

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 2014–15 **\$314.9m**

Establishment ceiling 2014–15 (notional annual mid-point salary value) representing an estimated 102 non-directorate posts as at 31 March 2014 rising by eight posts to 110 posts as at 31 March 2015 **\$52.0m**

In addition, there will be an estimated seven directorate posts as at 31 March 2014 rising by two posts to nine posts as at 31 March 2015.

Commitment balance **\$455.1m**

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

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	291.4	307.6	299.7 (–2.6%)	298.0 (–0.6%)
				(or –3.1% on 2013–14 Original)

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, film censorship, and to promote the development of the broadcasting and creative industries.

4 The key performance is measured by the extent to which the policy objectives have been achieved and the progress made in implementing the various policy commitments. It is also reflected by the extent to which the executive departments have accomplished their programmes efficiently and cost-effectively.

5 In 2013–14, the Branch:

- monitored the implementation of digital audio broadcasting services by the three sound broadcasting licensees and Radio Television Hong Kong (RTHK);
- monitored the implementation of digital terrestrial television broadcasting services;
- assisted in the remaining work relating to the applications for domestic free television programme service licences;
- assisted in the processing of the applications for renewals of a domestic pay television programme service licence and two domestic free television programme service licences;
- offered policy steer and resource support for RTHK for the implementation of various initiatives to fulfil its mission as a public service broadcaster;
- worked with the trade to promote Hong Kong as Asia's creative capital;

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

- administered, through Create Hong Kong office (CreateHK), the CreateSmart Initiative (CSI), including the Design-Business Collaboration Scheme (DBCS) previously funded by the DesignSmart Initiative (DSI), to provide funding support to non-film related projects conducive to the development of creative industries of Hong Kong;
- administered, through CreateHK, the Film Development Fund (FDF) and Film Guarantee Fund (FGF) to promote the development of the film industry and finance small to medium budget film productions, and provided support services to facilitate film productions, in particular location filming in Hong Kong; and
- worked closely with the Hong Kong Design Centre to promote the use of design across all sectors in Hong Kong.

Targets

	Target	2012 (Actual)	2013 (Actual)	2014 (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#

	2012 (Actual)	2013 (Actual)	2014 (Estimate)
CSI @			
applications received.....	87	91	113
applications approved	52	62	76
applications refused.....	21	18	23
DSI §			
applications received.....	52	23	0
applications approved	26	15	0
applications refused.....	19	5	0
FDF			
film production projects			
applications received.....	18	10	10
applications approved	13	4	4
applications refused.....	3	6	6
other film-related projects			
applications received.....	15	16	16
applications approved	20	10	18
applications refused.....	0	1	1
FGF			
applications received.....	0	0	0
applications approved	0	0	0
applications refused.....	0	0	0

The new indicators “applications received”, “applications approved” and “applications refused” replace the indicators “applications received and processed” and “projects funded and being monitored” applicable to the CSI, DSI, FDF and FGF as from 2013 to enhance clarity and better reflect the workload associated with processing the applications submitted under the respective funding schemes. The actual figures of 2012 have also been updated accordingly under the new indicators. The actual processing of the applications received may straddle over different calendar years. Hence, the total number of applications approved and refused may not tally with the total number of applications received in the same year.

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

@ Including the DBCS applications received on or after 24 May 2013 which were previously funded under the DSI.

§ The DSI has migrated to the CSI since 1 June 2011, except for the applications received under the DBCS which have until 23 May 2013 been funded under the DSI. Applications under the DBCS received on or after 24 May 2013 are funded under the CSI.

Matters Requiring Special Attention in 2014–15

6 During 2014–15, the Branch will:

- continue to monitor the implementation of digital audio broadcasting services,
- continue to monitor the implementation of digital terrestrial television broadcasting services,
- continue to assist in completing the remaining work relating to the applications for domestic free television programme service licences,
- continue to assist in the processing of the applications for renewals of a domestic pay television programme service licence and two domestic free television programme service licences,
- continue to oversee the development plans for RTHK as a public service broadcaster,
- continue to formulate legislative proposals to reform and improve the Control of Obscene and Indecent Articles Ordinance (Cap. 390) regime,
- continue to support the organisation of signature events to promote Hong Kong as Asia's creative capital,
- continue to administer the various funding schemes under CreateHK, and
- review the Broadcasting Ordinance (Cap. 562) together with the Telecommunications Ordinance (Cap. 106).

Programme (2): Telecommunications

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	16.1	18.4	16.3 (–11.4%)	16.9 (+3.7%)
				(or –8.2% on 2013–14 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 2013–14, the Branch:

- monitored the effectiveness of the mandatory guidelines and self-regulatory schemes for telecommunications services for safeguarding consumers' interests,
- monitored the performance and the governance of the Customer Complaint Settlement Scheme (CCSS) which was launched by the industry with sponsorship from the Office of the Communications Authority to resolve deadlock billing disputes between telecommunications service providers and their residential/personal customers,
- monitored the implementation of the new regulatory regime on local access charge,
- oversaw the withdrawal of the regulatory guidance for charging principles of interconnection between fixed carriers subject to an 18-month transitional period ending October 2014,
- worked with the Communications Authority on the arrangement of re-assigning the frequency spectrum in the 1.9 – 2.2 GHz band upon expiry of the existing assignments for the provision of 3G mobile services in October 2016,
- followed up on the rollout of 4G public mobile communications services using the spectrum released through auction in the 2.5/2.6 GHz bands of spectrum in March 2013,

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

- oversaw the provision of single point of contact service to facilitate the landing of new submarine cables in Hong Kong,
- monitored the migration of traditional networks to next generation networks by the industry and ensured that the regulatory regime remains updated and appropriate in the next generation network era,
- prepared legislative amendments to implement a spectrum utilisation fees charging scheme for administratively assigned spectrum with a view to encouraging more efficient use of scarce frequency resources,
- monitored the implementation of the legislation in facilitating market competition and fair trading practices of telecommunications licensees, and
- oversaw the utilisation of existing numbering plan for telecommunications services and the arrangement to make available numbering resources to meet consumer demand.

Matters Requiring Special Attention in 2014–15

10 During 2014–15, the key tasks will include:

- continuing to monitor the effectiveness of the mandatory guidelines and self-regulatory schemes for safeguarding consumers' interests,
- continuing to monitor the performance and governance of the industry CCSS and considering the way forward after the trial period ending October 2014,
- continuing to monitor the implementation of the new regulatory regime on local access charge,
- continuing to oversee the withdrawal of the regulatory guidance for charging principles of interconnection between fixed carriers,
- introducing legislative amendments for the implementation of the re-assignment arrangements and overseeing the auction for the re-assignment of parts of the frequency spectrum in the 1.9 – 2.2 GHz band,
- monitoring the network and service rollout of 4G public mobile communications services using the spectrum in the 2.5/2.6 GHz bands,
- continuing to implement a spectrum utilisation fees charging scheme for administratively assigned spectrum with a view to encouraging more efficient use of scarce frequency resources,
- continuing to monitor the demand of the industry for radio spectrum trading,
- continuing to facilitate the landing of new submarine cables in Hong Kong,
- continuing to monitor the development of next generation networks and ensuring that the regulatory regime remains updated and appropriate in the next generation network era,
- continuing to monitor the implementation and effectiveness of the legislation in facilitating market competition and the fair trading practices of the telecommunications licensees,
- continuing to oversee the utilisation of numbering plan, and
- reviewing the Telecommunications Ordinance together with the Broadcasting Ordinance.

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

ANALYSIS OF FINANCIAL PROVISION

	2012-13 (Actual) (\$m)	2013-14 (Original) (\$m)	2013-14 (Revised) (\$m)	2014-15 (Estimate) (\$m)
Programme				
(1) Broadcasting and Creative Industries.....	291.4	307.6	299.7	298.0
(2) Telecommunications	16.1	18.4	16.3	16.9
	<hr/> 307.5	<hr/> 326.0	<hr/> 316.0 (-3.1%)	<hr/> 314.9 (-0.3%)
				(or -3.4% on 2013-14 Original)

Analysis of Financial and Staffing Provision

Programme (1)

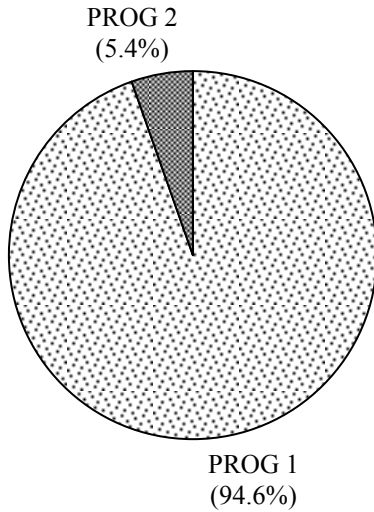
Provision for 2014-15 is \$1.7 million (0.6%) lower than the revised estimate for 2013-14. This is mainly due to decreased requirement for general departmental expenses, partly offset by an increase of seven posts.

Programme (2)

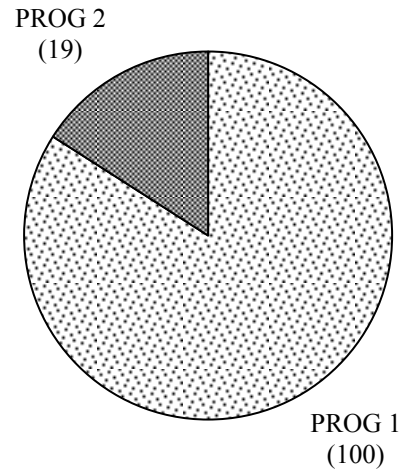
Provision for 2014-15 is \$0.6 million (3.7%) higher than the revised estimate for 2013-14. This is mainly due to an increase of three posts, partly offset by the decreased requirement for general departmental expenses.

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

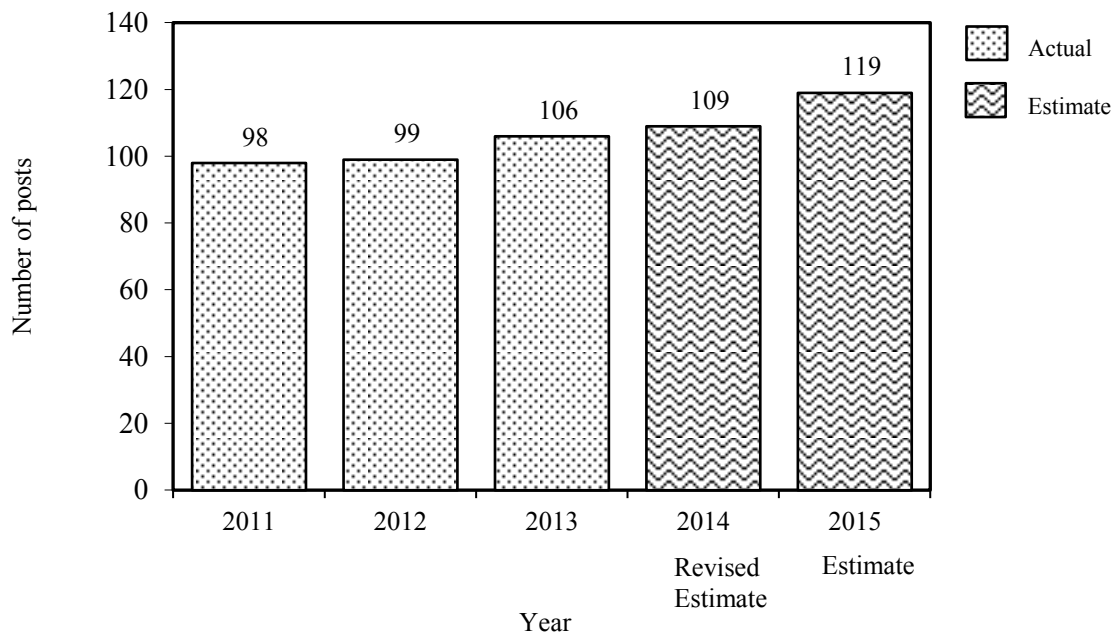
Allocation of provision to programmes (2014-15)



Staff by programme (as at 31 March 2015)



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



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

Sub-head (Code)	Actual expenditure 2012–13	Approved estimate 2013–14	Revised estimate 2013–14	Estimate 2014–15	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	136,344	140,490	138,842	135,075
	Total, Recurrent.....	136,344	140,490	138,842	135,075
Non-Recurrent					
700	General non-recurrent	171,142	185,541	177,195	179,835
	Total, Non-Recurrent.....	171,142	185,541	177,195	179,835
	Total, Operating Account	307,486	326,031	316,037	314,910
	Total Expenditure	307,486	326,031	316,037	314,910

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

Details of Expenditure by Subhead

The estimate of the amount required in 2014–15 for the salaries and expenses of the Communications and Technology Branch is \$314,910,000. This represents a decrease of \$1,127,000 against the revised estimate for 2013–14 and an increase of \$7,424, 000 over the actual expenditure in 2012–13.

Operating Account

Recurrent

2 Provision of \$135,075,000 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 2014 will be 109 permanent posts. It is expected that there will be an increase of ten posts including two supernumerary posts in 2014–15. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed \$52,034,000.

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

	2012–13 (Actual) (\$'000)	2013–14 (Original) (\$'000)	2013–14 (Revised) (\$'000)	2014–15 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	54,780	59,898	60,919	70,319
- Allowances.....	2,204	1,912	1,949	1,570
- Job-related allowances	—	4	2	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	243	152	228	166
- Civil Service Provident Fund contribution.....	862	1,441	1,057	1,725
Departmental Expenses				
- General departmental expenses	78,255	77,083	74,687	61,291
	<hr/>	<hr/>	<hr/>	<hr/>
	136,344	140,490	138,842	135,075

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

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment \$'000	Accumulated expenditure to 31.3.2013 \$'000	Revised estimated expenditure for 2013–14 \$'000	Balance \$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
438	DesignSmart Initiative.....		250,000	227,864	13,578	8,558
480	Film Development Fund.....		320,000	210,858	43,932	65,210
829	Business of Design Week and Hong Kong Design Centre Awards		37,500	13,003	12,032	12,465
830	Design Incubation Programme.....		26,250	5,598	—	20,652
866	CreateSmart Initiative		600,000	190,911	87,497	321,592
897	Hong Kong Design Centre		170,000	123,227	20,156	26,617
	Total		<u>1,403,750</u>	<u>771,461</u>	<u>177,195</u>	<u>455,094</u>