

Head 180 — TELEVISION AND ENTERTAINMENT LICENSING AUTHORITY

Controlling officer: the Commissioner for Television and Entertainment Licensing will account for expenditure under this Head.

Estimate 2003–04 **\$117.4m**

Establishment ceiling 2003–04 (notional annual mid-point salary value) representing an estimated 179 non-directorate posts as at 31 March 2003 reducing by three posts to 176 posts as at 31 March 2004..... **\$60.5m**

In addition there will be an estimated three directorate posts as at 31 March 2003 and as at 31 March 2004.

Capital Account commitment balance **\$68.0m**

Controlling Officer's Report

Programmes

Programme (1) Broadcast Monitoring and Regulation	These programmes contribute to Policy Area 17: Information Technology and Broadcasting (Secretary for Commerce, Industry and Technology).
Programme (2) Film Services	
Programme (3) Film Classification and Control of Obscene and Indecent Articles	
Programme (4) Entertainment Licensing	This programme contributes to Policy Area 18: Recreation, Culture, Amenities and Entertainment Licensing (Secretary for Home Affairs).

Detail

Programme (1): Broadcast Monitoring and Regulation

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	31.1	33.5 (+7.7%)	30.1 (–10.1%)	34.9 (+15.9%)

Aim

2 The aim is to implement a fair, open and business-friendly regulatory regime which is conducive to the further development of the broadcasting sector; administer all broadcasting licences; secure proper standards of broadcasting with regard to both programmes and advertising; and ensure that broadcasting licensees comply with the provisions of the relevant legislation, licence conditions and codes of practice.

Brief Description

3 The Broadcasting Division is responsible for the regulation of licensed broadcasting services on behalf of the Broadcasting Authority (BA). In accordance with a voluntary agreement between BA and Radio Television Hong Kong (RTHK), the division also deals with complaints directed at the programmes produced by RTHK. The division's work involves:

- the provision of secretariat services for the BA and its committees;
- the provision of advice to the BA in respect of the regulation of broadcasting, review of legislation and grant of domestic free and domestic pay television programme service licences;
- the provision of support to the BA in the enforcement of the competition provisions in the Broadcasting Ordinance;
- the processing of applications for non-domestic and other licensable television programme service licences;
- the carrying out of mid-term review and renewal of broadcasters' licences;
- the drafting and review of codes of practice for television and sound broadcasting services;
- the processing of applications by licensees for exemption from their licence conditions;
- the processing of public complaints about broadcasting;
- gauging public opinion on broadcasting standards;

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- the promotion of public understanding of broadcasting regulations and the importance of guidance to children in watching television; and
- publicising the work of the BA.

4 The performance targets set for 2002 were fully met. The number of complaints received and processed was about 7% higher than the estimate.

5 During the year, we conducted 31 talks to schools, parent-teacher associations and youth centres to promote a better understanding of broadcasting regulations and the importance of parental involvement in television viewing. We conducted less school talks in 2002 because of the need to re-deploy resources to conduct public hearings for television and radio licensees, being part of the licence renewal exercise for the two domestic free television service licensees and the two sound broadcasting licensees. In turn, we have made school talk material available on the BA website.

6 We assisted the BA in conducting the review on the Generic Codes of Practice on Television Advertising Standards and Television Programme Standards for relaxing the existing restrictions on sponsored programmes and product placement to provide a more conducive business environment for the domestic free television programme service licensees. We also assisted the BA in the investigation of competition complaints.

7 We assisted the BA in commissioning a broadcasting services survey to collect public opinion on the domestic free television programme services and the sound broadcasting services and conducting two public hearings for the renewal of the domestic free television programme service licences and the sound broadcasting service licences respectively in April and November 2002. Based on BA's recommendation, the Chief Executive in Council renewed the domestic free television programme service licences in November 2002. The renewal exercise for the two sound broadcasting licences has already started.

8 We assisted the BA in publishing the guidance notes and specified forms for applications for domestic free, domestic pay and other licensable television programme service licences.

9 We worked with the Office of the Telecommunications Authority in the preparation of the accounting manual to facilitate the separation of licensees' accounts for the broadcasting and telecommunications businesses, so as to enhance transparency and guard against cross-subsidisation.

10 Preparation is under way to conduct a sector-wide seminar and briefing session to promote understanding of regulatory issues in a technologically-convergent environment in early 2003.

11 The key performance measures in respect of the monitoring and regulation of broadcasting are:

Targets

	Target Wkg Days	2001 (Actual) Targets achieved	2002 (Actual) Targets achieved	2003 (Plan)
Issue of interim replies relating to complaints about TV and radio broadcasting.....	6	100%	99.9%	6
Issue of substantive replies to complainants informing them of the investigation results on their complaints on TV and radio broadcasting.....	15	98%^	99.8%	15

^ The target in 2001 was 20 working days

Indicators

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
Codes of practice items reviewed.....	70	—	12
New codes of practice issued	3	—	—
Guidelines issued.....	4	2	2
Number of licences issued.....	26	7	3
Number of licence renewals†	3	5§	4@
Complaints (excluding competition) processed.....	2 704	3 106	3 100
Competition complaint processed	N.A.#	1	1
Applications pursuant to licence conditions processed	223	252	250
Broadcasting Authority meetings	13	12	12
Number of Broadcasting Authority Complaints Committee meetings.....	12	13	12
Number of Broadcasting Authority Codes of Practice Committee meetings	2	—	2
Number of talks and seminars conducted	60	31	45

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Not applicable. The first competition complaint was received in 2002 following the enactment of the competition provisions under the Broadcasting Ordinance in 2001.

† Revised indicator to include the term-end renewal of licences in addition to mid-term reviews.

§ The licences involved are those of ATV, TVB, Metro (extended for 15 months) and two OLTVPS (Hotel) licences renewed in 2002.

@ The licences involved are those of Metro, Commercial Radio Hong Kong (CR) and two OLTVPS (Hotel) licences to be renewed in 2003.

Matters Requiring Special Attention in 2003–04

12 During 2003–04, the department will:

- assist the BA in finalising the recommendations to the Chief Executive in Council for the renewal of the licences of Metro, CR, Hong Kong Cable Television Limited & PCCW VOD;
- assist the BA in reviewing the television and radio codes of practice on programme and advertising standards to reduce the compliance burden of the licensees; and
- assist the BA in promulgating an accounting manual to facilitate the separation of licensees' accounts for the broadcasting and telecommunications businesses, so as to enhance transparency and guard against cross-subsidisation.

Programme (2): Film Services

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	22.4	30.2 (+34.8%)	19.7 (–34.8%)	27.6 (+40.1%)

Aim

13 The aim is to facilitate the development of the film industry in Hong Kong.

Brief Description

14 The Film Services Office is responsible for providing support services to the local film industry to develop and maintain its position as the world's major film production centre. Its functions include:

- facilitating film production, in particular location shooting of films in Hong Kong;
- regulating the use of special effects materials for producing entertainment special effects in films, television programmes and theatrical performances;
- maintaining a resource centre on film production services in Hong Kong;
- facilitating the organisation of film festivals/exhibitions and trade shows in Hong Kong and overseas;
- facilitating the publication of trade promotion materials relating to the film industry;
- developing and organising overseas training programmes with the film industry and the tertiary institutions to improve the technical and technological know-how of the film industry workforce; and
- administering the Film Development Fund to provide funding support to projects beneficial to the healthy and long term development of the local film industry.

15 The key performance measures in respect of film services are:

Targets

	Target Wkg Days	2001 (Actual) Targets achieved	2002 (Actual) Targets achieved	2003 (Plan)
Issue of discharge permits for the use of special effects materials under the Entertainment Special Effects Ordinance				
simple cases	3	98%	98%	3
intermediate cases	6	98%	98%	6
complicated cases	14	98%	100%	14
Issue of conveyance permits under the Entertainment Special Effects Ordinance	2	100%	100%	2

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	Target Wkg Days	2001 (Actual) Targets achieved	2002 (Actual) Targets achieved	2003 (Plan)
Issue of replies to enquiries relating to locations for film shooting.....	4	100%	100%	4
Issue of initial comments in respect of Film Development Fund funding applications	7	N.A.#	100%	7
Issue of notifications on the decisions of the Projects Vetting Committee in respect of Film Development Fund funding applications	5	N.A.#	100%	5

Not applicable. The performance pledges were introduced in June 2002.

Indicators

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
Number of applications processed under the Entertainment Special Effects Ordinance licence	164	60	160†
permit	525	780	780
Number of Film Development Fund applications processed...	24	24	24
Number of Film Development Fund projects being monitored.....	30	31	31
Number of complicated applications for location shooting handled.....	281	398^	280
Number of suggestions on location shooting sites given	221	224	220
Number of overseas film festivals given assistance.....	7	4	4β
Number of international conferences attended to promote Hong Kong films and Hong Kong as a location for filming.....	2	3	2
Number of promotional publications issued.....	10	8	8
Number of applications for use of government land for filming requiring assistance and co-ordination	43	54^	40
Number of applications for lane closure for filming processed	35	58^	40
Number of applications for use of public hospitals for filming requiring assistance and co-ordination	N.A.Ω	34	30

† The licences under the Entertainment Special Effects Ordinance (commenced in March 2001) are valid for two years and therefore an increase in the number of applications is expected in 2003.

^ The increase is due to a number of major film projects which required assistance.

β The decision to hold Hong Kong film festivals overseas rests with the ETO concerned.

Ω The service was introduced in May 2002.

Matters Requiring Special Attention in 2003–04

16 During 2003–04, the department will:

- continue to explore with film industry organisations and tertiary institutions the possibility of developing training programmes to enhance professionalism and encourage the application of digital technology in film productions;
- prepare for the introduction of a film financing infrastructure;
- maintain an updated database on film production services at the Resource Centre and on the website;
- continue to promote Hong Kong films and Hong Kong as a location for filming in international markets and trade shows;
- continue to work with government departments and other organisations to streamline application procedures for location shooting and to provide one-stop service for applications of a more complicated nature; and
- co-ordinate the processing of filmmakers' applications for lane closures for location filming.

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Programme (3): Film Classification and Control of Obscene and Indecent Articles

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	36.4	45.2 (+24.2%)	35.1 (–22.3%)	43.5 (+23.9%)

Aim

17 The aim is to enforce a system of film classification through a censorship scheme which meets the needs and reflects the moral standards of the community; and to control, together with the Police and the Customs and Excise Department, the publication of obscene and indecent articles by enforcing the Control of Obscene and Indecent Articles Ordinance (COIAO).

Brief Description

18 The Film Division is responsible for the examination of films for public exhibition under the 3-tier film classification system and the examination of advertising materials and packagings of Category III films. The work of the division involves:

- the classification of films for public exhibition and publication;
- the exemption of films from classification;
- the examination of packagings of video tapes and laser discs of Category III films;
- the examination of advertising materials of films;
- the inspection of cinemas to enforce the age restriction for audience admission and other provisions under the Film Censorship Ordinance;
- the inspection of video shops and other retail outlets to regulate the publication of films in the form of video tape and laser disc; and
- maintaining a public advisory panel system to allow public participation in the film classification process.

19 The targets set for 2002 were fully achieved.

20 On the enforcement of COIAO, the department is responsible for:

- regulating the publication and public display of obscene and indecent articles under the COIAO through monitoring of articles published in the media and inspections of newspaper stalls, video and computer shops and other retail outlets;
- submitting dubious articles to the Obscene Articles Tribunal for classification and taking appropriate enforcement action;
- liaising with Internet Service Providers (ISPs) and the Hong Kong Internet Service Providers Association (HKISPA) on the regulation of obscene and indecent materials transmitted through the Internet;
- organising education and publicity programmes to promote public awareness on the provisions of the COIAO;
- processing of complaints relating to the publication of obscene and indecent articles; and
- conducting periodic public opinion survey on the moral standards of reasonable members of the community.

21 In 2002, we continued our momentum in promoting public awareness of the protection of youth from indecent and obscene materials. As part of the publicity activities, we provided funding to a number of voluntary organisations and youth bodies for launching 24 projects aimed at providing proper counselling and guidance for children and youths. We placed particular emphasis on promoting safe and smart use of the Internet. We launched a Cyber Ambassador Award Scheme and organised a Ten Healthy Websites Contest. In 2002, we maintained our enforcement efforts against the sale of indecent and obscene articles in various retail outlets.

22 The key performance measures in respect of film classification and control of obscene and indecent articles are:

Targets

	Target Wkg Days	2001 (Actual) Targets achieved	2002 (Actual) Targets achieved	2003 (Plan)
<i>Film classification</i>				
Assignment of film viewing sessions for films submitted for classification.....	7	100%	100%	7

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	Target Wkg Days	2001 (Actual) Targets achieved	2002 (Actual) Targets achieved	2003 (Plan)
Notification to applicants on decisions about film classification	8	100%	100%	7
Issue of Certificates of Exemption to applicants	3	100%	100%	3
Issue of Certificates of Packaging to applicants	3	100%	100%	2
Issue of Certificates of Advertising Materials to applicants	3	100%	100%	2
<i>COIAO</i>				
Issue of interim replies to complainants.....	7	100%	100%	7
Issue of substantive replies to complainants regarding investigation results on their complaints.....	20	100%	100%	20

Indicators

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
<i>Film classification</i>			
Films classified.....	1 169	1 944#	1 950
Films exempted	2 880	6 299#	6 300
Packagings examined	218	86†	50
Advertising materials of films examined	725	498†	400
Inspections conducted	2 939	2 026v	2 000
<i>COIAO</i>			
Articles scrutinised	16 182	17 438	17 500
Inspections conducted	59 582	85 411	85 000
Articles referred to the Obscene Articles Tribunal for classification	1 682	960	1 000
Number of COIAO enforcement operations conducted by the department	482	460	500
joint operations with the Police/Customs and Excise Department	31	30	35
Number of obscene and indecent articles seized	577 968	526 493	526 000
Summonses served under the COIAO	366	512	500
Number of talks and seminars conducted	170	201	200

The increase is due to an increase in multi-media outlets.

† The decrease is due to a drop in the number of Category III films examined.

v The decrease is due to a drop in number of Category III films.

Matters Requiring Special Attention in 2003–04

23 During 2003–04, the department will:

- further publicise and enhance public understanding of the film classification system by giving talks to schools, parents, teachers associations or youth centres;
- shorten the time required for issuing Certificates of Packaging and Advertising Materials to applicants;
- enhance public awareness of the provisions of the COIAO through publicity and public education activities with the relevant government departments and community organisations;
- further promote the proper use of the Internet through organising promotional activities for students and the production of publicity materials for distribution to parents, teachers and young persons;
- maintain effective monitoring of the publication and public display of indecent and obscene articles;
- continue to maintain the enforcement momentum against the sale of obscene and indecent articles and mount special operations with other law enforcement agencies to enforce the law; and
- work with HKISPA to promote an internationally accepted Internet Content Rating System.

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Programme (4): Entertainment Licensing

	2001-02 (Actual)	2002-03 (Approved)	2002-03 (Revised)	2003-04 (Estimate)
Financial provision (\$m)	11.1	11.6 (+4.5%)	11.3 (-2.6%)	11.4 (+0.9%)

Aim

24 The aim is to control, together with the Police, places of entertainment and to register local newspapers.

Brief Description

25 The Licensing Division is responsible for:

- issuing licences under the Amusement Game Centres Ordinance, the Miscellaneous Licences Ordinance and the Gambling Ordinance to amusement game centres, public dance halls, dancing schools, mahjong/tin kau parlours, tombolas, lotteries, trade promotion competitions and amusements with prizes; and
- registering local newspapers and news agencies and licensing newspaper distributors under the Registration of Local Newspapers Ordinance.

26 Performance targets for the issue of licences were generally met. Regular inspections continued to be carried out to monitor performance of amusement game centres.

27 The key performance measures in respect of entertainment licensing and newspapers registration are:

Targets

	Target Weeks	2001 (Actual) Targets achieved	2002 (Actual) Targets achieved	2003 (Plan)
Amusement Game Centre Licence				
issue of licences	18	100%	100%	18
transfer of licences	8	100%	95.65%	8
renewal of licences	6	98.4%	98.63%	6
Mahjong/Tin Kau Licence				
relocation of establishment	31	100%	100%	31
transfer of licences	15	100%	100%	15
renewal of licences	5	100%	100%	5
Issue of Trade Promotion Competition				
Licences	7†	100%	100%	7†
New registration for local newspapers	1	100%	100%	1

† Working days

Indicators

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
Licences issued or renewed	2 391	2 530	2 530
Inspections of amusement game centres conducted	2 787	3 028	2 800
Local newspapers and news-related publications registered ...	780	806	845
Distributor licences issued	30	29	33

Matters Requiring Special Attention in 2003-04

28 During 2003-04, the department will continue to assist the Home Affairs Bureau in further rationalising the regulatory framework for various entertainment licences with a view to making them more user and business friendly.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2001-02 (Actual) (\$m)	2002-03 (Approved) (\$m)	2002-03 (Revised) (\$m)	2003-04 (Estimate) (\$m)
(1) Broadcast Monitoring and Regulation	31.1	33.5	30.1	34.9
(2) Film Services	22.4	30.2	19.7	27.6
(3) Film Classification and Control of Obscene and Indecent Articles.....	36.4	45.2	35.1	43.5
(4) Entertainment Licensing	11.1	11.6	11.3	11.4
	101.0	120.5 (+19.3%)	96.2 (-20.2%)	117.4 (+22.0%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2003-04 is \$4.8 million (15.9%) higher than the revised estimate for 2002-03. This is mainly due to the provision for enhancing the licensing functions of the BA, offset by the deletion of three posts.

Programme (2)

Provision for 2003-04 is \$7.9 million (40.1%) higher than the revised estimate for 2002-03. This is mainly due to higher cashflow requirement for projects financed by the Film Development Fund.

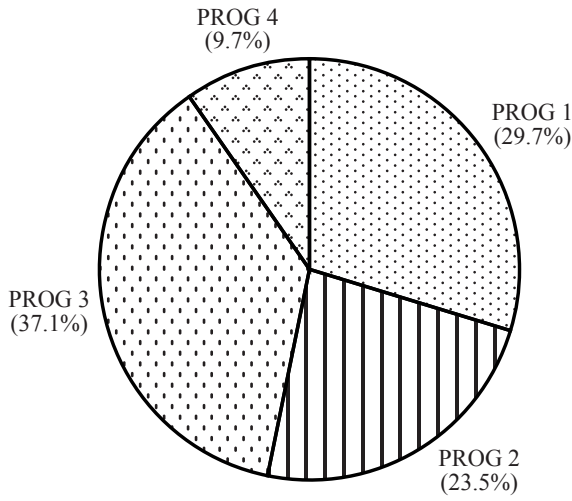
Programme (3)

Provision for 2003-04 is \$8.4 million (23.9%) higher than the revised estimate for 2002-03. This is mainly due to the full-year effect of provision to strengthen the enforcement of the COIAO and to launch educational and publicity programmes to promote the various provisions of the COIAO.

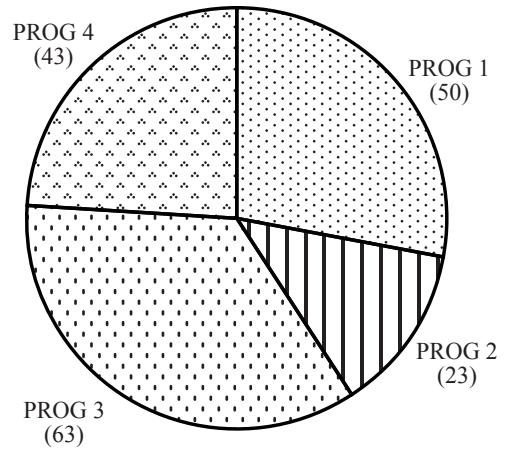
Programme (4)

Provision for 2003-04 is \$0.1 million (0.9%) higher than the revised estimate for 2002-03. This is mainly due to salary increments for staff.

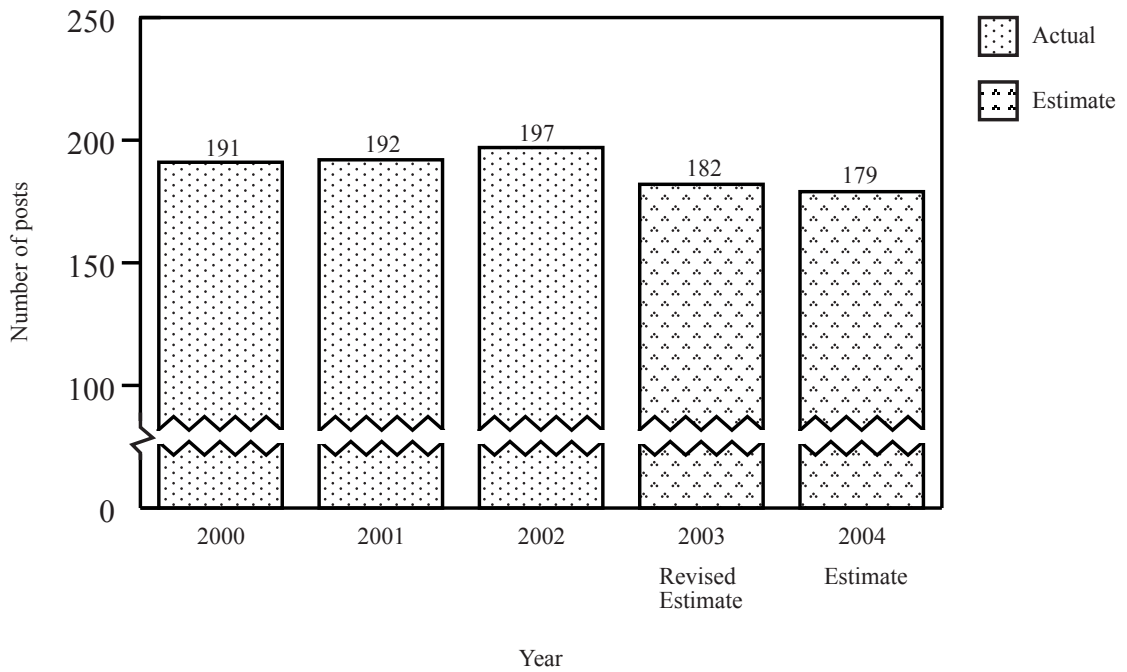
Allocation of provision to programmes (2003-04)



Staff by programme (as at 31 March 2004)



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



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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.....	—	—	98,834
	Salaries	63,198	69,000	—
	Allowances	1,752	1,513	—
	Job-related allowances	36	44	—
	General departmental expenses	18,699	29,962	—
	Total, Recurrent Account	83,685	100,519	98,834
Capital Account				
I — Plant, Equipment and Works				
	Minor plant, vehicles and equipment (block vote)	203	—	—
	Total, Plant, Equipment and Works	203	—	—
II — Other Non-Recurrent				
700	General other non-recurrent	17,142	20,020	18,568
	Total, Other Non-Recurrent	17,142	20,020	18,568
	Total, Capital Account	17,345	20,020	18,568
	Total Expenditure.....	101,030	120,539	117,402

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Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for the salaries and expenses of the Television and Entertainment Licensing Authority is \$117,402,000. This represents an increase of \$21,233,000 over the revised estimate for 2002–03 and of \$16,372,000 over actual expenditure in 2001–02.

Recurrent Account

2 Provision of \$98,834,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Television and Entertainment Licensing Authority and its other operating expenses. The provision for 2003–04 is \$14,934,000 (17.8%) higher than the revised estimate for 2002–03. This is mainly due to provisions for salary increments, enhancement of the licensing functions of the BA, and full-year effect of provision to strengthen the enforcement of the COIAO and to launch educational and publicity programmes to promote the various provisions of the COIAO.

3 The establishment as at 31 March 2003 will be 182 permanent posts. It is expected that three non-directorate 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 \$60,477,000.

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

	2001–02 (Actual) (\$'000)	2002–03 (Original Estimate) (\$'000)	2002–03 (Revised Estimate) (\$'000)	2003–04 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	63,198	69,000	63,347	67,641
- Allowances.....	1,752	1,513	939	1,179
- Job-related allowances	36	44	14	20
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	—	—	31
Departmental Expenses				
- General departmental expenses.....	18,699	29,962	19,600	29,963
	83,685	100,519	83,900	98,834

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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		<i>General other non-recurrent</i>				
	008	Film Development Fund.....	100,000	28,615	8,083	63,302
	014	Production of an Accounting Manual For Broadcasting and Telecommunication Licensees.....	2,500	—	700	1,800
	015	Competition Consultancy Service	3,500	—	640	2,860
		Total.....	<u>106,000</u>	<u>28,615</u>	<u>9,423</u>	<u>67,962</u>