

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 2007–08	\$63.6m
Establishment ceiling 2007–08 (notional annual mid-point salary value) representing an estimated 48 non-directorate posts as at 31 March 2007 and as at 31 March 2008	\$16.3m
In addition, there will be an estimated four directorate posts as at 31 March 2007 and as at 31 March 2008.	
Commitment balance	\$0.3m

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

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	21.5	19.6	25.6 (+30.6%)	19.4 (–24.2%)
				(or –1.0% on 2006–07 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 2006–07, the Branch:

- continued to oversee the implementation of digital terrestrial television broadcasting in Hong Kong;
- consulted the public on the proposal for establishing a unified regulator by merging the Broadcasting Authority and the Telecommunications Authority;
- continued to oversee the operation of the Film Guarantee Fund and the Film Development Fund to support the film industry;
- consulted the public on the introduction of and regulatory framework for mobile television;
- sponsored training programmes on the application of digital technology in film productions;
- planned for public consultation on the policy and arrangements for future public service broadcasting; and
- commenced a review of the Control of Obscene and Indecent Articles Ordinance (COIAO), particularly the penalty provisions, with a view to enhancing the deterrent effect on repeated offenders.

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Matters Requiring Special Attention in 2007–08

6 During 2007–08, the key tasks will include:

- continuing to oversee the further implementation of digital terrestrial television broadcasting;
- introducing into the Legislative Council the necessary legislative proposal on the establishment of a unified regulator by merging the Broadcasting Authority and the Telecommunications Authority;
- continuing the review of the broadcasting regulatory regime in the light of technological and market convergence, which has blurred the boundary between information technology, telecommunications and broadcasting;
- following up on the outcome of the consultation on the introduction of and regulatory framework for mobile television;
- consulting the public on the policy and arrangements for future public service broadcasting and following up on the outcome of the consultation;
- rationalising the institutional framework of government and public organisations in respect of film industry development and support; and
- consulting the public on the proposals to amend the COIAO with a view to enhancing the deterrent effect on repeated offenders and following up on the outcome of the consultation.

Programme (2): Telecommunications

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	30.2	102.5	95.3 (–7.0%)	44.2 (–53.6%)
				(or –56.9% on 2006–07 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.

9 In 2006–07, the Branch:

- hosted the International Telecommunication Union (ITU) TELECOM WORLD 2006 exhibition and conference;
- introduced the Unsolicited Electronic Messages Bill into the Legislative Council to tackle the problem of unsolicited commercial electronic messages;
- consulted the public on the proposed spectrum policy framework, with a view to formulating a responsive and transparent spectrum policy for communications purposes;
- facilitated the public consultation on the telecommunications regulatory framework to cater for the convergence of fixed and mobile communications services;
- commenced the operation of the relevant sections of the Telecommunications Ordinance that regulate resellers of telecommunications services; and
- facilitated the public consultation on the auctioning and licensing arrangements for the release of radio spectrum for mobile telecommunications services using CDMA2000 standards in order to maintain continuity of CDMA services in Hong Kong.

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Matters Requiring Special Attention in 2007–08

10 During 2007–08, the key tasks will include:

- putting in place the necessary implementation arrangements after the Unsolicited Electronic Messages Bill is enacted;
- finalising the spectrum policy framework, developing implementation plans and conducting the necessary follow-up studies arising from the policy framework;
- continuing the review of the telecommunications regulatory framework to cater for the convergence of fixed and mobile communications services;
- facilitating the rollout of mobile telecommunications services using CDMA2000 standards; and
- facilitating the deployment of broadband wireless access technologies and services in Hong Kong.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2005-06 (Actual) (\$m)	2006-07 (Original) (\$m)	2006-07 (Revised) (\$m)	2007-08 (Estimate) (\$m)
(1) Broadcasting and Film Services.....	21.5	19.6	25.6	19.4
(2) Telecommunications.....	30.2	102.5	95.3	44.2
	51.7	122.1	120.9 (-1.0%)	63.6 (-47.4%)
				(or -47.9% on 2006-07 Original)

Analysis of Financial and Staffing Provision

Programme (1)

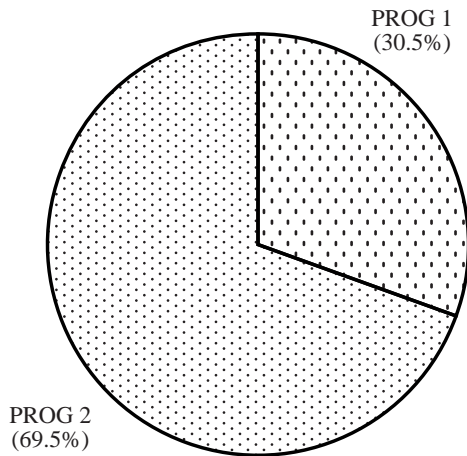
Provision for 2007-08 is \$6.2 million (24.2%) lower than the revised estimate for 2006-07. This is mainly due to the deletion of one supernumerary directorate post for the Committee on Review of Public Service Broadcasting, completion of most of the work in reviewing public service broadcasting, and reduced requirement for departmental expenses in 2006-07.

Programme (2)

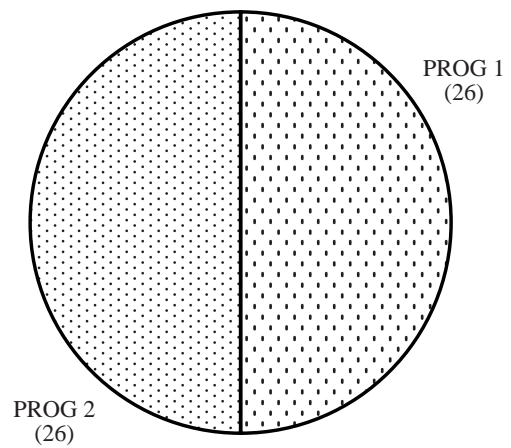
Provision for 2007-08 is \$51.1 million (53.6%) lower than the revised estimate for 2006-07. This is mainly due to the completion of the ITU TELECOM WORLD 2006 project, completion of the consultancy study on spectrum policy review, partly offset by pooling of resources for internal redeployment among 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 and increased provision for the Telecommunications (Competition Provisions) Appeal Board.

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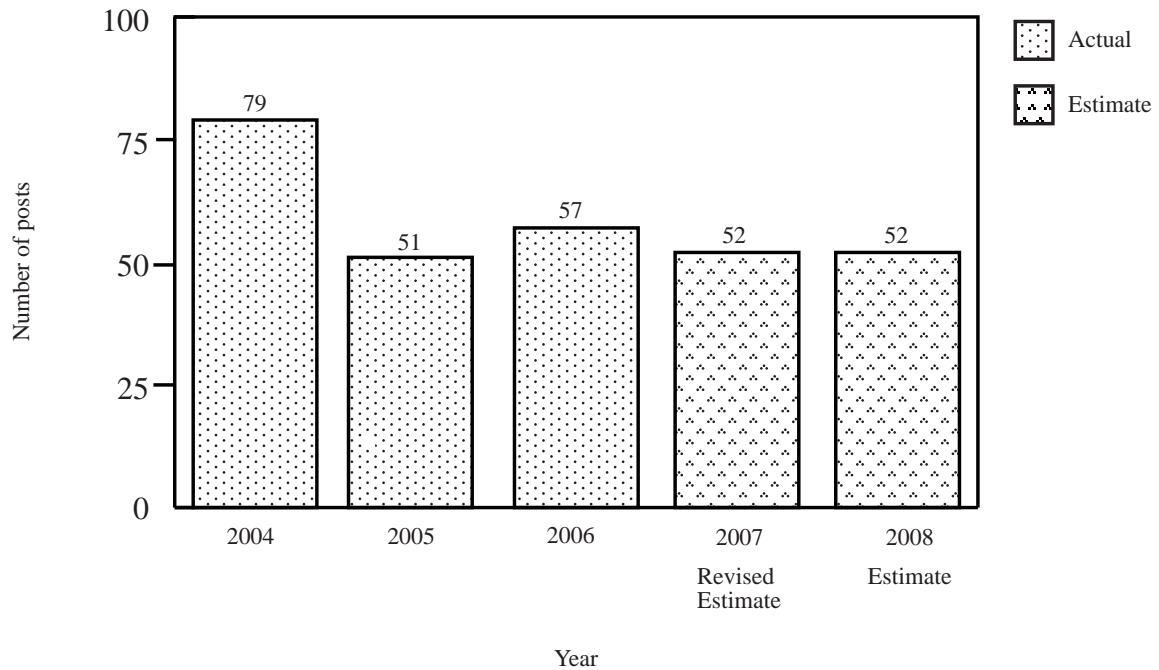
Allocation of provision to programmes (2007-08)



Staff by programme (as at 31 March 2008)



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



**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE, INDUSTRY AND
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Sub-head (Code)	Actual expenditure 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	Estimate 2007-08	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	44,785	60,680	54,920	63,271
	Total, Recurrent	<u>44,785</u>	<u>60,680</u>	<u>54,920</u>	<u>63,271</u>
Non-Recurrent					
700	General non-recurrent.....	6,867	61,434	65,986	323
	Total, Non-Recurrent	<u>6,867</u>	<u>61,434</u>	<u>65,986</u>	<u>323</u>
	Total, Operating Account.....	51,652	122,114	120,906	63,594
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	Total Expenditure.....	<u><u>51,652</u></u>	<u><u>122,114</u></u>	<u><u>120,906</u></u>	<u><u>63,594</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of the Communications and Technology Branch is \$63,594,000. This represents a decrease of \$57,312,000 against the revised estimate for 2006–07 and an increase of \$11,942,000 over actual expenditure in 2005–06.

Operating Account

Recurrent

2 Provision of \$63,271,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Technology Branch. The increase of \$8,351,000 (15.2%) over the revised estimates for 2006–07 is mainly due to redeployment of internal resources to pursue new initiatives and activities, and increased provision for the Telecommunications (Competition Provisions) Appeal Board, partly offset by deletion of one post for the Committee on Review of Public Service Broadcasting and six posts for the Hong Kong, China Secretariat for the ITU TELECOM WORLD 2006 project in 2006–07.

3 The establishment as at 31 March 2007 will be 52 permanent posts. No change in establishment is expected in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, but the notional annual mid-point salary value of all such posts must not exceed \$16,272,000.

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

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	2007–08 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	22,670	25,992	27,305	22,525
- Allowances.....	871	976	1,569	1,793
- Job-related allowances.....	—	4	1	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	16	12	39	37
- Civil Service Provident Fund contribution.....	89	149	13	54
Departmental Expenses				
- General departmental expenses.....	21,139	33,547	25,993	38,858
	44,785	60,680	54,920	63,271

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Commitments

Sub- head (Code)	Item (Code) Ambit	Approved commitment	Accumulated expenditure to 31.3.2006	Revised estimated expenditure for 2006-07	Balance
		————— \$'000	————— \$'000	————— \$'000	————— \$'000
<i>Operating Account</i>					
700	<i>General non-recurrent</i>				
493	Consultancy Study on Broadcasting Regulatory Regime Review	1,300	968	—	332
	Total.....	1,300	968	—	332