

Head 180 — TELEVISION AND ENTERTAINMENT LICENSING AUTHORITY

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

Estimate 2004–05 **\$101.2m**

Establishment ceiling 2004–05 (notional annual mid-point salary value) representing an estimated 171 non-directorate posts as at 31 March 2004 reducing by two posts to 169 posts as at 31 March 2005..... **\$57.4m**

In addition there will be an estimated three directorate posts as at 31 March 2004 and as at 31 March 2005.

Commitment balance..... **\$59.9m**

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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	28.4	34.9	31.5 (-9.7%)	30.9 (-1.9%)
				(or -11.5% on 2003–04 Original)

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 in making recommendation to Chief Executive in Council (CE in C) regarding grant and renewal 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 drafting and review of codes of practice for television and sound broadcasting services;
- the provision of support to the BA in the enforcement of licence conditions;
- the processing of public complaints about broadcasting;

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- gauging public opinion on broadcasting standards;
- 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 2003 were fully met.

5 During the year, we conducted 46 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 have also posted the school talk material on the BA website.

6 In 2003, we assisted the BA in reviewing the codes of practice governing television and radio broadcasting, and introduced new formats of programme sponsorship and product placement on television. The requirement for provision of advisory announcements on domestic pay television was under review.

7 We assisted the BA in the investigation of three competition complaints.

8 The renewal exercise for the licence of Hong Kong Cable Television Limited (HKCTV) started during the year. We assisted the BA in commissioning a broadcasting services survey to collect public opinion on the domestic pay television programme service provided by HKCTV and conducting one public hearing for the renewal of the domestic pay television programme service licence of HKCTV in November 2003.

9 We assisted the BA in formulating its recommendation to the CE in C on the grant of a new domestic pay television programme service licence to PCCW VOD Limited (PCCW VOD) in September 2003.

10 We worked with the Office of the Telecommunications Authority in the preparation of 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.

11 Preparation is under way to conduct a sector-wide seminar in 2004 to promote understanding of regulatory issues in a technologically-convergent environment.

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

Targets

	Targets Working Days	2002 (Actual) Targets achieved	2003 (Actual) Targets achieved	2004 (Plan)
Issue of interim replies relating to complaints about TV and radio broadcasting	6	99.9%	99.6%	6
Issue of substantive replies to complainants informing them of the investigation results on their complaints on TV and radio broadcasting	15	99.8%	99.5%	15

Indicators

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
Codes of practice items reviewed.....	—	22	9
New codes of practice issued	—	—	—
Guidelines issued.....	2	1	1
Number of licences issued.....	7	1 [^]	3 [♣]
Number of licence renewals	5	4 [§]	17 [@]
Complaints (excluding competition) processed.....	3 106	3 340	3 300
Competition Complaint processed.....	1	—	3
Applications pursuant to licence conditions processed	252	209	145
Broadcasting Authority meetings	12	15	12
Number of Broadcasting Authority Complaints Committee meetings	13	12	12
Number of Broadcasting Authority Codes of Practice Committee meetings	—	1	2
Number of talks and seminars conducted.....	31	46	10 [†]

[^] The new licence issued in 2003 was the domestic pay licence of PCCW VOD.

[♣] Three new non-domestic licences are expected to be issued in 2004.

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- § The licences of Hong Kong Commercial Broadcasting Company Limited (CR) and Metro and two Other Licensable Television Programme Services (OLTVPS) (Hotel) Licences were renewed in 2003.
- @ The licences involved are those of HKCTV and 16 OLTVPS (Hotel) licences to be renewed in 2004.
- † A smaller number of talks and seminars estimated because their contents have been posted on the BA's website since 2003.

Matters Requiring Special Attention in 2004–05

13 During 2004–05, the department will continue to:

- streamline and rationalise procedures to reduce licensees' compliance burden so as to improve the business environment;
- provide support for the BA to complete its recommendations to the CE in C relating to the renewal of a domestic pay television programme service licence;
- provide support to the BA in the enforcement of the competition provisions in the Broadcasting Ordinance;
- gauge public opinion on broadcasting standards through surveys and focus-group discussions;
- collaborate with the Communications and Technology Branch to conduct the consultation on the review of the broadcasting regulatory regime; and
- provide support for the BA to consider updating regulatory practice in the light of discussion at the sector-wide seminar planned for the second quarter of 2004.

Programme (2): Film Services

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	18.2	27.6	20.6 (–25.4%)	16.8 (–18.4%)
				(or –39.1% on 2003–04 Original)

Aim

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

Brief Description

15 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 and a dedicated website 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 training programmes with the film industry and the tertiary institutions to improve the technical and technological know-how of the film industry workforce;
- administering the Film Development Fund to provide funding support to projects beneficial to the healthy and long term development of the local film industry; and
- administering the Film Guarantee Fund to assist local film production companies to obtain loans for film production, with a view to developing a film financing infrastructure in Hong Kong.

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

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Targets

	Target Working Days	2002 (Actual) Targets achieved	2003 (Actual) Targets achieved	2004 (Plan)
Issue of discharge permits for the use of special effects materials under the Entertainment Special Effects Ordinance				
simple cases	3	98%	97.8%	3
intermediate cases	6	98%	99.8%	6
complicated cases	14	100%	100%	14
Issue of conveyance permits under the Entertainment Special Effects Ordinance	2	100%	100%	2
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	100%	100%	7
Issue of notifications on the decisions of the Projects Vetting Committee in respect of Film Development Fund funding applications	5	100%	100%	5
Issue of notifications on the decisions in respect of Film Guarantee Fund applications	10	N.A.#	100%	10

Not applicable. The Film Guarantee Fund was established in April 2003.

Indicators

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
Number of applications processed under the Entertainment Special Effects Ordinance			
licence	60	197†	70
permit	780	995♣	900
Number of Film Development Fund applications processed	24	32	4‡
Number of Film Development Fund projects monitored	31	34	22
Number of Film Guarantee Fund applications processed	N.A.#	4	8
Number of complicated applications for location shooting handled	398	463^	400
Number of suggestions on location shooting sites given	224	260^	230
Number of overseas film festivals given assistance	4	6	5β
Number of international conferences attended to promote Hong Kong films and Hong Kong as a location for filming	3	2	2
Number of promotional publications issued	8	5	4
Number of applications for use of government land for filming requiring assistance and co-ordination	54	117^	100
Number of applications for lane closure for filming processed	58	102^	90
Number of applications for use of public hospitals for filming requiring assistance and co-ordination	34Ω	23v	20

† The licences under the Entertainment Special Effects Ordinance (commenced in March 2001) are valid for two years which resulted in a sharp increase in the number of applications in 2003.

♣ The increase is due to an unprecedented harbour lighting show which called for a large number of applications.

‡ The Film Development Fund will lapse on 1 April 2004.

The Film Guarantee Fund began to accept applications in April 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.

v There has been a significant drop in such applications during the SARS outbreak from March to May 2003.

Matters Requiring Special Attention in 2004–05

17 During 2004–05, the department will:

- study the feasibility of the proposal to set up the script registration, title registration and box office recording systems in Hong Kong to strengthen the infrastructural framework of the local film industry;
- monitor the operation of the Film Guarantee Fund and to encourage applications;
- facilitate the development of a comprehensive training programme for film workers in conjunction with the film industry and the Hong Kong Institute of Vocational Education;
- maintain an updated database on film production services at the Resource Centre and on the website; and
- 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.

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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	34.3	43.5	35.0 (–19.5%)	42.4 (+21.1%)
				(or –2.5% on 2003–04 Original)

Aim

18 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

19 The Film Division is responsible for the examination of films for public exhibition under the three-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.

20 The targets set for 2003 were fully achieved.

21 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.

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22 In 2003, we sustained our momentum in promoting public awareness of the protection of youth from indecent and obscene materials. We sponsored voluntary organisations and youth bodies to launch 15 projects aimed to provide proper counselling and guidance for children and youth. To promote safe and smart use of the Internet, we launched the Internet Content Rating System (ICRS) Project with HKISPA and organised the “Creating a Healthy Cyber World” and the Ten Healthy Websites Contest. We also launched a pilot scheme engaging a voluntary organisation to help monitor the contents of publications. In 2003, we continued to step up enforcement against the sale of indecent and obscene articles in various retail outlets.

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

Targets

	Target Working Days	2002 (Actual) Targets achieved	2003 (Actual) Targets achieved	2004 (Plan)
<i>Film classification</i>				
Assignment of film viewing sessions for films submitted for classification.....	7	100%	100%	7
Notification to applicants on decisions about film classification	8	100%	100%	8
Issue of Certificates of Exemption to applicants	3	100%	100%	3
Issue of Certificates of Packaging to applicants	2	100%	100%	2
Issue of Certificates of Advertising Materials to applicants	2	100%	100%	2
<i>COIAO</i>				
Issue of interim replies to complainants.....	7	100%	99.9%	7
Issue of substantive replies to complainants regarding investigation results on their complaints.....	20	100%	98.7%	20

Indicators

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
<i>Film classification</i>			
Films classified.....	1 944	1 555#	1 700
Films exempted	6 299	3 640#	3 600
Packagings examined	86	127	100
Advertising materials of films examined	498	543	500
Inspections conducted	2 026	1 254v	1 260
<i>COIAO</i>			
Articles scrutinised@	1 072 262	1 387 626	1 400 000
Inspections conducted	85 411	87 950	87 000
Articles referred to the Obscene Articles Tribunal for classification	960	1 743	1 700
Number of COIAO enforcement operations conducted^.....	490	541	530
Number of obscene and indecent articles seized	526 493	906 702	900 000
Summonses served under the COIAO	512	186	N.A.†
Number of talks and seminars conducted	201	239	230

The decrease is due to a drop in the submission of film materials for multi-media outlets.

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

@ In the past, the indicator only showed the number of newspapers/magazines/comic books monitored by TELA upon their publication, but not the articles sold by newspaper stalls and VCD/DVD shops which have been randomly inspected by TELA on a daily basis. The indicator now shows a total number of both.

^ Merging of two previous indicators on operations conducted by the department and joint operations, as Police assistance is available in both kinds of operations.

† This indicator does not reflect our work and efforts as we provide a lot of support in joint enforcement operations but are not the agent to take prosecution action. This indicator will be discontinued from 2004–05.

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Matters Requiring Special Attention in 2004–05

24 During 2004–05, the department will:

- conduct a public opinion survey on film classification system and film censorship standards;
- enhance public awareness of the provisions of the COIAO through launching new publicity and public education activities with the relevant government departments and community organisations;
- further promote the proper use of the Internet through the ICRS project;
- maintain effective monitoring of the publication and public display of indecent and obscene articles; and
- continue to step up enforcement, including mounting joint operations with other law enforcement agencies, against the sale of obscene and indecent articles.

Programme (4): Entertainment Licensing

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	11.2	11.4	11.2 (–1.8%)	11.1 (–0.9%)
				(or –2.6% on 2003–04 Original)

Aim

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

Brief Description

26 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.

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

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

Targets

	Target Weeks	2002 (Actual) Targets achieved	2003 (Actual) Targets achieved	2004 (Plan)
Amusement Game Centre Licence				
issue of licence.....	18	100%	100%	18
transfer of licence	8	95.7%	100%	8
renewal of licence	6	98.6%	100%	6
Mahjong/Tin Kau Licence				
relocation of establishment	31	100%	100%	31
transfer of licence	15	100%	100%	12
renewal of licence	5	100%	100%	4
Issue of Trade Promotion Competition				
Licence (working days)	7	100%	100%	7
New registration for local newspapers	1	100%	100%	1

Indicators

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
Licences issued or renewed	2 530	2 379	2 379
Inspections of amusement game centres conducted.....	3 028	2 905	2 800
Local newspapers and news-related publications registered ...	806	916	980
Distributor licences issued.....	29	26	26

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Matters Requiring Special Attention in 2004–05

29 During 2004–05, 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	2002-03 (Actual) (\$m)	2003-04 (Original) (\$m)	2003-04 (Revised) (\$m)	2004-05 (Estimate) (\$m)
(1) Broadcast Monitoring and Regulation.....	28.4	34.9	31.5	30.9
(2) Film Services	18.2	27.6	20.6	16.8
(3) Film Classification and Control of Obscene and Indecent Articles.....	34.3	43.5	35.0	42.4
(4) Entertainment Licensing	11.2	11.4	11.2	11.1
	92.1	117.4	98.3 (-16.3%)	101.2 (+3.0%)
				(or -13.8% on 2003-04 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2004-05 is \$0.6 million (1.9%) lower than the revised estimate for 2003-04. This is mainly due to the full year effect of the 2004 and 2005 civil service pay cut.

Programme (2)

Provision for 2004-05 is \$3.8 million (18.4%) lower than the revised estimate for 2003-04. This is mainly due to the reduced cashflow requirement for projects financed by the Film Development Fund.

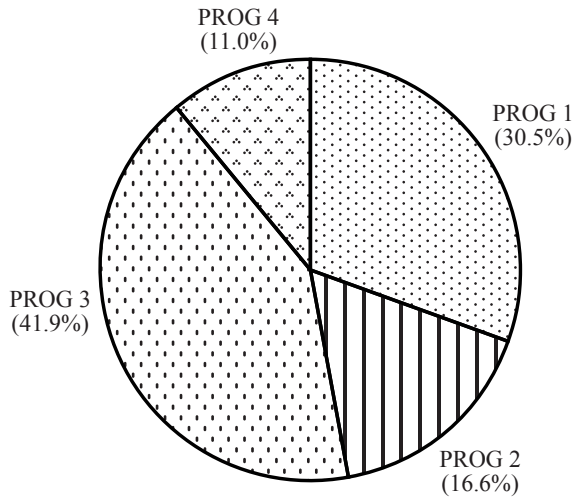
Programme (3)

Provision for 2004-05 is \$7.4 million (21.1%) higher than the revised estimate for 2003-04. This is mainly due to the provision for the enhancement of the educational and publicity programmes of the COIAO, partly offset by deletion of two posts.

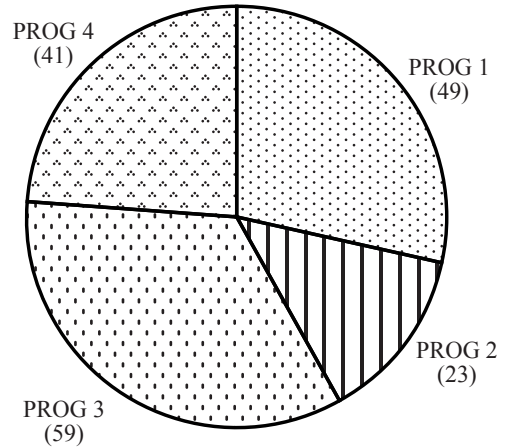
Programme (4)

Provision for 2004-05 is \$0.1 million (0.9%) lower than the revised estimate for 2003-04. This is mainly due to the full year effect of the 2004 and 2005 civil service pay cut.

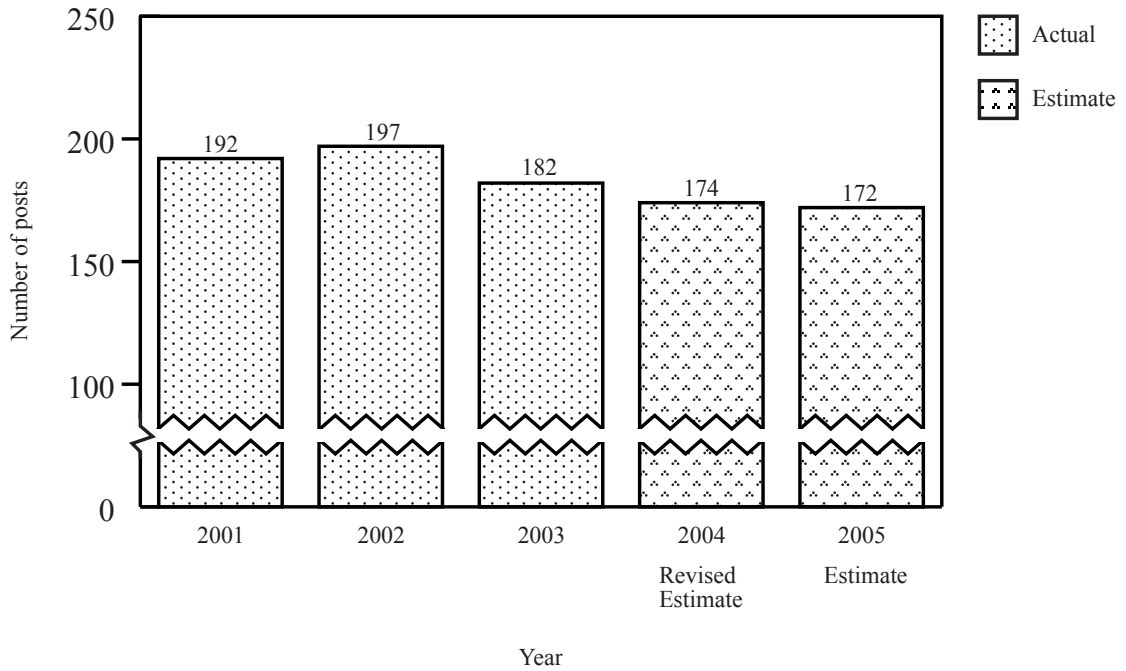
Allocation of provision to programmes (2004-05)



Staff by programme (as at 31 March 2005)



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



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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.....	—	98,834	86,766	93,388
	Salaries	62,847	—	—	—
	Allowances	1,271	—	—	—
	Job-related allowances	9	—	—	—
	General departmental expenses	18,720	—	—	—
	Total, Recurrent	<u>82,847</u>	<u>98,834</u>	<u>86,766</u>	<u>93,388</u>
Non-Recurrent					
700	General non-recurrent.....	9,208	18,568	11,511	7,830
	Total, Non-Recurrent	<u>9,208</u>	<u>18,568</u>	<u>11,511</u>	<u>7,830</u>
	Total, Operating Account.....	<u>92,055</u>	<u>117,402</u>	<u>98,277</u>	<u>101,218</u>
<hr/>					
	Total Expenditure.....	<u><u>92,055</u></u>	<u><u>117,402</u></u>	<u><u>98,277</u></u>	<u><u>101,218</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2004–05 for the salaries and expenses of the Television and Entertainment Licensing Authority is \$101,218,000. This represents an increase of \$2,941,000 over the revised estimate for 2003–04 and of \$9,163,000 over actual expenditure in 2002–03.

Operating Account

Recurrent

2 Provision of \$93,388,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Television and Entertainment Licensing Authority. The provision for 2004–05 is \$6,622,000 (7.6%) higher than the revised estimate for 2003–04. This is mainly due to the provision for the enhancement of the educational and publicity programmes of the COIAO.

3 The establishment as at 31 March 2004 will be 174 permanent posts. It is expected that there will be a net deletion of two posts 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 \$57,432,000.

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.....	62,847	67,641	62,789	65,342
- Allowances.....	1,271	1,179	1,189	778
- Job-related allowances	9	20	4	19
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	—	31	31	31
Departmental Expenses				
- General departmental expenses.....	18,720	29,963	22,753	27,218
	82,847	98,834	86,766	93,388

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2003	Revised estimated expenditure for 2003-04	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	008	Film Development Fund.....	50,000	35,395	8,911	5,694
	014	Production of an Accounting Manual For Broadcasting and Telecommunication Licensees	2,500	—	1,300	1,200
	015	Competition Consultancy Service	3,500	—	1,020	2,480
	016	Film Guarantee Fund.....	50,000	—	—	50,000
	017	Staff Training of Competition Provision	839	—	280	559
		Total.....	<u>106,839</u>	<u>35,395</u>	<u>11,511</u>	<u>59,933</u>