

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

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

Estimate 2005–06..... **\$80.9m**

Establishment ceiling 2005–06 (notional annual mid-point salary value) representing an estimated 48 non-directorate posts as at 31 March 2005 rising by five posts to 53 posts as at 31 March 2006 **\$18.9m**

In addition, there will be an estimated four directorate posts as at 31 March 2005 rising by one post to five posts as at 31 March 2006.

Commitment balance **\$75.0m**

Controlling Officer's Report

Programmes

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

Programme (1): Broadcasting and Film Services

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	18.5	18.3	19.0 (+3.8%)	17.3 (–8.9%)
				(or –5.5% on 2004–05 Original)

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 Communications and Technology Branch's main responsibilities under this programme are to formulate policies on broadcasting, control of obscene and indecent articles, and film censorship, and to promote the development of the broadcasting and film industries.

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 2004–05, the Branch:

- completed the renewal of domestic pay television programme service licence of the Hong Kong Cable Television Limited;
- enacted the Broadcasting (Amendment) Ordinance to tighten the control of unauthorised decoders for reception of pay television services licensed in Hong Kong and launched publicity campaigns against pirated viewing;
- commenced implementation of the framework for the migration from analogue to digital terrestrial television broadcasting in Hong Kong;
- announced the proposal for merging the Broadcasting Authority and the Telecommunications Authority into a unified regulator; and
- reviewed the operation of the Film Guarantee Fund in consultation with the film industry.

Matters Requiring Special Attention in 2005–06

6 During 2005–06, the key tasks will include:

- overseeing the transition from analogue to digital terrestrial television broadcasting;

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- completing the consultation on the proposal for merging the Broadcasting Authority and the Telecommunications Authority into a unified regulator and assessing the way forward;
- continuing the review of the broadcasting regulatory regime in the light of convergence; and
- sponsoring training programmes on the application of digital technology in film productions.

Programme (2): Telecommunications

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	9.8	10.4	28.5 (+174.0%)	63.6 (+123.2%)
				(or +511.5% on 2004–05 Original)

Aim

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

Brief Description

8 The Branch's main responsibility under this programme is to formulate telecommunications policies and programmes in order to facilitate effective competition, enhance consumer choice and promote investments by the industry, in, among other things, the development of a competitive, advanced and high bandwidth infrastructure accessible by the consumers through wireline or wireless means. This will maintain Hong Kong's position as a world-class telecommunications centre. The Branch has met its targets for 2004–05 under this programme.

9 In 2004–05, the Branch:

- secured the right to host the International Telecommunication Union (ITU) TELECOM WORLD 2006 exhibition and conference in December 2006;
- updated the policy for Type II interconnection between fixed telecommunications networks;
- formulated the licensing arrangements of mobile services upon the expiry of existing licences for second generation mobile services that will maintain continuity of service to the public and encourage the efficient use of radio frequency spectrum;
- expanded the list of telecommunications apparatus that are exempted from licensing requirement to facilitate their introduction into Hong Kong;
- commenced the operation of the improved framework of regulation of mergers and acquisitions under the Telecommunications (Amendment) Ordinance 2003;
- hosted the 29th meeting of the Telecommunications and Information Working Group of the Asia-Pacific Economic Cooperation; and
- assisted in the promotion of wireless applications and services (including 3G applications and services) under the Information Infrastructure Advisory Committee's Ad Hoc Working Group on Promotion of Wireless Services and Technology.

Matters Requiring Special Attention in 2005–06

10 During 2005–06, the key tasks will include:

- planning and promoting actively the ITU TELECOM WORLD 2006;
- reviewing and developing a comprehensive radio frequency spectrum policy for telecommunications purposes;
- reviewing the applicability of the existing regulatory regime to Internet telephony services;
- facilitating fixed telecommunications carriers to deploy broadband fixed wireless access technologies to expand the coverage of their customer access networks; and
- considering appropriate measures to contain the problem of unsolicited electronic messages.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2003-04 (Actual)# (\$m)	2004-05 (Original)# (\$m)	2004-05 (Revised)# (\$m)	2005-06 (Estimate) (\$m)
(1) Broadcasting and Film Services	18.5	18.3	19.0	17.3
(2) Telecommunications	9.8	10.4	28.5	63.6
	28.3	28.7	47.5 (+65.5%)	80.9 (+70.3%)
				(or +181.9% on 2004-05 Original)

The provision for the Information Technology programme (i.e. 2003-04 actual expenditure of \$88.0m, 2004-05 original estimate of \$104.7m and 2004-05 revised estimate of \$33.9m) has been transferred to Head 47—Government Secretariat: Office of the Government Chief Information Officer with effect from 1 July 2004.

Analysis of Financial and Staffing Provision

Programme (1)

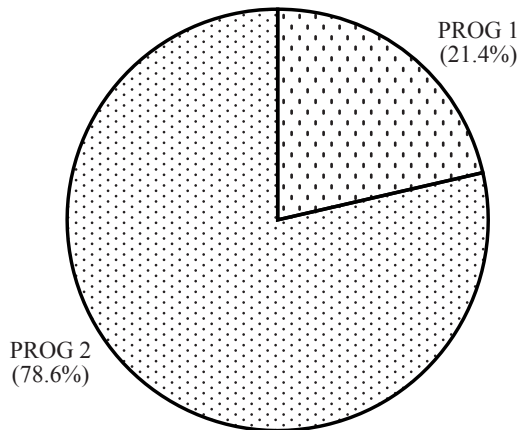
Provision for 2005-06 is \$1.7 million (8.9%) lower than the revised estimate for 2004-05. This is mainly due to the full-year effect of the 2005 civil service pay cut and the full-year effect of deletion of four permanent posts in 2004-05.

Programme (2)

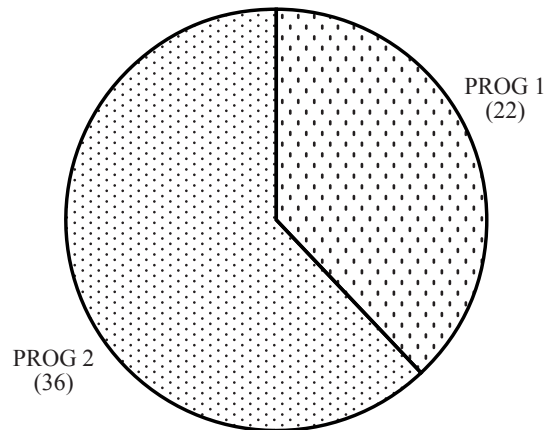
Provision for 2005-06 is \$35.1 million (123.2%) higher than the revised estimate for 2004-05. This is mainly due to the pooling of resources for internal redeployment among the Communications and Technology Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy areas, increased provision for the Telecommunications (Competition Provisions) Appeal Board, and increased provision for the ITU TELECOM WORLD 2006 project including full-year effect of one time-limited post created in 2004-05 and provision for one supernumerary directorate post and five time-limited posts to be created in 2005-06 for the Hong Kong China Secretariat, partly offset by the full-year effect of the 2005 civil service pay cut.

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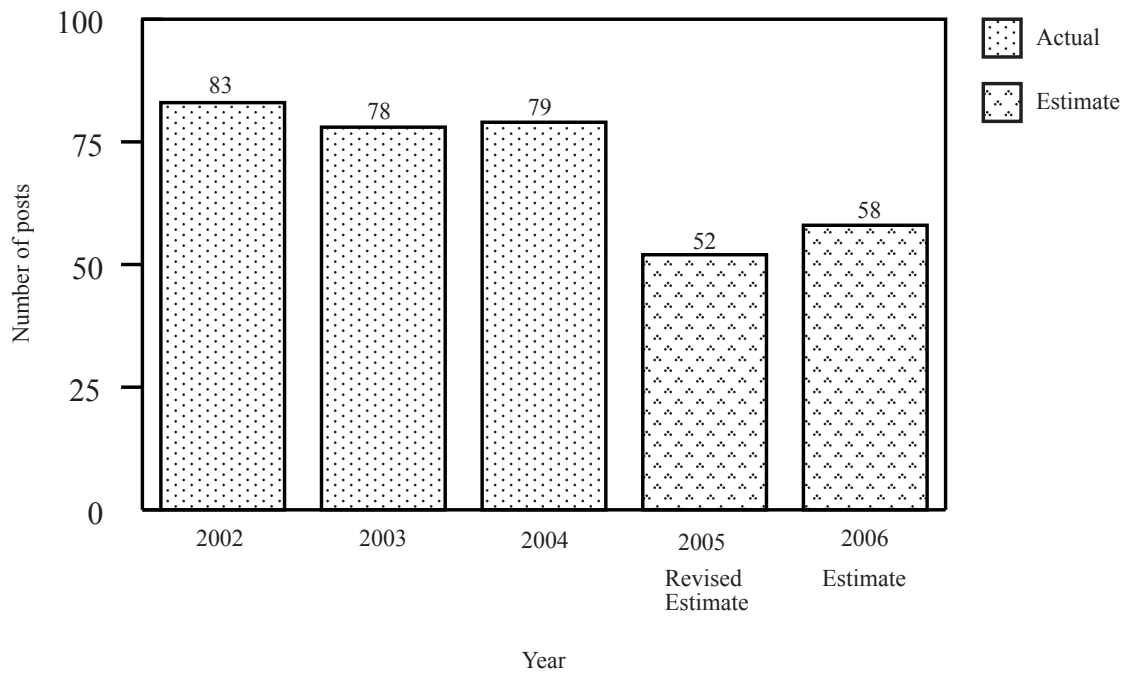
*Allocation of provision
to programmes
(2005-06)*



*Staff by programme
(as at 31 March 2006)*



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



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Sub-head (Code)		Actual expenditure 2003-04	Approved estimate 2004-05	Revised estimate 2004-05	Estimate 2005-06
		\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses	112,974	133,372	68,962	66,974
	Total, Recurrent	112,974	133,372	68,962	66,974
Non-Recurrent					
700	General non-recurrent	3,296	—	12,400	13,900
	Total, Non-Recurrent	3,296	—	12,400	13,900
	Total, Operating Account	116,270	133,372	81,362	80,874
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	Total Expenditure	116,270	133,372	81,362	80,874

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Details of Expenditure by Subhead

The estimate of the amount required in 2005–06 for the salaries and expenses of the Communications and Technology Branch is \$80,874,000. This represents a decrease of \$488,000 against the revised estimate for 2004–05 and of \$35,396,000 against actual expenditure in 2003–04.

Operating Account

Recurrent

2 Provision of \$66,974,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Technology Branch.

3 The establishment as at 31 March 2005 will be 52 permanent posts. It is expected that one supernumerary directorate post and five non-directorate posts will be created in 2005–06. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2005–06, but the notional annual mid-point salary value of all such posts must not exceed \$18,885,000.

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

	2003–04 (Actual) (\$'000)	2004–05 (Original) (\$'000)	2004–05 (Revised) (\$'000)	2005–06 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	41,345	39,635	27,603	24,872
- Allowances	1,934	2,081	1,262	943
- Job-related allowances	2	4	1	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution	65	60	39	36
Departmental Expenses				
- General departmental expenses	44,247	51,611	33,955	41,119
Other Charges				
- Electronic Service Delivery scheme	25,381	39,981	6,102	—
	<u>112,974</u>	<u>133,372</u>	<u>68,962</u>	<u>66,974</u>

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Commitments

Sub- head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2004	Revised estimated expenditure for 2004–05	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	439	ITU TELECOM WORLD 2006	87,400	—	12,400	75,000
		Total	87,400	—	12,400	75,000