

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 2011–12..... **\$310.9m**

Establishment ceiling 2011–12 (notional annual mid-point salary value) representing an estimated 92 non-directorate posts as at 31 March 2011 rising by three posts to 95 posts as at 31 March 2012 **\$38.1m**

In addition, there will be an estimated five directorate posts as at 31 March 2011 and as at 31 March 2012.

Commitment balance **\$488.4m**

Controlling Officer's Report

Programmes

Programme (1) Broadcasting 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 and Creative Industries

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	195.7#	268.3	232.8 (–13.2%)	293.5 (+26.1%)
				(or +9.4% on 2010–11 Original)

For comparison purpose, the figure for 2009–10 includes 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 (CreateHK) with effect from 1 June 2009.

Aim

2 The aim is to promote the development of broadcasting and creative industries and enhance Hong Kong's position as a broadcasting and 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 and creative industries. CreateHK was set up within this Branch in June 2009 as the Government's dedicated one-stop shop to drive the development of creative industries.

4 The key performance is measured 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 2010–11, the Branch:

- continued to oversee the implementation of digital terrestrial television broadcasting in Hong Kong;
- oversaw the completion of the auction of the spectrum for the implementation of broadcast-type mobile television services in Hong Kong;
- promulgated the Charter of Radio Television Hong Kong (RTHK) and set up the Board of Advisors for RTHK to fulfill its mission as a public service broadcaster;
- oversaw the completion of the mid-term review of the two domestic free television programme service licences;
- oversaw the processing of three applications for domestic free television programme service licences;

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- oversaw the mid-term review of the two sound broadcasting licences;
- oversaw the processing of three applications for sound broadcasting licences for providing digital audio broadcasting;
- continued to consolidate Hong Kong's position in creativity and innovation in the region and promote Hong Kong as Asia's creative capital;
- continued to administer, through CreateHK, the CreateSmart Initiative (CSI), DesignSmart Initiative (DSI), Film Development Fund (FDF) and Film Guarantee Fund (FGF) to provide funding support to projects conducive to the development of creative industries of Hong Kong as well as to finance small-to-medium budget film productions;
- promoted the development of the film industry, including implementing improvement measures to the FDF Scheme to better meet the needs of the local film industry subsequent to the review of the Scheme, and continued to provide support services to facilitate film productions, in particular location filming in Hong Kong;
- worked closely with the Hong Kong Design Centre (HKDC) to promote the use of design to help Hong Kong's industries move up the value chain;
- worked in collaboration with the Development Bureau in the selection of the future operator for revitalising the Former Hollywood Road Police Married Quarters site as a creative industries landmark; and
- participated in the Urban Best Practices Area Exhibition of the Expo 2010 Shanghai China, and organised events and activities during the Expo 2010 Shanghai China in collaboration with Hong Kong's creative industries to promote the industries in the Mainland.

Targets

	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
issuing discharge permits for the use of special effects materials under the Entertainment Special Effects Ordinance (Cap. 560)				
simple cases, intermediate cases and complicated cases within three, six and 14 working days respectively (%)	100	100	100	100
issuing conveyance permits under the Entertainment Special Effects Ordinance within one working day (%)	100	100	100	100
issuing replies to enquiries relating to locations for film shooting within four working days (%)	100	100	100	100

Indicators

	2009 (Actual)	2010 (Actual)	2011 (Estimate)
CSI			
applications received and processed	36§	62	68
projects funded and being monitored	7§	34	45
DSI			
applications received and processed	142	101	123
projects funded and being monitored	181	138	156
FDF			
applications for financing film production received and processed	8	12	12
applications for funding other film-related projects received and processed	30	25	25
film production projects funded and being monitored	16	19	19
other film-related projects funded and being monitored	32	35	35
FGF			
applications received and processed	0	0	1
projects funded and being monitored	1	1	2

§ The CSI was launched on 1 June 2009 with the establishment of CreateHK. The 2009 figures are hence for applications and projects handled during the seven-month period from June to December 2009.

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Matters Requiring Special Attention in 2011–12

6 During 2011–12, the key tasks will include:

- overseeing the implementation of broadcast-type mobile television services;
- overseeing the launch of digital audio broadcasting;
- continuing to oversee the development plans for RTHK as a public service broadcaster;
- considering the way forward for the review of the Control of Obscene and Indecent Articles Ordinance (Cap. 390);
- 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 promote the development of the film industry in consultation with the Hong Kong Film Development Council;
- continuing to administer the various funding schemes under CreateHK;
- continuing to encourage the wider use of design to add value to Hong Kong's goods and services; and
- continuing to work with the Development Bureau and the selected operator in taking forward the revitalisation project of the Former Hollywood Road Police Married Quarters site as a creative industries landmark.

Programme (2): Telecommunications

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	22.7	23.1	16.6 (–28.1%)	17.4 (+4.8%)
				(or –24.7% on 2010–11 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 to facilitate effective competition, enhance consumer choice and promote investments in 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.

9 In 2010–11, the Branch:

- introduced into the Legislative Council the Communications Authority Bill proposing the establishment of the Communications Authority, a unified regulator for telecommunications and broadcasting by merging the Broadcasting Authority and the Telecommunications Authority;
- implemented self-regulatory schemes for telecommunications services with a view to safeguarding consumers' interests;
- facilitated the rollout of high speed mobile broadband services in Hong Kong;
- monitored the transition to the new regulatory framework in respect of the convergence of fixed and mobile communications services;
- reviewed the regulatory regime for telephone directory services and deregulated the mandatory provision of White Pages;
- prepared for the auction of spectrum in the 850MHz, 900MHz and 2GHz bands for provision of public mobile services;
- arranged public consultation on the local access charge for the interconnection between local fixed/mobile carriers and external providers;
- arranged public consultation on the introduction of spectrum utilisation fees on spectrum assigned administratively;
- completed the consultancy study on the feasibility of introducing spectrum trading in Hong Kong; and
- reviewed the pilot Customer Complaint Settlement Scheme (CCSS) and arranged public consultation on its implementation on a long term and sustainable basis.

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Matters Requiring Special Attention in 2011–12

10 During 2011–12, the key tasks will include:

- following through the enactment of the Communications Authority Bill to establish the Communications Authority and the Office of the Communications Authority;
- monitoring the effectiveness of self-regulatory schemes for safeguarding consumers' interests;
- facilitating the rollout of high speed mobile broadband services in Hong Kong and working to address the demand for radio spectrum for public mobile communications services;
- monitoring the transition to the new regulatory framework in respect of the convergence of fixed and mobile communications services;
- following up on the licensing and rollout of public mobile services using the spectrum released through auctions in the 850MHz, 900MHz and 2GHz bands of spectrum;
- following up on the review of local access charge, the proposal of introducing spectrum utilisation fees on spectrum assigned administratively and the study of spectrum trading;
- following up on public consultation relating to CCSS;
- implementing procedures to facilitate laying of new submarine cables to Hong Kong in a simpler and speedier manner; and
- studying the implications of the development of the next generation networks on the regulation of telecommunications services.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2009–10 (Actual) (\$m)	2010–11 (Original) (\$m)	2010–11 (Revised) (\$m)	2011–12 (Estimate) (\$m)
(1) Broadcasting and Creative Industries	195.7#	268.3	232.8	293.5
(2) Telecommunications.....	22.7	23.1	16.6	17.4
	218.4#	291.4	249.4 (-14.4%)	310.9 (+24.7%)
				(or +6.7% on 2010–11 Original)

For comparison purpose, the figure for 2009–10 includes 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 CreateHK with effect from 1 June 2009.

Analysis of Financial and Staffing Provision

Programme (1)

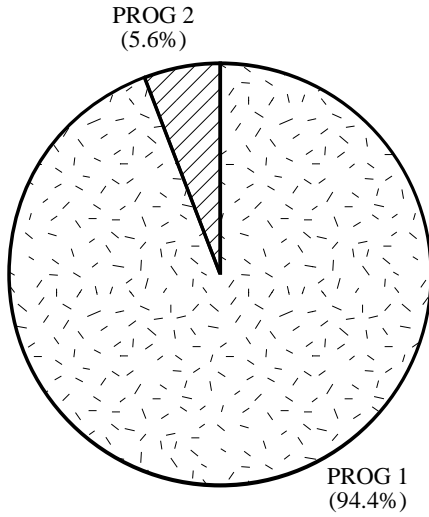
Provision for 2011–12 is \$60.7 million (26.1%) higher than the revised estimate for 2010–11. This is mainly due to the increase in cash flow requirement for general non-recurrent items and the increase of three posts in 2011–12.

Programme (2)

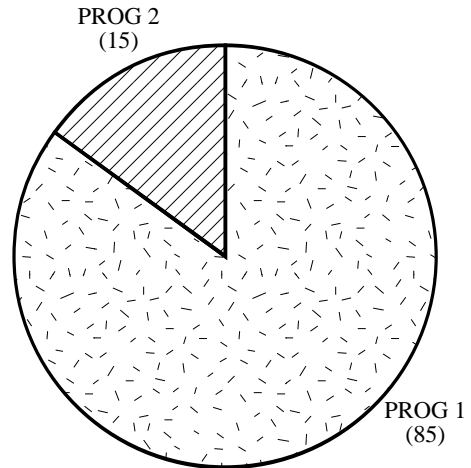
Provision for 2011–12 is \$0.8 million (4.8%) higher than the revised estimate for 2010–11. This is mainly due to the increased provision for the Telecommunications (Competition Provisions) Appeal Board.

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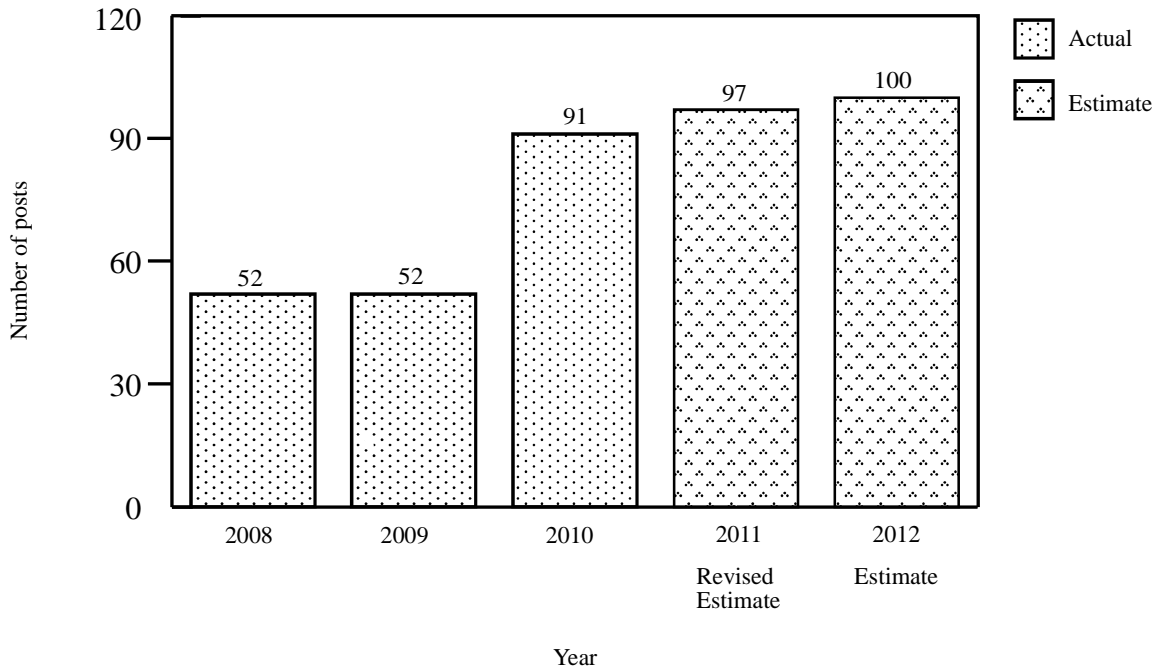
Allocation of provision to programmes (2011-12)



Staff by programme (as at 31 March 2012)



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



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Sub-head (Code)	Actual expenditure 2009–10	Approved estimate 2010–11	Revised estimate 2010–11	Estimate 2011–12	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	99,990#	119,035	110,925	122,947
	Total, Recurrent	99,990#	119,035	110,925	122,947
Non-Recurrent					
700	General non-recurrent	94,894#	172,386	138,448	187,943
	Total, Non-Recurrent	94,894#	172,386	138,448	187,943
	Total, Operating Account.....	194,884#	291,421	249,373	310,890
	Total Expenditure	194,884#	291,421	249,373	310,890

For consistency with previous estimates, the figures for 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 CreateHK with effect from 1 June 2009.

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Details of Expenditure by Subhead

The estimate of the amount required in 2011–12 for the salaries and expenses of the Communications and Technology Branch is \$310,890,000. This represents an increase of \$61,517,000 over the revised estimate for 2010–11 and of \$116,006,000 over the actual expenditure in 2009–10.

Operating Account

Recurrent

2 Provision of \$122,947,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Technology Branch. The increase of \$12,022,000 (10.8%) over the revised estimates for 2010–11 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 increase of three posts.

3 The establishment as at 31 March 2011 will be 97 permanent posts. It is expected that there will be an increase of three permanent posts in 2011–12. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2011–12, but the notional annual mid-point salary value of all such posts must not exceed \$38,130,000.

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

	2009–10 (Actual)# (\$'000)	2010–11 (Original) (\$'000)	2010–11 (Revised) (\$'000)	2011–12 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	41,519	45,881	48,415	49,385
- Allowances	1,659	1,780	1,483	1,433
- Job-related allowances.....	1	4	2	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution	145	174	145	80
- Civil Service Provident Fund contribution	317	445	568	904
Departmental Expenses				
- General departmental expenses.....	56,349	70,751	60,312	71,141
	<u>99,990</u>	<u>119,035</u>	<u>110,925</u>	<u>122,947</u>

For consistency with previous estimates, the figures for 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 CreateHK with effect from 1 June 2009.

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Commitments

Sub- head (Code)	Item (Code) Ambit	Approved commitment	Accumulated expenditure to 31.3.2010	Revised estimated expenditure for 2010-11	Balance
		\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>					
700	<i>General non-recurrent</i>				
438	DesignSmart Initiative	250,000	165,828	32,566	51,606
480	Film Development Fund	320,000	105,374	41,382	173,244
866	CreateSmart Initiative	300,000	15,959	41,500	242,541
897	Hong Kong Design Centre	100,000	55,950	23,000	21,050
	Total	970,000	343,111	138,448	488,441