

Head 55 — GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND TECHNOLOGY BRANCH)

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

Estimate 2010–11	\$291.4m
Establishment ceiling 2010–11 (notional annual mid-point salary value) representing an estimated 86 non-directorate posts as at 31 March 2010 raising by seven posts to 93 posts as at 31 March 2011.....	\$37.2m
In addition there will be an estimated five directorate posts as at 31 March 2010 and as at 31 March 2011.	
Commitment balance	\$612.3m

Controlling Officer's Report

Programmes

Programme (1) Broadcasting, Film Services 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, Film Services and Creative Industries

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	168.0#	198.3#	213.7# (+7.8%)	268.3 (+25.5%)
				(or +35.3% on 2009–10 Original)

For comparison purpose, the figures include the relevant provisions for digital entertainment, design and film services which, prior to 1 June 2009, were placed under Head 47—Government Secretariat: Office of the Government Chief Information Officer, Head 155—Government Secretariat: Innovation and Technology Commission and Head 180—Television and Entertainment Licensing Authority respectively. The provisions have been transferred to Head 55 for the establishment of Create Hong Kong office with effect from 1 June 2009.

Aim

2 The aim is to promote the development of broadcasting, film and creative industries and enhance Hong Kong's position as a broadcasting and film production centre and a creative capital.

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, film and creative 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 2009–10, the Branch:

- continued to oversee the implementation of digital terrestrial television broadcasting in Hong Kong;
- continued to oversee the implementation of broadcast-type mobile television services in Hong Kong;
- formulated the policy and arrangements for future public service broadcasting and conducted a public consultation exercise;
- oversaw the mid-term review of the two domestic free television programme service licences;
- continued to provide support to the long-term development of the film industry;

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- completed the first round consultation on the review of the Control of Obscene and Indecent Articles Ordinance (COIAO);
- set up the Create Hong Kong (CreateHK), a dedicated office to provide more effective support for the creative industries through integration of resources;
- introduced the CreateSmart Initiative (CSI) under CreateHK to provide financial support to projects conducive to the development of creative industries of Hong Kong;
- reviewed the operation of the Film Development Fund (FDF) Scheme and identified improvement measures to better meet the needs of the local film industry as well as launched a large-scale project “Hong Kong Film New Action” to revitalise Hong Kong films in the Mainland and South-east Asia, to further expand the Mainland market, and to promote new generation film directors;
- promoted the use of design, in collaboration with the Hong Kong Design Centre (HKDC), to help Hong Kong’s industries move up the value chain; and
- engaged the creative industries in respect of Hong Kong’s participation in the Urban Best Practices Area Exhibition of the World Exposition 2010 Shanghai China (Shanghai Expo).

Matters Requiring Special Attention in 2010–11

6 During 2010–11, the key tasks will include:

- continuing to oversee the further implementation of digital terrestrial television broadcasting;
- continuing to oversee the implementation of broadcast-type mobile television services in Hong Kong;
- overseeing the preparatory and planning work for the new Radio Television Hong Kong to fulfill its new mission as a public service broadcaster;
- overseeing the mid-term review of the two sound broadcasting licences;
- commencing the second round consultation on the review of the COIAO;
- continuing to develop Hong Kong’s position in creativity and innovation in the region and promote Hong Kong as Asia’s creative capital;
- continuing to administer the various funding schemes under CreateHK, including the CSI, FDF, the Film Guarantee Fund and the DesignSmart Initiative, to provide funding support to projects and activities conducive to development of the creative industries of Hong Kong;
- implementing measures to improve the operation of the FDF and continuing to promote Hong Kong films and new generation film directors to the Mainland and South-east Asian markets under the “Hong Kong Film New Action” project;
- continuing to collaborate with HKDC and encourage the wider use of design to add value to Hong Kong’s goods and services; and
- launching the Hong Kong exhibition in the Urban Best Practices Area of the Shanghai Expo, and organising events and activities during the Expo period in collaboration with the creative industries.

Programme (2): Telecommunications

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	27.0	27.5	21.8 (–20.7%)	23.1 (+6.0%)
				(or –16.0% on 2009–10 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 enhance Hong Kong’s position as a world-class telecommunications centre.

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9 In 2009–10, the Branch:

- reviewed the effectiveness of the enforcement of the Unsolicited Electronic Messages Ordinance (Cap. 593) and the Unsolicited Electronic Messages Regulation, including the conducting of public and industry opinion surveys on the regulation of person-to-person telemarketing calls;
- oversaw de-regulation of fixed-mobile interconnection charge;
- conducted auction for the release of spectrum for the expansion of the second generation mobile services;
- issued licences for the deployment and rollout of the Broadband Wireless Access (BWA) services in Hong Kong;
- commissioned consultancy studies relating to spectrum trading and imposition of spectrum utilisation fees on spectrum released administratively;
- conducted public consultations relating to telephone directory services, regulatory guidance for local access charge and proposed auction of spectrum for provision of public mobile services; and
- conducted a pilot programme for a Customer Complaint Settlement Scheme (CCSS) to provide customers with an alternative forum for resolving disputes with service providers.

Matters Requiring Special Attention in 2010–11

10 During 2010–11, the key tasks will include:

- working with the industry on a self-regulation scheme for person-to-person telemarketing calls;
- continuing to monitor the transition to the new regulatory framework for the convergence of fixed and mobile communication services;
- facilitating the rollout of the BWA services and high speed mobile broadband services in Hong Kong;
- following up on the recommendations of consultancy studies relating to spectrum trading and imposition of spectrum utilisation fees on spectrum released administratively;
- following up on public consultations relating to telephone directory services, regulatory guidance for local access charge and proposed auction of spectrum for provision of public mobile services;
- introducing into the Legislative Council the necessary legislative proposal on the establishment of a unified regulator by merging the Broadcasting Authority and the Telecommunications Authority; and
- reviewing the pilot CCSS after the pilot run with a view to long term implementation.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2008–09 (Actual) (\$m)	2009–10 (Original) (\$m)	2009–10 (Revised) (\$m)	2010–11 (Estimate) (\$m)
(1) Broadcasting, Film Services and Creative Industries	168.0#	198.3#	213.7#	268.3
(2) Telecommunications	27.0	27.5	21.8	23.1
	195.0#	225.8#	235.5# (+4.3%)	291.4 (+23.7%)
				(or +29.1% on 2009–10 Original)

For comparison purpose, the figures include the relevant provisions for digital entertainment, design and film services which, prior to 1 June 2009, were placed under Head 47—Government Secretariat: Office of the Government Chief Information Officer, Head 155—Government Secretariat: Innovation and Technology Commission and Head 180—Television and Entertainment Licensing Authority respectively. The provisions have been transferred to Head 55 for the establishment of Create Hong Kong office with effect from 1 June 2009.

Analysis of Financial and Staffing Provision

Programme (1)

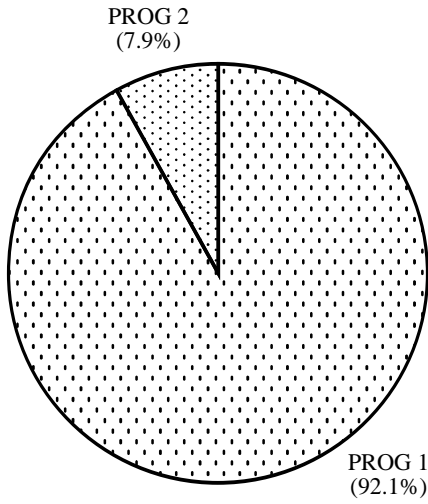
Provision for 2010–11 is \$54.6 million (25.5%) higher than the revised estimate for 2009–10. This is mainly due to the increase in cash flow requirement for general non-recurrent items and the net increase of seven posts in 2010–11.

Programme (2)

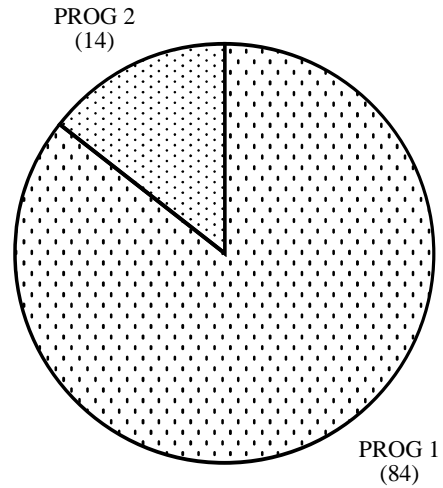
Provision for 2010–11 is \$1.3 million (6.0%) higher than the revised estimate for 2009–10. This is mainly due to the increased provision for the Telecommunications (Competition Provisions) Appeal Board.

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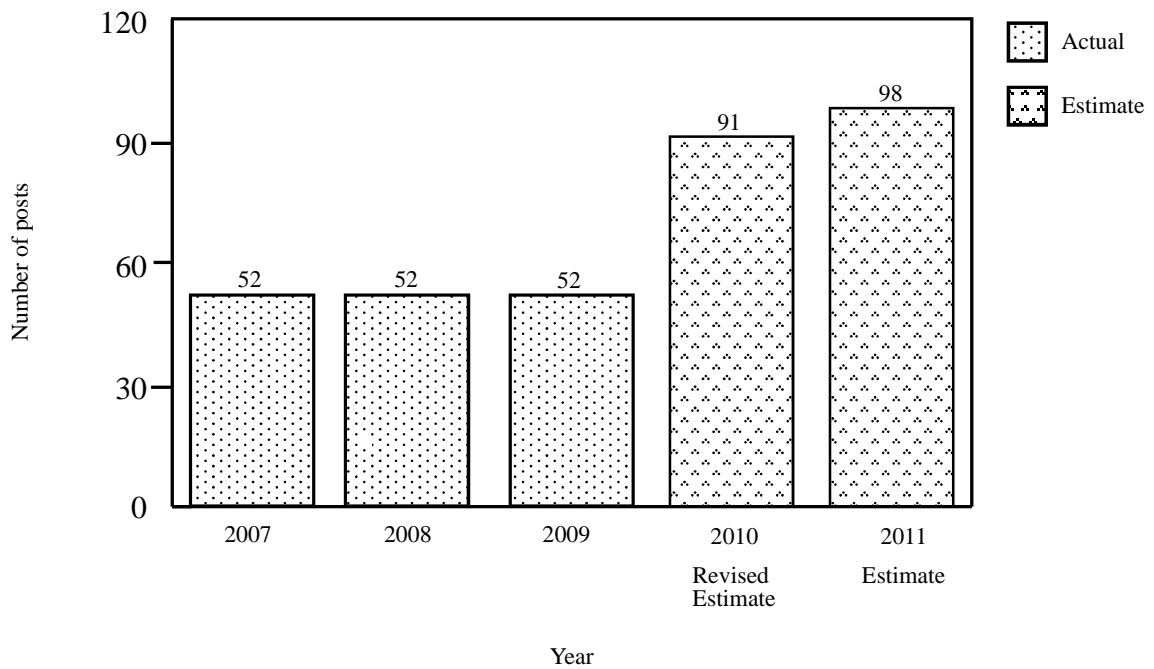
Allocation of provision to programmes (2010-11)



Staff by programme (as at 31 March 2011)



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



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Sub-head (Code)	Actual expenditure 2008-09	Approved estimate 2009-10	Revised estimate 2009-10	Estimate 2010-11	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses#	64,883	66,300	102,203	119,035
	Total, Recurrent#	64,883	66,300	102,203	119,035
Non-Recurrent					
700	General non-recurrent	8,000	—	109,549	172,386
	Total, Non-Recurrent#	8,000	—	109,549	172,386
	Total, Operating Account#	72,883	66,300	211,752	291,421
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	Total Expenditure#	72,883	66,300	211,752	291,421

For consistency with previous estimates, the figures for 2008-09 and 2009-10 exclude relevant provisions for digital entertainment, design and film services which have been transferred from Head 47—Government Secretariat: Office of the Government Chief Information Officer, Head 155—Government Secretariat: Innovation and Technology Commission and Head 180—Television and Entertainment Licensing Authority respectively for the establishment of Create Hong Kong office with effect from 1 June 2009.

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Details of Expenditure by Subhead

The estimate of the amount required in 2010–11 for the salaries and expenses of the Communications and Technology Branch is \$291,421,000. This represents an increase of \$79,669,000 over the revised estimate for 2009–10 and of \$218,538,000 over actual expenditure in 2008–09.

Operating Account

Recurrent

2 Provision of \$119,035,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Technology Branch. The increase of \$16,832,000 (16.5%) over the revised estimates for 2009–10 is mainly due to the increased departmental expenses, increased provision for the Telecommunications (Competition Provisions) Appeal Board and increased salary provision arising from filling of vacancies and net increase of seven posts, partly offset by the impact of the 2009 pay adjustment.

3 The establishment as at 31 March 2010 will be 91 permanent posts. It is expected that there will be a net increase of seven permanent posts in 2010–11. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2010–11, but the notional annual mid-point salary value of all such posts must not exceed \$37,224,000.

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

	2008–09 (Actual) (\$'000)	2009–10 (Original) (\$'000)	2009–10 (Revised) (\$'000)	2010–11 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	27,323	25,334	41,665	45,881
- Allowances	1,556	1,870	1,772	1,780
- Job-related allowances	—	4	1	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution	66	60	146	174
- Civil Service Provident Fund contribution	267	306	351	445
Departmental Expenses				
- General departmental expenses	35,671	38,726	58,268	70,751
	<hr/> 64,883	<hr/> 66,300	<hr/> 102,203	<hr/> 119,035 <hr/>

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2009	Revised estimated expenditure for 2009–10	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
438	DesignSmart Initiative.....		250,000	138,329	26,328	85,343
480	Film Development Fund.....		320,000	57,306	54,583	208,111
866	CreateSmart Initiative.....		300,000	—	26,000	274,000
897	Hong Kong Design Centre		100,000	35,908	19,286	44,806
	Total.....		<u>970,000</u>	<u>231,543</u>	<u>126,197</u>	<u>612,260</u>