

**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND
CREATIVE INDUSTRIES BRANCH)**

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

Estimate 2017–18 **\$409.4m**

Establishment ceiling 2017–18 (notional annual mid-point salary value) representing an estimated 111 non-directorate posts as at 31 March 2017 rising by one post to 112 posts as at 31 March 2018 ... **\$64.7m**

In addition, there will be an estimated nine directorate posts as at 31 March 2017 and as at 31 March 2018.

Commitment balance..... **\$623.0m**

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

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	269.2	392.3	372.6 (–5.0%)	384.6 (+3.2%)
				(or –2.0% on 2016–17 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 Creative Industries 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 by the extent to which the policy objectives have been achieved and the progress made in implementing the various policy commitments. It is also reflected by the extent to which the executive departments have accomplished their programmes efficiently and cost-effectively.

5 In 2016–17, the Branch:

- monitored the implementation of digital terrestrial television (DTT) broadcasting services;
- assisted in the licensing and regulatory matters, including those in relation to the domestic free television programme services, domestic pay television programme services and analogue sound broadcasting services;
- offered policy steer and resource support for Radio Television Hong Kong (RTHK) for the implementation of various initiatives to fulfil its mission as a public service broadcaster;
- monitored the implementation of digital audio broadcasting (DAB) services and conducted a review on the development of DAB services in Hong Kong;
- continued to formulate legislative proposals to reform and improve the Control of Obscene and Indecent Articles Ordinance (Cap. 390) (COIAO) regime;
- worked with the trade to promote Hong Kong as Asia’s creative capital;
- launched measures to promote the development of the fashion design industry;

**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND
CREATIVE INDUSTRIES BRANCH)**

- administered, through Create Hong Kong office (CreateHK), the CreateSmart Initiative (CSI) to provide funding support to non-film related projects conducive to the development of creative industries of Hong Kong;
- administered, through CreateHK, the Film Development Fund (FDF) to promote the development of the film industry and finance small to medium budget film productions for commercial release, and provided support services to facilitate film productions, in particular location filming in Hong Kong;
- worked closely with the Hong Kong Design Centre to promote the use of design across all sectors in Hong Kong and, through the Design Incubation Programme, to provide incubation services to design start-ups; and
- started the preparatory work for comprehensive review of the Broadcasting Ordinance (Cap. 562) and the Telecommunications Ordinance (Cap. 106).

Targets

	Target	2015 (Actual)	2016 (Actual)	2017 (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

	2015 (Actual)	2016 (Actual)	2017 (Estimate)
CSI@			
applications received.....	162	82	83
applications approved.....	67	51	42
applications refused.....	30	60	14
FDF			
film production projects			
applications received.....	12	13	8
applications approved.....	3	4	6
applications refused.....	0	13	7
other film-related projects			
applications received.....	24	27	27
applications approved.....	24	15	30
applications refused.....	2	0	1

@ Including the Design-Business Collaboration Scheme (DBCS) applications received on or after 24 May 2013. The DBCS no longer accepts applications with effect from 1 January 2016.

Matters Requiring Special Attention in 2017–18

6 During 2017–18, the Branch will:

- continue to monitor the implementation of DTT broadcasting services and conduct a review on the working target for switching off analogue television services in Hong Kong;
- continue to assist in the licensing and regulatory matters in relation to domestic free television programme services, domestic pay television programme services and analogue sound broadcasting services;
- continue to oversee the development plans for RTHK as a public service broadcaster;
- complete the review on the development of DAB services in Hong Kong and map out the way forward;
- continue to formulate legislative proposals to reform and improve the COIAO regime;

**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND
CREATIVE INDUSTRIES BRANCH)**

- continue to support the organisation of signature events to promote Hong Kong as Asia's creative capital;
- organise or sponsor events to celebrate the 20th Anniversary of the Establishment of the Hong Kong Special Administrative Region and to showcase the strengths and achievements of Hong Kong's creative industries;
- continue to administer the various funding schemes under CreateHK; and
- continue to conduct the comprehensive review of the Broadcasting Ordinance and the Telecommunications Ordinance.

Programme (2): Telecommunications

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	13.7	22.1	15.3 (–30.8%)	24.8 (+62.1%)
				(or +12.2% on 2016–17 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 2016–17, the Branch:

- monitored the effectiveness of the mandatory guidelines and self-regulatory schemes for safeguarding consumers' interests;
- monitored the performance and the governance of the Customer Complaint Settlement Scheme (CCSS);
- oversaw the implementation of the interconnection arrangements between telecommunications operators;
- worked with the Communications Authority (CA) on the re-assignment arrangements for the frequency spectrum in the 1.9 – 2.2 GHz band in view of the expiry of the existing assignments in October 2016, including ensuring the smooth changeover of part of the frequency spectrum in the band to new assignees acquiring the spectrum through auction;
- worked with the CA to prepare for the re-assignment arrangements for the frequency spectrum in the 900 MHz and 1800 MHz bands in view of the expiry of the existing assignments in the period between November 2020 and September 2021;
- oversaw the provision of single point of contact service to facilitate the landing of new submarine cables in Hong Kong;
- monitored the migration of traditional networks to next generation networks by the industry and ensured that the regulatory regime remains updated and appropriate in the next generation network era;
- prepared for the implementation of a spectrum utilisation fees charging scheme for spectrum assigned administratively with a view to encouraging more efficient use of scarce frequency resources;
- implemented the relevant legislative amendments to the general conditions of carrier licences issued under the Telecommunications Ordinance;
- monitored the implementation and effectiveness of the legislation in facilitating market competition and the fair trading practices of telecommunications and broadcasting licensees;
- monitored the demand of the industry for spectrum trading;
- oversaw the efficient utilisation of the numbering plan;
- prepared the launch of a public consultation on strengthening the regulation of person-to-person telemarketing calls; and
- started the preparatory work for comprehensive review of the Telecommunications Ordinance and the Broadcasting Ordinance.

**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND
CREATIVE INDUSTRIES BRANCH)**

Matters Requiring Special Attention in 2017–18

10 During 2017–18, the Branch will:

- continue to monitor the effectiveness of the mandatory guidelines and self-regulatory schemes for safeguarding consumers' interests,
- continue to monitor the performance and governance of the CCSS,
- continue to oversee the implementation of the interconnection arrangements between telecommunications operators,
- continue to work with the CA to prepare for the re-assignment arrangements of the frequency spectrum in the 900 MHz and 1800 MHz bands in view of the expiry of the existing assignments in the period between November 2020 and September 2021,
- continue to facilitate the landing of new submarine cables in Hong Kong,
- continue to monitor the development of next generation networks and ensuring that the regulatory regime remains updated and appropriate in the next generation network era,
- continue to prepare for the implementation of a spectrum utilisation fee charging scheme for spectrum assigned administratively with a view to encouraging more efficient use of scarce frequency resources,
- continue to monitor the implementation and effectiveness of the legislation in facilitating market competition and the fair trading practices of the telecommunications and broadcasting licensees,
- continue to monitor the demand of the industry for spectrum trading,
- continue to oversee the efficient utilisation of the numbering plan,
- continue the public consultation and map out the way forward on strengthening the regulation of person-to-person telemarketing calls, and
- continue to conduct the comprehensive review of the Telecommunications Ordinance and the Broadcasting Ordinance.

**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND
CREATIVE INDUSTRIES BRANCH)**

ANALYSIS OF FINANCIAL PROVISION

	2015–16 (Actual) (\$m)	2016–17 (Original) (\$m)	2016–17 (Revised) (\$m)	2017–18 (Estimate) (\$m)
Programme				
(1) Broadcasting and Creative Industries.....	269.2	392.3	372.6	384.6
(2) Telecommunications	13.7	22.1	15.3	24.8
	282.9	414.4	387.9 (–6.4%)	409.4 (+5.5%)
				(or –1.2% on 2016–17 Original)

Analysis of Financial and Staffing Provision

Programme (1)

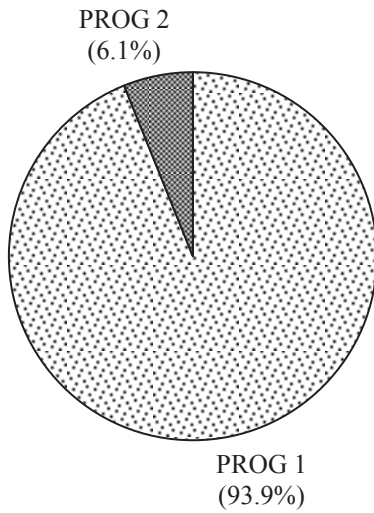
Provision for 2017–18 is \$12.0 million (3.2%) higher than the revised estimate for 2016–17. This is mainly due to increase in cash flow requirement for general non-recurrent items, increased provision for general departmental expenses and a net increase of one post.

Programme (2)

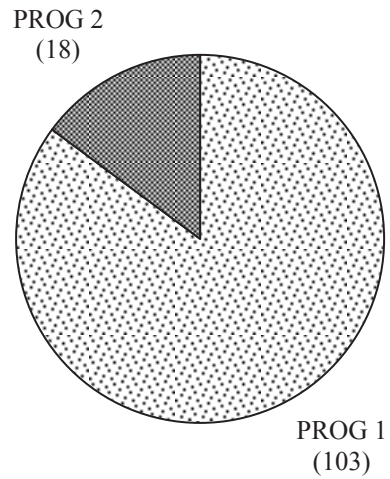
Provision for 2017–18 is \$9.5 million (62.1%) higher than the revised estimate for 2016–17. This is mainly due to the increased requirement for general departmental expenses.

**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND
CREATIVE INDUSTRIES BRANCH)**

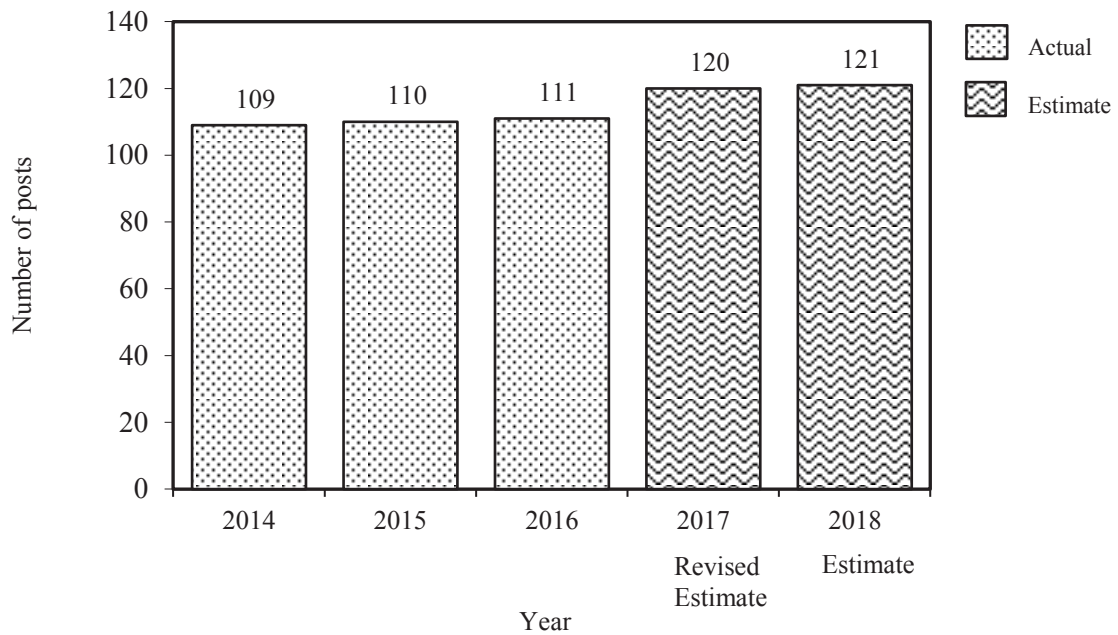
*Allocation of provision
to programmes
(2017-18)*



*Staff by programme
(as at 31 March 2018)*



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



**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND
CREATIVE INDUSTRIES BRANCH)**

Sub-head (Code)	Actual expenditure 2015-16	Approved estimate 2016-17	Revised estimate 2016-17	Estimate 2017-18	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	130,205	177,690	149,469	163,655
	Total, Recurrent.....	130,205	177,690	149,469	163,655
Non-Recurrent					
700	General non-recurrent	152,738	236,679	238,400	245,714
	Total, Non-Recurrent.....	152,738	236,679	238,400	245,714
	Total, Operating Account	282,943	414,369	387,869	409,369

	Total Expenditure	282,943	414,369	387,869	409,369
		<u>282,943</u>	<u>414,369</u>	<u>387,869</u>	<u>409,369</u>

**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND
CREATIVE INDUSTRIES BRANCH)**

Details of Expenditure by Subhead

The estimate of the amount required in 2017–18 for the salaries and expenses of the Communications and Creative Industries Branch is \$409,369,000. This represents an increase of \$21,500,000 over the revised estimate for 2016–17 and \$126,426,000 over the actual expenditure in 2015–16.

Operating Account

Recurrent

2 Provision of \$163,655,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Creative Industries Branch.

3 The establishment as at 31 March 2017 will be 120 posts. It is expected that there will be a net increase of one post in 2017–18. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2017–18, but the notional annual mid-point salary value of all such posts must not exceed \$64,724,000.

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

	2015–16 (Actual) (\$'000)	2016–17 (Original) (\$'000)	2016–17 (Revised) (\$'000)	2017–18 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	73,081	81,964	78,918	84,016
- Allowances.....	1,195	1,289	1,835	2,083
- Job-related allowances.....	—	4	2	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	304	267	325	281
- Civil Service Provident Fund contribution.....	1,619	1,919	2,228	2,703
Departmental Expenses				
- General departmental expenses	54,006	92,247	66,161	74,568
	130,205	177,690	149,469	163,655

**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND
CREATIVE INDUSTRIES BRANCH)**

Commitments

Sub- head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2016	Revised estimated expenditure for 2016-17	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
	480	Film Development Fund.....	540,000	307,492	47,668	184,840
	830	Design Incubation Programme.....	26,250	13,828	6,239	6,183
	866	CreateSmart Initiative	1,000,000	461,488	153,896	384,616
	897	Hong Kong Design Centre	268,600	190,600	30,597	47,403
		Total	1,834,850	973,408	238,400	623,042