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 2004–05 .... **$133.4m**

Establishment ceiling 2004–05 (notional annual mid-point salary value) representing an estimated 70 non-directorate posts as at 31 March 2004 reducing by two posts to 68 posts as at 31 March 2005 . **$26.5m**

In addition there will be an estimated nine directorate posts as at 31 March 2004 reducing by one post to eight posts as at 31 March 2005.

Controlling Officer's Report

Programmes

Programme (1) Broadcasting and Film Services	These programmes contribute to Policy Area 17: Information Technology and Broadcasting (Secretary for Commerce, Industry and Technology).
Programme (2) Information Technology	
Programme (3) Telecommunications	

Detail

Programme (1): Broadcasting and Film Services

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	**2004–05 (Estimate)**
Financial provision ($m)	18.8	19.2	19.4 (+1.0%)	**18.3** (−5.7%)

(or −4.7% on 2003–04 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, film censorship, and promotion of 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 2003–04, the branch:

- completed the renewal of the sound broadcasting licences of the Hong Kong Commercial Broadcasting Company Limited and the Metro Broadcast Corporation Limited;

- completed the licensing arrangements for the PCCW VOD Limited to launch a new pay TV service which replaced its video-on-demand service;

- processed the application for renewal of domestic pay television programme service licence by the Hong Kong Cable Television Limited;

- introduced the Broadcasting (Amendment) Bill 2003 to tighten the control of unauthorised decoders for reception of subscription television services licensed in Hong Kong;

- conducted a second public consultation on digital terrestrial broadcasting in Hong Kong;

- started a review of the broadcasting regulatory regime covering issues such as media ownership restrictions, facilitation of technological and media convergence, improvements to the business environment and rationalisation of the regulatory regime;

- organised with industry organisations a forum to promote collaboration among film, digital entertainment and other industries; and

- set up a new Film Guarantee Fund to facilitate the development of film financing infrastructure in Hong Kong.

Matters Requiring Special Attention in 2004–05

6 During 2004–05, the key tasks will include:

- preparing for the transition from analogue to digital terrestrial television broadcasting;

- completing the renewal exercise for the domestic pay television programme service licence of the Hong Kong Cable Television Limited;

- consulting the public on the review of the broadcasting regulatory regime;

- implementing the Film Guarantee Fund scheme; and

- stepping up enforcement of and public education on the Control of Obscene and Indecent Articles Ordinance.

Programme (2): Information Technology

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	**2004–05 (Estimate)**
Financial provision ($m)	90.7	118.7	101.0 (−14.9%)	**104.7** (+3.7%)

(or −11.8% on 2003–04 Original)

Aim

7 The aim is to sustain the momentum created in the past years to make Hong Kong a leading e-business community and digital city and to harness the benefits of information technology (IT) for business, the community and Hong Kong's position in the world.

Brief Description

8 The branch's main responsibilities under the IT programme are to formulate policies and implement initiatives to facilitate and promote IT and e-business development within the Government and across the community.

9 In 2003–04, the branch:

- reviewed the implementation of the 2001 Digital 21 Strategy and promulgated an updated Strategy in March 2004 to harness the benefits of IT for all;

- with the efforts of bureaux and departments, met the targets of providing an e-option for 90% of public services amenable to the electronic mode of service delivery by end-2003 and for 80% of government procurement tenders by end-2003;

- with the co-ordinated efforts of various government departments, rolled out the non-immigration applications for the smart identity card for the whole population. These non-immigration applications are the library card function and the embedment of an e-Cert (one year of free use) in the smart identity card;

- extended the service coverage of the Electronic Service Delivery (ESD) scheme by introducing the one-stop notification service of change of address to over 10 departments, appointment booking service for the smart identity card replacement exercise, appointment booking for immigration-related services, and one-stop business entry portal to access information provided by the Government and the public sector relating to doing business in Hong Kong;

- improved the user-friendliness of a number of ESD services by introducing personalised booking service for sports facilities, simplifying the online appointment booking procedure for annual vehicle examination and simplifying the application procedure for reservation of unassigned non-special registration marks for auction;

- started to roll out a Common Look and Feel website design to all bureaux and departments to build up a consistent online brand image for government websites and improve the navigation of these sites for local and overseas web surfers;

- completed a review of the pilot programme of providing shared IT facilities to civil servants in seven bureaux/departments for extension to more bureaux/departments;

- encouraged bureaux and departments to make further use of IT to improve service delivery by giving funding priority to E-government projects that exploit business process re-engineering and joined-up opportunities, deploy customer relations management (CRM) principles or features, explore appropriate partnership with the private sector and adopt innovation;

- introduced the Electronic Transactions (Amendment) Bill 2003 into the Legislative Council in June 2003 to update and improve the Electronic Transactions Ordinance;

- launched programmes to encourage the private sector, especially small and medium-sized enterprises (SMEs), to adopt e-business;

- launched and promoted the optional one-year-free Hongkong Post e-Cert embedded in the smart identity card so as to create a critical mass of e-Cert users to drive the further development of e-business;

- launched various initiatives, in collaboration with industry support organisations and IT industry bodies, to help the local IT industry expand business opportunities in external markets, in particular the Mainland;

- explored the feasibility of allowing contractors engaged in developing IT systems for the Government to distribute such systems to other parties in order to create more business opportunities for the local IT industry;

- collaborated with the Hong Kong Productivity Council and IT industry bodies and provided funding support to encourage and assist local software companies to obtain internationally-recognised quality certification so as to enhance the competitiveness of the software industry;

- continued to organise the IT Hong Kong Campaign with the Information Technology Services Department (ITSD) and other relevant government departments to raise IT awareness in and promote the use of IT by the community;

- extended "IT Easy Link", a free public enquiry service on basic IT applications provided in collaboration with ITSD and the Hong Kong Computer Society to assist and encourage citizens to adopt IT, expanded the service to cover the business sector, and introduced a free IT advisory service for SMEs which plan to adopt IT for the first time or have encountered difficulties during the early stage of adoption; and

- expanded the Board of Directors and recruited a Chief Executive Officer for the effective management of the Cyberport; signed lease agreements with successful applicants which are IT and related companies of varying sizes and at different stages of development; and promoted the Cyberport as our IT flagship proactively overseas and in the Mainland.

Matters Requiring Special Attention in 2004–05

10 During 2004–05, the key tasks will include:

- implementing the 2004 Digital 21 Strategy to harness the benefits of IT for business, community, and Hong Kong's position in the world;

- considering the case for merging ITSD into the branch to create a more integrated structure within the Government to drive the E-government programme, promote the development of applications and services, support the development of the local IT industry and drive IT adoption in the business sector and the community at large;

- formulating a roadmap for the further development of E-government services, including the ESD scheme, so as to link the programmes more sharply to service quality and effectiveness;

- driving up utilisation by introducing various measures, including cost segmentation and price differential for online services;

- engaging customers by introducing measures to obtain more customer feedback and setting out clear CRM policies and guidelines;

- widening electronic procurement, focusing on certain types of government purchases;

- exploring the implementation of more value-added non-immigration applications on the smart identity cards;

- pushing forward joined-up projects across bureaux and departments both to streamline government internal operations and to provide more customer-centric services to the community, e.g. enhancing the efficiency and accuracy of information exchange between the departments and agencies involved in the criminal justice process; and implementing the first phase of the Property Information Hub to make property-related information being held by different government departments available online;

- reviewing the institutional arrangements with regard to E-government to ensure the necessary steer, expertise and resources are available to meet challenges;

- completing the legislative process for the Electronic Transactions (Amendment) Bill 2003;

- launching sector-specific programmes to encourage the private sector, especially SMEs, to adopt e-business;

- actively promoting the optional one-year-free Hongkong Post's e-Cert embedded in the smart identity card so as to create a critical mass of e-Cert users to drive the further development of e-business;

- collaborating with industry support organisations and IT industry bodies to organise programmes to help the local IT industry expand business opportunities in external markets, in particular the Mainland;

- putting in place arrangements for contractors engaged in developing IT systems for the Government to distribute such systems to other parties in order to create more business opportunities for the local IT industry;

- continuing to collaborate with industry support organisations to encourage and assist local software companies to obtain internationally-recognised quality certification so as to enhance the competitiveness of the software industry;

- continuing with the IT Hong Kong Campaign and implementing various initiatives to raise IT awareness and promote wider use of IT for the building of a digitally inclusive community;

- implementing measures to ensure sufficient and stable supply of quality IT manpower in Hong Kong;

- promoting and supporting the development of the digital entertainment industry in Hong Kong, including co-organising with the industry organisations a digital entertainment excellence award to honour the outstanding achievements of local companies;

- following up on the recommendations made by the Working Group on Digital Entertainment established under the auspices of the Information Infrastructure Advisory Committee;

- strengthening and consolidating co-operation with the partnering countries of the information and communications technology co-operative arrangements concluded between Hong Kong and these partners; and

- completing the construction of Cyberport by end-2004 as scheduled; marketing the Cyberport proactively overseas and in the Mainland; establishing a Digital Media Centre at Cyberport to provide hardware, software and technical support for the digital media industries.

Programme (3): Telecommunications

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	**2004–05 (Estimate)**
Financial provision ($m)	20.1	11.2	10.2 (−8.9%)	**10.4 (+2.0%)**

<div align="right">(or −7.1% on 2003–04 Original)</div>

Aim

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

Brief Description

12 The branch's main responsibility under this programme is to formulate telecommunications policies and programmes in order to provide the necessary regulatory framework for telecommunications, create an open and competitive market, facilitate the development of an open, integrated broadband network and establish Hong Kong as a world-class telecommunications centre. The branch has met its targets for 2003-2004 under this programme.

13 In 2003–04, the branch:

- provided a clear and comprehensive framework for regulation of mergers and acquisitions in the telecommunications market through the enactment of the Telecommunications (Amendment) Ordinance 2003. The Ordinance assists investors to make informed decisions on merger and acquisition matters, and safeguards the interest of consumers;

- bid for the hosting of the international telecommunications exhibition and conference "International Telecommunication Union (ITU) TELECOM WORLD 2006";

- assisted in the establishment of the Wireless Development Centre at the Cyberport to develop and promote wireless and mobile technology;

- formulated plans to promote 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; and

- introduced a new class licence to provide for a streamlined licensing regime for public wireless local area network services, and implemented the class licence for in-building telecommunications systems to facilitate the development of intelligent buildings.

Matters Requiring Special Attention in 2004–05

14 During 2004–05, the key tasks will include:

• implementing the improved framework of regulation of mergers and acquisitions under the Telecommunications (Amendment) Ordinance 2003;

• reviewing the regulatory policy for Type II interconnection with a view to formulating an updated policy to facilitate competition and promote investment; and

• formulating the licensing arrangements of mobile services upon expiry of existing licences for second generation mobile service.

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

ANALYSIS OF FINANCIAL PROVISION

Programme	2002–03 (Actual) ($m)	2003–04 (Original) ($m)	2003–04 (Revised) ($m)	2004–05 (Estimate) ($m)
(1) Broadcasting and Film Services.......	18.8	19.2	19.4	**18.3**
(2) Information Technology	90.7	118.7	101.0	**104.7**
(3) Telecommunications........................	20.1	11.2	10.2	**10.4**
	129.6	149.1	130.6 (−12.4%)	**133.4 (+2.1%)**

(or −10.5% on 2003–04 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2004–05 is $1.1 million (5.7%) lower than the revised estimate for 2003–04. This is mainly due to the completion of a consultancy study on the impact of digitisation and convergence on the broadcasting regulatory regime in Hong Kong in 2003–04, and deletion of one permanent post in 2004–05.
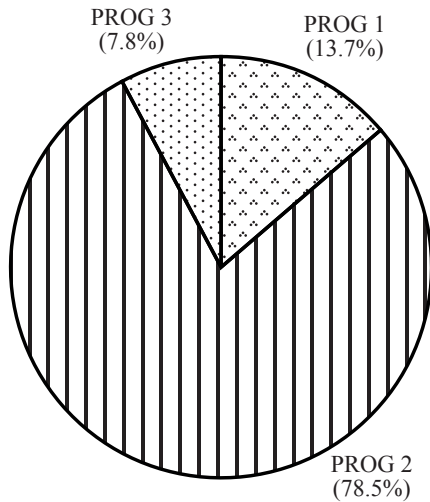
Programme (2)

Provision for 2004–05 is $3.7million (3.7%) higher than the revised estimate for 2003–04. This is mainly due to the effect of the increased requirement for the Electronic Service Delivery scheme, partly offset by the effect of the 2004 and 2005 civil service pay cut, full-year effect of deletion of two supernumerary posts and completion of two capital projects in 2003–04, and deletion of one permanent post and one supernumerary post in 2004–05.
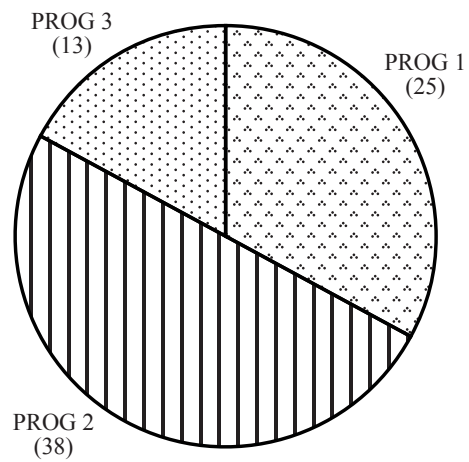
Programme (3)

Provision for 2004–05 is $0.2 million (2.0%) higher than the revised estimate for 2003–04. This is mainly due to the increased provision for Telecommunications (Competition Provisions) Appeal Board, partly offset by the completion of sponsorship for Hong Kong Pavilion at ITU TELECOM WORLD 2003 and the effect of the 2004 and 2005 civil service pay cut.

*Allocation of provision
to programmes
(2004-05)*

PROG 3
(7.8%)

PROG 1
(13.7%)

PROG 2
(78.5%)

*Staff by programme
(as at 31 March 2005)*

PROG 3
(13)

PROG 1
(25)

PROG 2
(38)

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

Number of posts

100

82 83 78 79 76

75

50

25

0

2001 2002 2003 2004 2005

Revised
Estimate

Estimate

Actual

Estimate

Year

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

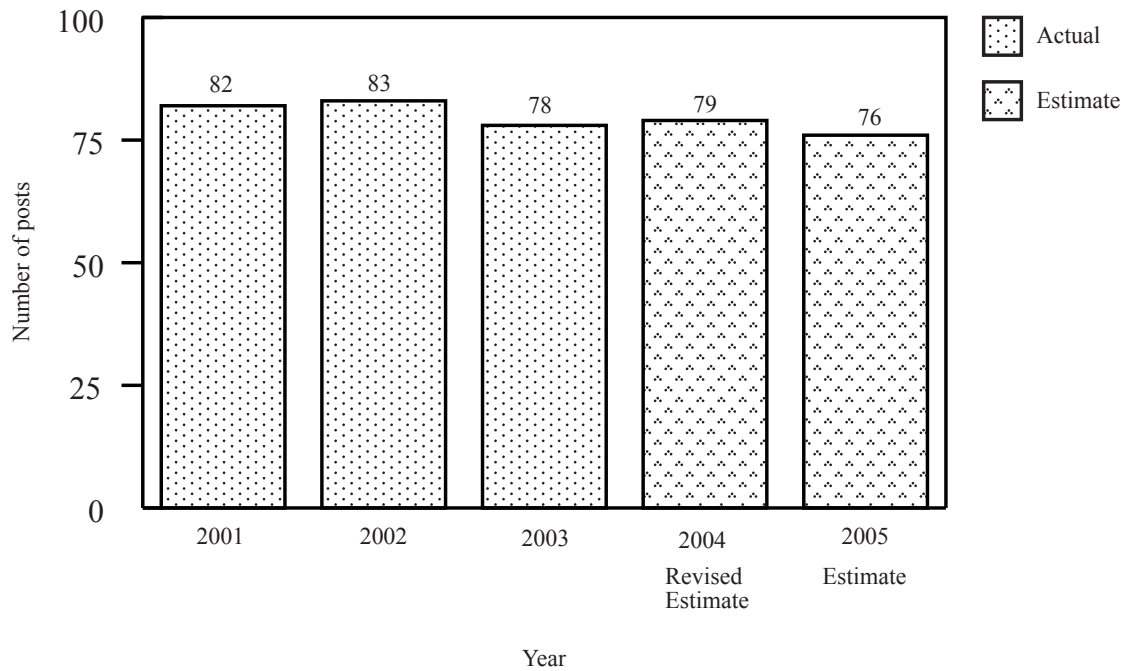| Sub-head (Code)		Actual expenditure 2002–03	Approved estimate 2003–04	Revised estimate 2003–04	Estimate 2004–05
		$'000	$'000	$'000	$'000
	Operating Account				
	Recurrent				
000	Operational expenses..	—	146,968	127,150	**133,372**
	Salaries	43,814	—	—	—
	Allowances	2,326	—	—	—
	Job-related allowances	6	—	—	—
	General departmental expenses	42,927	—	—	—
	Electronic Service Delivery scheme	26,005	—	—	—
	Total, Recurrent	115,078	146,968	127,150	**133,372**
	Non-Recurrent				
	General non-recurrent..	14,481	2,117	3,417	—
	Total, Non-Recurrent	14,481	2,117	3,417	—
	Total, Operating Account........................	129,559	149,085	130,567	**133,372**
	Total Expenditure...................................	129,559	149,085	130,567	**133,372**

Details of Expenditure by Subhead

The estimate of the amount required in 2004–05 for the salaries and expenses of the Communications and Technology Branch is $133,372,000. This represents an increase of $2,805,000 over the revised estimate for 2003–04 and of $3,813,000 over actual expenditure in 2002–03.

Operating Account

Recurrent

2 Provision of $133,372,000 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 2004 will be 78 permanent posts and one supernumerary post. It is expected that two permanent posts and one supernumerary post will be deleted in 2004–05. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2004–05, but the notional annual mid-point salary value of all such posts must not exceed $26,522,000.

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

	2002–03 (Actual) ($'000)	2003–04 (Original) ($'000)	2003–04 (Revised) ($'000)	**2004–05 (Estimate) ($'000)**
Personal Emoluments				
- Salaries	43,814	44,745	42,108	**39,635**
- Allowances	2,326	2,616	2,423	**2,081**
- Job-related allowances	6	11	3	**4**
Personnel Related Expenses				
- Mandatory Provident Fund contribution	—	48	65	**60**
Departmental Expenses				
- General departmental expenses	42,927	54,067	48,651	**51,611**
Other Charges				
- Electronic Service Delivery scheme	26,005	45,481	33,900	**39,981**
	115,078	146,968	127,150	**133,372**