

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

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

Estimate 2019–20	\$903.9m
Establishment ceiling 2019–20 (notional annual mid-point salary value) representing an estimated 112 non-directorate posts as at 31 March 2019 rising by four posts to 116 posts as at 31 March 2020.....	\$72.8m
In addition, there will be an estimated nine directorate posts as at 31 March 2019 and as at 31 March 2020.	
Commitment balance	\$2,905.8m

Controlling Officer's Report

Programmes

- Programme (1) Broadcasting and Creative Industries**
Programme (2) Telecommunications

These programmes contribute to Policy Area 17: Information Technology and Broadcasting (Secretary for Commerce and Economic Development).

Detail

Programme (1): Broadcasting and Creative Industries

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	2019–20 (Estimate)
Financial provision (\$m)	346.3	497.3	427.0 (-14.1%)	675.0 (+58.1%)
(or +35.7% on 2018–19 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 Creative Industries 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.

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 2018–19, the Branch:

- monitored the implementation of digital terrestrial television (DTT) broadcasting services and completed the review of the working target for switching off analogue television services in Hong Kong;
- assisted in the licensing and regulatory matters in relation to the domestic free television programme services, domestic pay television programme services and sound broadcasting services;
- continued to oversee the ongoing implementation of various initiatives by Radio Television Hong Kong (RTHK) in fulfilment of its mission as a public service broadcaster;
- continued to formulate legislative and administrative measures to improve the Control of Obscene and Indecent Articles Ordinance (Cap. 390) (COIAO);
- injected \$1 billion into the CreateSmart Initiative (CSI), administered by Create Hong Kong (CreateHK), to further promote the development of seven non-film creative industries pursuant to the three strategic directions, namely, nurturing talent and facilitating start-ups (including providing incubation services through the Design Incubation Programme (DIP) and Fashion Incubation Programme (FIP)); exploring markets; and fostering a creative atmosphere in the community;

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- administered, through CreateHK, the Film Development Fund (FDF) to promote the development of the film industry and to finance small to medium budget film productions for commercial theatrical release, and provided support services to facilitate film productions, in particular location filming in Hong Kong;
- completed the review of the operation of the FDF with a view to driving further development of the local film industry;
- worked closely with the Hong Kong Design Centre (HKDC) to promote the use of design and design thinking across all sectors in Hong Kong and with relevant departments to include design thinking in civil service training programmes and to promote application of design thinking in public service delivery;
- liaised more closely with other design cities in the Mainland and overseas; and led delegations to Belt and Road countries and made use of opportunities pursuant to the development of the Guangdong-Hong Kong-Macao Greater Bay Area, thereby opening up new markets for Hong Kong; and
- completed a public consultation on the review of the broadcasting regulatory framework and prepared for the introduction of legislative amendments to implement the relaxation proposals covered by the review.

Targets

	Target	2017 (Actual)	2018 (Actual)	2019 (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

		2017 (Actual)	2018 (Actual)	2019 (Estimate)
CSI				
applications received.....	71	104	109	
applications approved	52	53	64	
applications refused.....	17	19	19	
FDF				
film production projects				
applications received.....	18	17	15@	
applications approved	8	6	6@	
applications refused.....	10	13	6@	
other film-related projects				
applications received.....	18	21	24	
applications approved	21	18	24	
applications refused.....	1	3	2	

@ The estimations for 2019 have taken into account the changes/adjustments to the various film production schemes.

Matters Requiring Special Attention in 2019–20

- 6** During 2019–20, the Branch will:
- continue to monitor the implementation of DTT broadcasting services and prepare for switching off analogue television services in Hong Kong;
 - continue to assist in the licensing and regulatory matters in relation to domestic free television programme services, domestic pay television programme services and sound broadcasting services;

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- continue to oversee the ongoing implementation of various initiatives by RTHK in fulfilment of its mission as a public service broadcaster;
- continue to formulate legislative and administrative measures to improve the COIAO;
- continue to work closely with HKDC to promote the use of design thinking across all sectors in Hong Kong and with relevant departments to include design thinking in civil service training programmes and to promote application of design thinking in public service delivery;
- administer, through CreateHK, the CSI to further promote the development of seven non-film creative industries pursuant to the three strategic directions, namely, nurturing talent and facilitating start-ups (including providing incubation services through the DIP and FIP); exploring markets, and fostering a creative atmosphere in the community;
- inject \$1 billion into the FDF, administered by CreateHK, to strengthen the Government's support for the development of the local film industry in pursuit of the four strategic directions including nurturing talent, enhancing local production, expanding markets and building audience; and
- introduce legislative amendments to implement the relaxation proposals covered by the review of the broadcasting regulatory framework.

Programme (2): Telecommunications

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	2019–20 (Estimate)
Financial provision (\$m)	20.1	29.1	28.0 (-3.8%)	228.9 (+717.5%)
				(or +686.6% on 2018–19 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 2018–19, the Branch:

- worked with the Communications Authority (CA) to prepare for the public consultations and promulgation of decisions on the assignment of a total of around 4 500 MHz of spectrum in various frequency bands for the provision of public mobile services and related spectrum utilisation fee (SUF);
- worked with the CA to implement the decisions on the assignment/re-assignment of the 200 MHz of frequency spectrum in the 900 MHz and 1800 MHz bands and related SUF in view of the expiry of the existing assignments in 2021;
- prepared for a pilot scheme to facilitate mobile network operators to apply for installation of radio base stations in suitable government premises with a view to supporting the rollout of the fifth generation (5G) infrastructure;
- prepared for the introduction of a subsidy scheme to encourage the extension of optical fibre networks to villages in rural and remote areas so as to further enhance the higher speed fixed broadband network coverage;
- worked with the CA to prepare for the public consultation as well as implementation of decisions in relation to the reduction of licence fees for five types of licences issued under the Telecommunications Ordinance (Cap. 106) and introduction of a new fee component under unified carrier licences;
- monitored the effectiveness of measures for safeguarding consumers' interests;
- monitored the implementation and effectiveness of the legislation in facilitating market competition and the fair trading practices of telecommunications and broadcasting licensees;
- started the development of a legislative framework to strengthen regulation of person-to-person telemarketing calls (P2P calls); and
- commenced a public consultation concerning the review of the telecommunications regulatory framework.

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Matters Requiring Special Attention in 2019–20

10 During 2019–20, the Branch will:

- work with the CA to implement the decisions on the assignment of a total of around 4 500 MHz of spectrum in various frequency bands for the provision of public mobile services and related SUF;
- continue to work with the CA to implement the decisions on the assignment/re-assignment arrangements of 200 MHz of the frequency spectrum in the 900 MHz and 1800 MHz bands and related SUF in view of the expiry of the existing assignments in 2021;
- work with the CA to implement a pilot scheme to facilitate mobile network operators to apply for installation of radio base stations in suitable government premises with a view to supporting the rollout of 5G infrastructure;
- work with the CA to implement a subsidy scheme to encourage the extension of optical fibre networks to villages in rural and remote areas so as to further enhance the higher speed fixed broadband network coverage;
- continue to monitor the effectiveness of measures for safeguarding consumers' interests;
- continue to monitor the implementation and effectiveness of the legislation in facilitating market competition and the fair trading practices of the telecommunications and broadcasting licensees;
- continue with the development of the legislative framework to strengthen the regulation of P2P calls; and
- introduce legislative amendments to implement proposals covered by the review of the telecommunications regulatory framework.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2017–18 (Actual) (\$m)	2018–19 (Original) (\$m)	2018–19 (Revised) (\$m)	2019–20 (Estimate) (\$m)
(1) Broadcasting and Creative Industries....	346.3	497.3	427.0	675.0
(2) Telecommunications	20.1	29.1	28.0	228.9
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	366.4	526.4	455.0	903.9
			(-13.6%)	(+98.7%)
				(or +71.7% on 2018–19 Original)

Analysis of Financial and Staffing Provision

Programme (1)

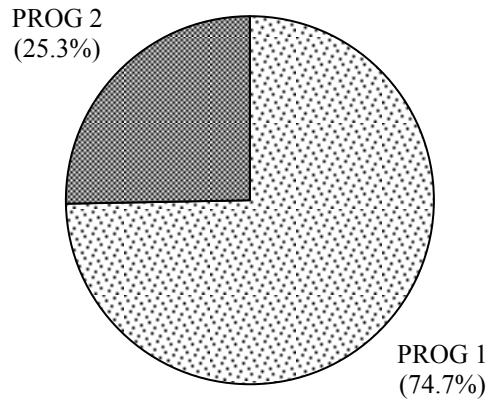
Provision for 2019–20 is \$248.0 million (58.1%) higher than the revised estimate for 2018–19. This is mainly due to increase in cash flow requirement for general non-recurrent items, increased provision for general departmental expenses and a net increase of four posts.

Programme (2)

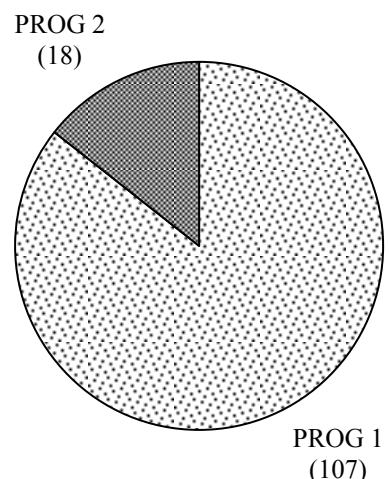
Provision for 2019–20 is \$200.9 million (717.5%) higher than the revised estimate for 2018–19. This is mainly due to the cash flow requirement for general non-recurrent item and increased requirement for general departmental expenses.

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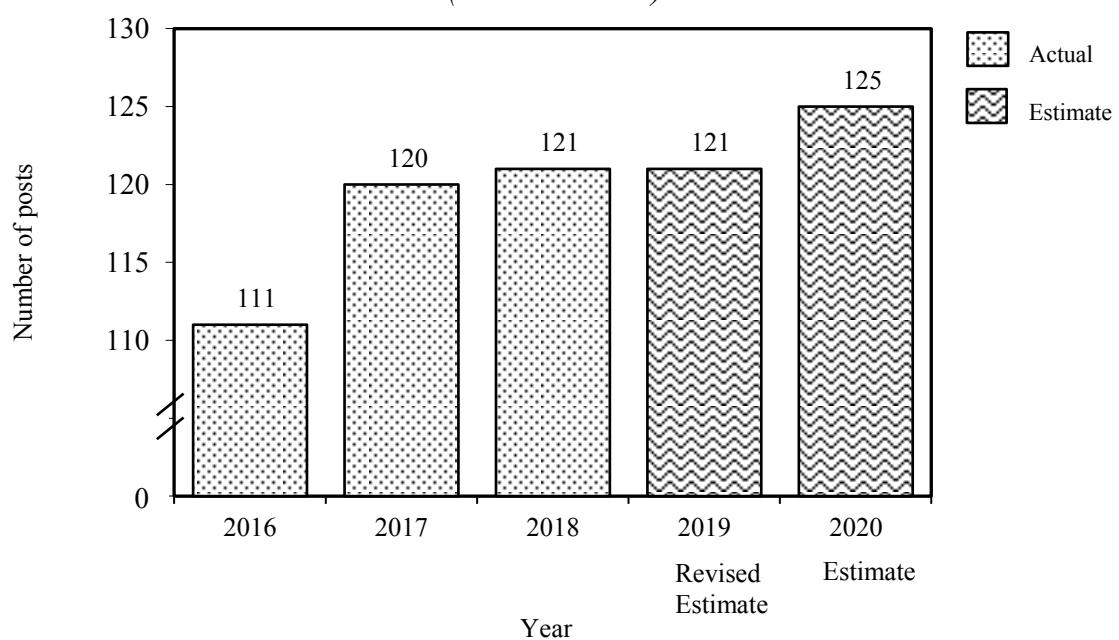
*Allocation of provision
to programmes
(2019-20)*



*Staff by programme
(as at 31 March 2020)*



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



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Sub-head (Code)	Actual expenditure 2017–18	Approved estimate 2018–19	Revised estimate 2018–19	Estimate 2019–20
	\$'000	\$'000	\$'000	\$'000
Operating Account				
	Recurrent			
000	Operational expenses	154,224	172,264	164,247
	Total, Recurrent.....	154,224	172,264	164,247
	Non-Recurrent			
700	General non-recurrent	212,140	354,166	290,765
	Total, Non-Recurrent.....	212,140	354,166	290,765
	Total, Operating Account	366,364	526,430	455,012
	Total Expenditure	366,364	526,430	455,012

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Details of Expenditure by Subhead

The estimate of the amount required in 2019–20 for the salaries and expenses of the Communications and Creative Industries Branch is \$903,866,000. This represents an increase of \$448,854,000 over the revised estimate for 2018–19 and \$537,502,000 over the actual expenditure in 2017–18.

Operating Account

Recurrent

2 Provision of \$234,846,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Creative Industries Branch. The increase of \$70,599,000 (43%) over the revised estimates for 2018–19 is mainly due to the increased departmental expenses and increased salary provision arising from the net increase of four posts.

3 The establishment as at 31 March 2019 will be 121 posts including two supernumerary posts. It is expected that there will be a net increase of four posts in 2019–20. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2019–20, but the notional annual mid-point salary value of all such posts must not exceed \$72,792,000.

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

	2017–18 (Actual) (\$'000)	2018–19 (Original) (\$'000)	2018–19 (Revised) (\$'000)	2019–20 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	83,128	84,962	87,345	95,452
- Allowances.....	3,192	3,312	3,171	2,934
- Job-related allowances	1	4	2	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	308	253	273	218
- Civil Service Provident Fund contribution.....	2,872	3,193	3,545	4,698
Departmental Expenses				
- General departmental expenses	64,723	80,540	69,911	131,540
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	154,224	172,264	164,247	234,846
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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment \$'000	Accumulated expenditure to 31.3.2018 \$'000	Revised estimated expenditure for 2018–19 \$'000	Balance \$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
480	Film Development Fund [▲]	1,540,000 [▲]	394,733	38,796	1,106,471
801	Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas	.....	774,400	—	—	774,400
866	CreateSmart Initiative	.....	2,000,000	746,020	229,062	1,024,918
	Total	.....	4,314,400	1,140,753	267,858	2,905,789
			—————	—————	—————	—————

[▲] The current approved commitment for the item is \$540 million. A further increase in commitment of \$1 billion is sought in the context of the Appropriation Bill 2019.