Estimate)**
	($'000)	($'000)	($'000)	**($'000)**
Personal Emoluments				
- Salaries	44,699	46,069	44,479	**44,745**
- Allowances	2,388	3,044	2,914	**2,616**
- Job-related allowances	6	7	7	**11**
Personnel Related Expenses				
- Mandatory Provident Fund contribution	—	—	—	**48**
Departmental Expenses				
- General departmental expenses	20,259	40,020	38,236	**54,067**
Other Charges				
- Electronic Service Delivery scheme	33,558	45,481	35,000	**45,481**
	100,910	134,621	120,636	**146,968**

Head 55 — GOVERNMENT SECRETARIAT: COMMERCE, INDUSTRY AND TECHNOLOGY BUREAU (INFORMATION TECHNOLOGY AND BROADCASTING BRANCH)

Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2002	Revised estimated expenditure for 2002–03	Balance
			$'000	$'000	$'000	$'000
700		*General other non-recurrent*				
	658	Promotion and publicity for Cyberport ..	7,400	3,983	1,800	1,617
	672	Secondary Schools IT Training Scheme	3,000	—	2,500	500
		Total..	10,400	3,983	4,300	2,117