

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 2006–07 **\$122.1m**

Establishment ceiling 2006–07 (notional annual mid-point salary value) representing an estimated 52 non-directorate posts as at 31 March 2006 reducing by four posts to 48 posts as at 31 March 2007 **\$19.1m**

In addition, there will be an estimated five directorate posts as at 31 March 2006 reducing by one post to four posts as at 31 March 2007.

Commitment balance **\$61.4m**

Controlling Officer's Report

Programmes

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

Programme (1): Broadcasting and Film Services

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	17.3	17.3	21.6 (+24.9%)	19.6 (–9.3%)
				(or +13.3% on 2005–06 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, and film censorship, and to promote 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 2005–06, the Branch:

- continued to oversee the implementation of digital terrestrial television broadcasting in Hong Kong;
- continued to work on the proposal for merging the Broadcasting Authority and the Telecommunications Authority into a unified regulator;
- continued the operation of the Film Guarantee Fund and revived the Film Development Fund to assist the film industry;
- set up an industry-led Film Development Committee to strengthen communication with the film industry. It will formulate a clear plan for the medium and long term development of the film industry;
- sponsored training programmes on the application of digital technology in film productions; and
- set up an independent review committee on public service broadcasting.

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Matters Requiring Special Attention in 2006–07

6 During 2006–07, the key tasks will include:

- continuing to oversee the further implementation of digital terrestrial television broadcasting;
- consulting the public on the proposal for a unified regulator;
- continuing the review of the broadcasting regulatory regime in the light of technological and market convergence, which has blurred the boundary between information technology, telecommunications and broadcasting; and
- following up the review on public service broadcasting.

Programme (2): Telecommunications

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	25.9	63.6	40.7 (–36.0%)	102.5 (+151.8%)
				(or +61.2% on 2005–06 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 in order to facilitate effective competition, enhance consumer choice and promote investments by the industry, in, among other things, the development of a competitive, advanced and high bandwidth infrastructure accessible by the consumers through wireline or wireless means. This will maintain Hong Kong's position as a world-class telecommunications centre.

9 In 2005–06, the Branch:

- planned and actively promoted the International Telecommunication Union (ITU) TELECOM WORLD 2006 exhibition and conference in December 2006;
- prepared for a consultancy study on the review of radio frequency spectrum policy;
- introduced a new, two-class licensing regime for Internet Protocol (IP) telephony services;
- consulted the industry on a licensing framework for deployment of broadband wireless access technologies and services;
- implemented a basket of non-legislative measures to contain the problem of unsolicited electronic messages, and developed a framework for an anti-spam legislation; and
- commenced a review of the existing telecommunications regulatory framework to cater for the convergence of fixed and mobile communications services.

Matters Requiring Special Attention in 2006–07

10 During 2006–07, the key tasks will include:

- preparing for and hosting the ITU TELECOM WORLD 2006;
- continuing the review of the radio frequency spectrum policy with a view to developing a comprehensive radio frequency spectrum management and policy framework for communications purposes;
- facilitating the deployment of broadband wireless access technologies and services in Hong Kong;
- preparing a Bill to contain the problem of unsolicited electronic messages, with a view to introducing the Bill into the Legislative Council in 2006; and
- continuing the review of the existing telecommunications regulatory framework to cater for the convergence of fixed and mobile communications services.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2004–05 (Actual)# (\$m)	2005–06 (Original) (\$m)	2005–06 (Revised) (\$m)	2006–07 (Estimate) (\$m)
(1) Broadcasting and Film Services.....	17.3	17.3	21.6	19.6
(2) Telecommunications	25.9	63.6	40.7	102.5
	43.2	80.9	62.3 (–23.0%)	122.1 (+96.0%)
				(or +50.9% on 2005–06 Original)

The provision for the Information Technology programme (i.e. 2004–05 actual expenditure of \$32.0m) has been transferred to Head 47—Government Secretariat: Office of the Government Chief Information Officer with effect from 1 July 2004.

Analysis of Financial and Staffing Provision

Programme (1)

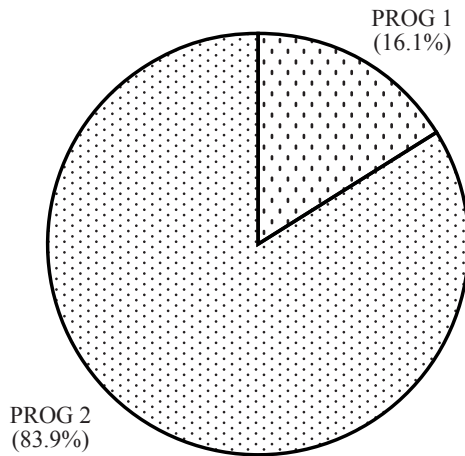
Provision for 2006–07 is \$2.0 million (9.3%) lower than the revised estimate for 2005–06. This is mainly due to the reduced provision arising from completion of projects in 2005–06, partly offset by provision for the implementation of digital terrestrial television broadcasting in 2006–07.

Programme (2)

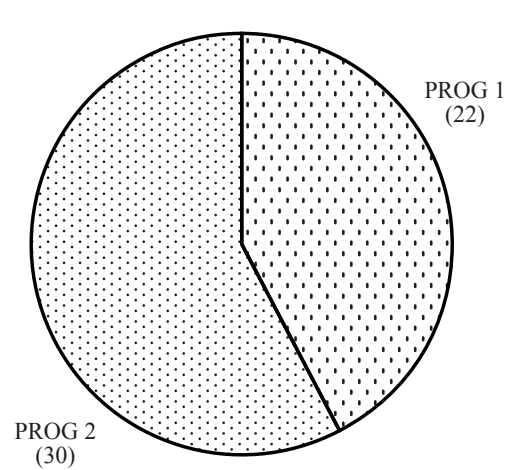
Provision for 2006–07 is \$61.8 million (151.8%) higher than the revised estimate for 2005–06. This is mainly due to the increased provision for the ITU TELECOM WORLD 2006 project including increased provision for one supernumerary directorate post and five time-limited posts created in 2005–06 for the Hong Kong China Secretariat, pooling of resources for internal redeployment among the Communications and Technology Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy areas, provision for the creation of one permanent post in 2006–07, and increased provision for the Telecommunications (Competition Provisions) Appeal Board.

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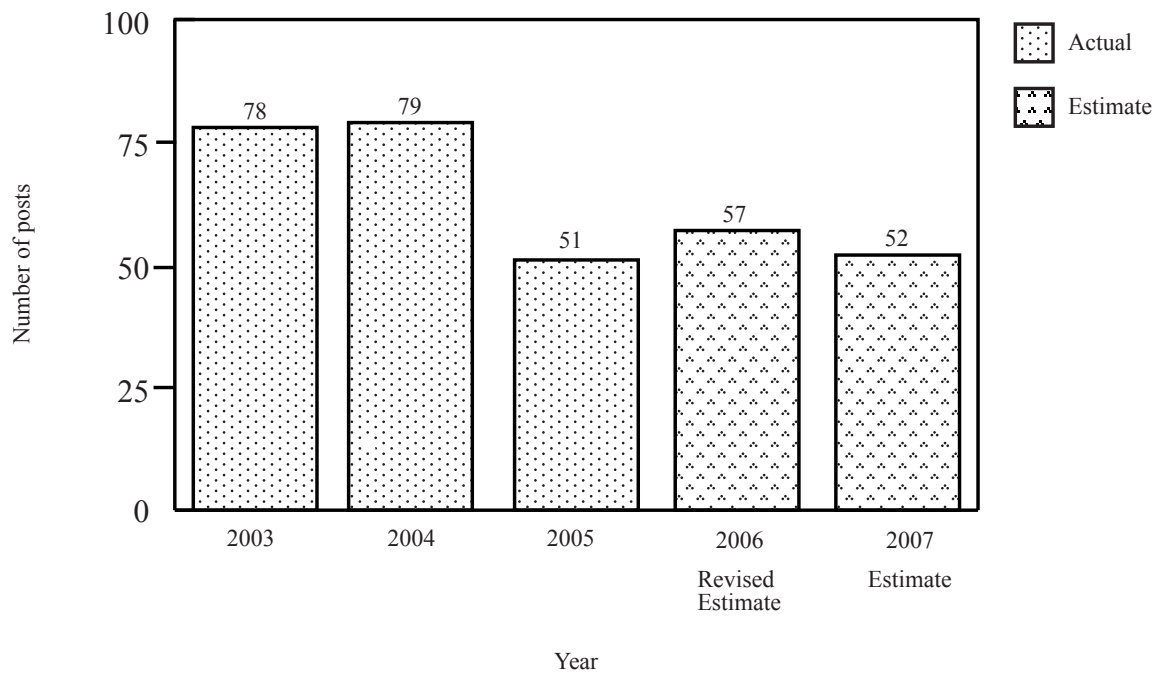
*Allocation of provision
to programmes
(2006-07)*



*Staff by programme
(as at 31 March 2007)*



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



**Head 55 — GOVERNMENT SECRETARIAT: COMMERCE, INDUSTRY AND
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Sub-head (Code)		Actual expenditure 2004-05	Approved estimate 2005-06	Revised estimate 2005-06	Estimate 2006-07
		\$'000	\$'000	\$'000	\$'000
Operating Account					
Recurrent					
000	Operational expenses.....	62,859	66,974	47,391	60,680
	Total, Recurrent.....	62,859	66,974	47,391	60,680
Non-Recurrent					
700	General non-recurrent.....	12,389	13,900	14,868	61,434
	Total, Non-Recurrent.....	12,389	13,900	14,868	61,434
	Total, Operating Account.....	75,248	80,874	62,259	122,114
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	Total Expenditure.....	75,248	80,874	62,259	122,114

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Details of Expenditure by Subhead

The estimate of the amount required in 2006–07 for the salaries and expenses of the Communications and Technology Branch is \$122,114,000. This represents an increase of \$59,855,000 over the revised estimate for 2005–06 and of \$46,866,000 over actual expenditure in 2004–05.

Operating Account

Recurrent

2 Provision of \$60,680,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Technology Branch. The increase of \$13,289,000 (28.0%) over the revised estimates for 2005–06 is mainly due to the increased provision for posts created in 2005–06 for the Hong Kong China Secretariat for ITU TELECOM WORLD 2006, redeployment of internal resources to pursue new initiatives and activities, and increased provision for the Telecommunications (Competition Provisions) Appeal Board.

3 The establishment as at 31 March 2006 will be 56 permanent posts and one supernumerary post. It is expected that there will be a net deletion of four permanent posts and one supernumerary post in 2006–07. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2006–07, but the notional annual mid-point salary value of all such posts must not exceed \$19,121,000.

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

	2004–05 (Actual) (\$'000)	2005–06 (Original) (\$'000)	2005–06 (Revised) (\$'000)	2006–07 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	26,936	24,872	23,040	25,992
- Allowances	1,165	943	914	976
- Job-related allowances	—	4	1	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution	36	36	16	12
- Civil Service Provident Fund contribution	—	—	89	149
Departmental Expenses				
- General departmental expenses	28,663	41,119	23,331	33,547
Other Charges				
- Electronic Service Delivery scheme	6,059	—	—	—
	<u>62,859</u>	<u>66,974</u>	<u>47,391</u>	<u>60,680</u>

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2005	Revised estimated expenditure for 2005–06	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	439	ITU TELECOM WORLD 2006	87,400	12,389	13,900	61,111
	493	Consultancy Study on Broadcasting Regulatory Regime Review	1,300	—	968	332
		Total	88,700	12,389	14,868	61,443