

Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND TECHNOLOGY BRANCH)

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

Estimate 2012–13..... **\$298.2m**

Establishment ceiling 2012–13 (notional annual mid-point salary value) representing an estimated 94 non-directorate posts as at 31 March 2012 rising by six posts to 100 posts as at 31 March 2013 **\$42.8m**

In addition, there will be an estimated five directorate posts as at 31 March 2012 rising by one post to six posts as at 31 March 2013.

Commitment balance **\$338.1m**

Controlling Officer's Report

Programmes

Programme (1) Broadcasting and Creative Industries These programmes contribute to Policy Area 17: Information Technology and Broadcasting (Secretary for Commerce and Economic Development).
Programme (2) Telecommunications

Detail

Programme (1): Broadcasting and Creative Industries

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	220.9	293.5	260.6 (–11.2%)	282.0 (+8.2%)
				(or –3.9% on 2011–12 Original)

Aim

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

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 creative industries.

4 The key performance is measured 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 2011–12, the Branch:

- oversaw the launch of digital audio broadcasting services by three sound broadcasting licensees and Radio Television Hong Kong (RTHK);
- oversaw the launch of broadcast-type mobile television services;
- monitored the implementation of digital terrestrial television broadcasting services;
- assisted in the processing of three applications for domestic free television programme service licences;
- oversaw the completion of the mid-term review of the two sound broadcasting licences;
- offered policy steer and resource support for RTHK for the implementation of various initiatives to fulfill its mission as a public service broadcaster;
- considered how to follow up on the review of the Control of Obscene and Indecent Articles Ordinance (Cap. 390) (COIAO);
- continued to consolidate Hong Kong's position in creativity and innovation in the region and promote Hong Kong as Asia's creative capital;

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- administered, through Create Hong Kong office (CreateHK), the CreateSmart Initiative (CSI), DesignSmart Initiative (DSI), Film Development Fund (FDF) and Film Guarantee Fund (FGF) to provide funding support to projects conducive to the development of creative industries of Hong Kong as well as to finance small-to-medium budget film productions;
- promoted the development of the film industry and continued to provide support services to facilitate film productions, in particular location filming in Hong Kong; and
- worked closely with the Hong Kong Design Centre (HKDC) to promote the use of design to help Hong Kong's industries move up the value chain.

Targets

	Target	2010 (Actual)	2011 (Actual)	2012 (Plan)
issuing discharge permits for the use of special effects materials under the Entertainment Special Effects Ordinance (Cap. 560)				
simple cases, intermediate cases and complicated cases within three, six and 14 working days respectively (%).....	100	100	100	100
issuing conveyance permits under the Entertainment Special Effects Ordinance within one working day (%)	100	100	100	100
issuing replies to enquiries relating to locations for film shooting within four working days (%)	100	100	100	100

Indicators

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
CSI			
applications received and processed	62	79§	74§
projects funded and being monitored.....	34	48§	60§
DSI			
applications received and processed	101	86§	75§
projects funded and being monitored.....	138	117§	84§
FDF			
applications for financing film production received and processed.....	12	12	12
applications for funding other film-related projects received and processed.....	25	14	14
film production projects funded and being monitored	19	22	22
other film-related projects funded and being monitored	35	39	39
FGF			
applications received and processed	0	0	1
projects funded and being monitored.....	1	1	2

§ Except for the funding committed for the Design-Business Collaboration Scheme, Design Incubation Programme and other engaging projects, the DSI has migrated to the CSI since 1 June 2011. New design-related projects can apply for funding under the CSI.

Matters Requiring Special Attention in 2012–13

- 6** During 2012–13, the Branch will continue to:
- oversee the launch of digital audio broadcasting services;
 - monitor the implementation of digital terrestrial television broadcasting services;
 - assist in the processing of three applications for domestic free television programme service licences;
 - oversee the development plans for RTHK as a public service broadcaster;

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- seek ways to ensure that the COIAO regime adequately serves the needs of the community;
- promote Hong Kong as Asia’s creative capital, especially through organising the “Hong Kong Design Year” in 2012; and
- administer the various funding schemes under CreateHK.

Programme (2): Telecommunications

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	16.4	17.4	14.8 (–14.9%)	16.2 (+9.5%)
				(or –6.9% on 2011–12 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 to facilitate effective competition, enhance consumer choice and promote investments in the development of a competitive, advanced and high bandwidth infrastructure accessible by the consumers through wireline or wireless means. This will enhance Hong Kong’s position as a world-class telecommunications centre.

9 In 2011–12, the Branch:

- facilitated the passage of the Communications Authority Bill and followed through the establishment of the Communications Authority (CA), a unified regulator for telecommunications and broadcasting and its executive arm, the Office of the Communications Authority (OFCA);
- monitored the effectiveness of self-regulatory schemes for telecommunications services with a view to safeguarding consumers’ interests;
- reviewed the feedback received during the public consultation on issues relating to the implementation of Customer Complaint Settlement Scheme (CCSS) as an alternative to resolve contractual disputes between telecommunications service operators and customers on a long term and sustainable basis;
- oversaw the issuance of guidelines on the implementation of fair usage policy for the provision of fixed and mobile broadband services for mandatory compliance by telecommunications service operators;
- monitored the transition to the new regulatory framework in respect of the convergence of fixed and mobile communications services;
- oversaw the public consultation on regulatory framework for the future regime of local access charge for the interconnection between local fixed/mobile network operators and external telecommunications service providers;
- facilitated the rollout of high speed mobile broadband services in Hong Kong and prepared for the auction of radio spectrum in the 2.3GHz band for the further development of 4G public mobile communications services;
- followed up on the licensing and rollout of public mobile services using the spectrum released through auctions in the 850MHz and 900MHz bands of spectrum;
- completed public consultation and publicised the decision on the introduction of spectrum utilisation fees on administratively assigned spectrum;
- completed the consultancy study on the feasibility of introducing spectrum trading in Hong Kong and reviewed the recommendations;
- implemented procedures to facilitate landing of new submarine cables to Hong Kong in a simpler and speedier manner; and
- commissioned a consultancy study on the implications of the development of the next generation networks on the regulation of telecommunications services.

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Matters Requiring Special Attention in 2012–13

10 During 2012–13, the key tasks will include:

- establishing the CA and the OFCA;
- continuing to monitor the effectiveness of self-regulatory schemes for safeguarding consumers' interests;
- evaluating options and carrying out discussion with the industry with a view to implementing CCSS on a long term and sustainable basis;
- continuing to monitor the transition to the new regulatory framework in respect of the convergence of fixed and mobile communications services;
- mapping out the way forward on an updated local access charge regime to ensure a fair and updated regulatory regime conducive to service and technology developments in the telecommunications market;
- continuing to facilitate the rollout of high speed mobile broadband services in Hong Kong and preparing for the auction of radio spectrum in the 2.5 – 2.6 GHz bands for the further development of 4G public mobile communications services;
- following up on the rollout of public mobile services using the spectrum released through auctions in the 850MHz and 900MHz bands of spectrum;
- starting a spectrum utilisation fees charging scheme for administratively assigned spectrum with a view to encouraging more efficient use of scarce frequency resources;
- continuing to examine the feasibility of introducing radio spectrum trading in Hong Kong;
- continuing to facilitate the landing of new submarine cables in Hong Kong; and
- overseeing and completing the consultancy study on the implications of the development of the next generation networks on the regulation of telecommunications services for mapping out the way forward.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2010-11 (Actual) (\$m)	2011-12 (Original) (\$m)	2011-12 (Revised) (\$m)	2012-13 (Estimate) (\$m)
(1) Broadcasting and Creative Industries.....	220.9	293.5	260.6	282.0
(2) Telecommunications	16.4	17.4	14.8	16.2
	<hr/> 237.3	<hr/> 310.9	<hr/> 275.4 (-11.4%)	<hr/> 298.2 (+8.3%)
				(or -4.1% on 2011-12 Original)

Analysis of Financial and Staffing Provision

Programme (1)

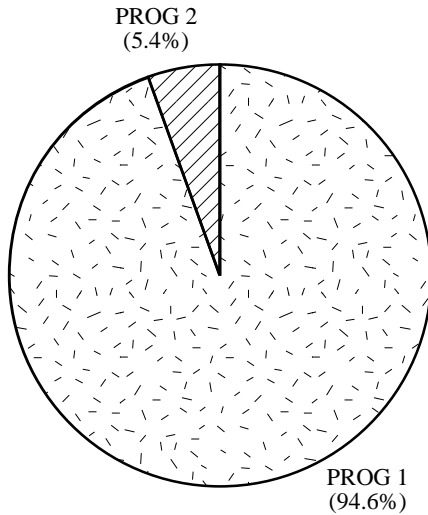
Provision for 2012-13 is \$21.4 million (8.2%) higher than the revised estimate for 2011-12. This is mainly due to the increase of seven posts and increased provision for general departmental expenses.

Programme (2)

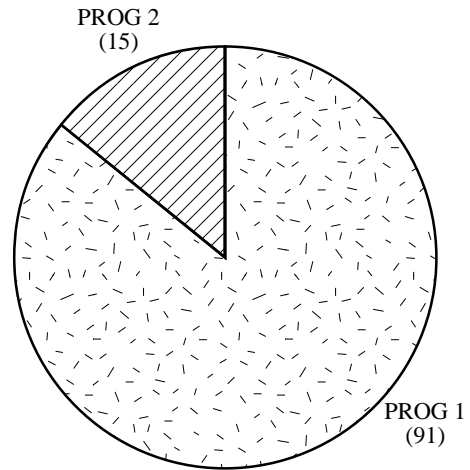
Provision for 2012-13 is \$1.4 million (9.5%) higher than the revised estimate for 2011-12. This is mainly due to the increased provision for the Telecommunications (Competition Provisions) Appeal Board and general departmental expenses.

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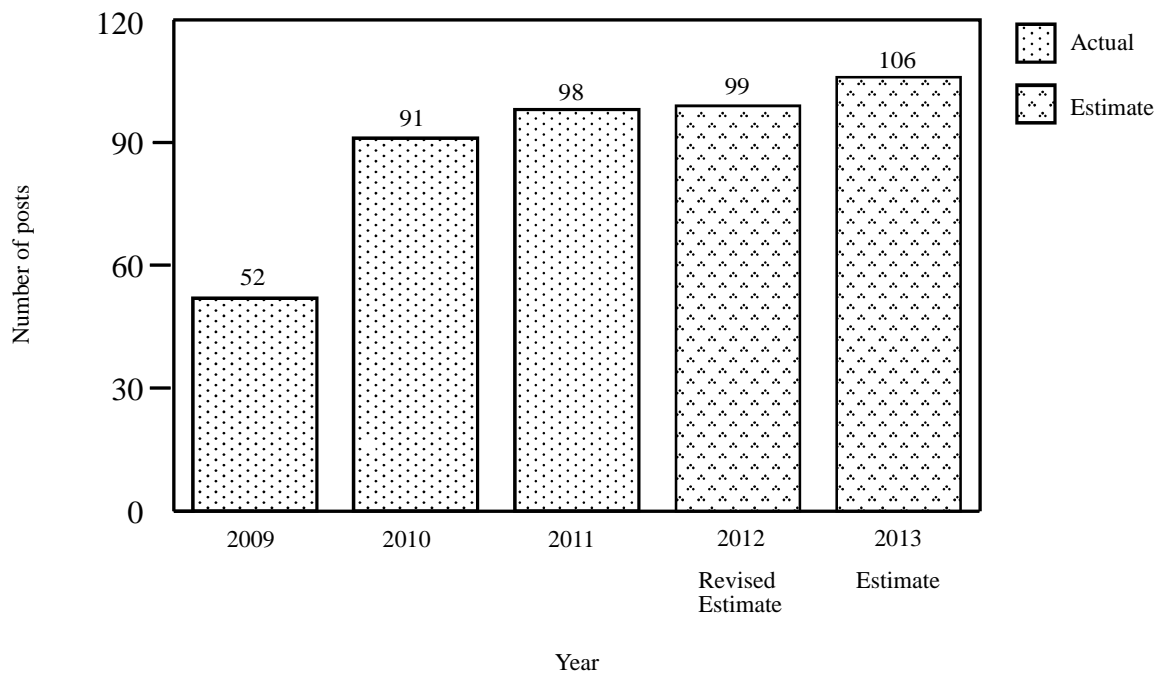
Allocation of provision to programmes (2012-13)



Staff by programme (as at 31 March 2013)



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



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Sub-head (Code)	Actual expenditure 2010–11	Approved estimate 2011–12	Revised estimate 2011–12	Estimate 2012–13	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	108,118	122,947	115,926	151,708
	Total, Recurrent	108,118	122,947	115,926	151,708
Non-Recurrent					
700	General non-recurrent	129,168	187,943	159,517	146,506
	Total, Non-Recurrent	129,168	187,943	159,517	146,506
	Total, Operating Account	237,286	310,890	275,443	298,214
Total Expenditure					
		237,286	310,890	275,443	298,214

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Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the Communications and Technology Branch is \$298,214,000. This represents an increase of \$22,771,000 over the revised estimate for 2011–12 and of \$60,928,000 over the actual expenditure in 2010–11.

Operating Account

Recurrent

2 Provision of \$151,708,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Technology Branch. The increase of \$35,782,000 (30.9%) over the revised estimates for 2011–12 is mainly due to the increased departmental expenses, increased provision for the Telecommunications (Competition Provisions) Appeal Board and increased salary provision arising from the creation of new posts.

3 The establishment as at 31 March 2012 will be 99 permanent posts. It is expected that there will be an increase of seven permanent posts in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$42,751,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	2012–13 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	48,476	49,385	51,389	55,714
- Allowances	1,410	1,433	1,617	1,783
- Job-related allowances.....	—	4	2	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution	149	80	190	163
- Civil Service Provident Fund contribution	518	904	614	881
Departmental Expenses				
- General departmental expenses	57,565	71,141	62,114	93,163
	<hr/> 108,118	<hr/> 122,947	<hr/> 115,926	<hr/> 151,708 <hr/>

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Commitments

Sub- head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2011	Revised estimated expenditure for 2011-12	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
438	DesignSmart Initiative		250,000	198,101	18,056	33,843
480	Film Development Fund		320,000	138,470	44,331	137,199
866	CreateSmart Initiative		300,000	59,766	76,162	164,072
897	Hong Kong Design Centre.....		100,000	76,032	20,968	3,000
	Total		<u>970,000</u>	<u>472,369</u>	<u>159,517</u>	<u>338,114</u>