

**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 2021–22 **\$757.5m**

Establishment ceiling 2021–22 (notional annual mid-point salary value) representing an estimated 117 non-directorate posts as at 31 March 2021 and as at 31 March 2022..... **\$78.0m**

In addition, there will be an estimated nine directorate posts as at 31 March 2021 and as at 31 March 2022.

Commitment balance..... **\$3,249.5m**

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

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	524.7	717.7	422.8 (–41.1%)	644.5 (+52.4%)
				(or –10.2% on 2020–21 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 2020–21, the Branch:

- monitored the implementation of digital terrestrial television (DTT) broadcasting services and switching off analogue television services in Hong Kong on 30 November 2020;
- 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 Radio Television Hong Kong (RTHK) in fulfilling its mission as a public service broadcaster;
- administered, through Create Hong Kong (CreateHK), the CreateSmart Initiative (CSI) to provide funding support to projects conducive to 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 and Fashion Incubation Programme); exploring markets; and fostering a creative atmosphere in the community;

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- administered, through CreateHK, the Film Development Fund (FDF) to support further development of the film sector under four strategic directions, namely, nurturing talent, enhancing local production, expanding markets and building audience;
- 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 bureaux/departments to include design thinking in civil service training programmes and to promote application of design thinking in public service delivery;
- liaised closely and collaborated with other design cities in the Mainland and abroad; and sponsored the creative industries to showcase their work to Belt and Road countries and made use of opportunities pursuant to the development of the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) as well as the Belt and Road Initiative, thereby opening up new markets for Hong Kong; and
- secured the passage of the Broadcasting and Telecommunications Legislation (Amendment) Bill 2019 to implement the relaxation proposals put forward in the review of the broadcasting regulatory framework.

Targets

	Target	2019 (Actual)	2020 (Actual)	2021 (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, five and 13 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

	2019 (Actual)	2020 (Actual)	2021 (Estimate)
CSI			
applications received	105	85	82
applications approved	61	48	48
applications refused	18	17	18
FDF			
film production projects			
applications received	16	21	33
applications approved	4	5	23
applications refused	8	8	18
other film-related projects			
applications received	26	30	30
applications approved	24	26	26
applications refused	1	1	1

Matters Requiring Special Attention in 2021–22

6 During 2021–22, the Branch will:

- work with the Office of the Communications Authority (OFCA) to implement the channel migration for DTT broadcasting services in order to make available frequency spectrum in the 600/700 MHz bands for mobile services;
- 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;
- continue to oversee RTHK in fulfilling its mission as a public service broadcaster;

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- continue to administer, through CreateHK, the CSI to further promote the development of seven non-film creative industries pursuant to the aforementioned three strategic directions;
- continue to administer, through CreateHK, the FDF to support further development of the film sector under the aforementioned four strategic directions;
- continue to work closely with HKDC to promote the use of design thinking across all sectors in Hong Kong and with relevant bureaux/departments to include design thinking in civil service training programmes and to promote application of design thinking in public service delivery;
- continue to lead/sponsor delegations to the Mainland and Belt and Road countries and make use of opportunities pursuant to the development of the Greater Bay Area as well as the Belt and Road Initiative, with a view to developing new markets for the creative industries; and
- continue to monitor the implementation of the relaxation proposals put forward in the review of the broadcasting regulatory framework.

Programme (2): Telecommunications

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	28.6	89.7	34.9 (–61.1%)	113.0 (+223.8%)
				(or +26.0% on 2020–21 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 2020–21, the Branch:

- worked with the Communications Authority (CA) to prepare for further releasing spectrum in various frequency bands for the provision of public mobile services including the fifth generation mobile (5G) services;
- worked with the CA to facilitate the relocation of satellite earth station facilities to enable wider deployment of frequency spectrum in the 3.5 GHz band for the provision of 5G services;
- 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 spectrum utilisation fee (SUF) in view of the expiry of the existing assignments in 2021;
- worked with OFCA to facilitate mobile network operators’ applications for installation of radio base stations in suitable government premises and public facilities with a view to supporting the rollout of 5G infrastructure;
- worked with OFCA 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;
- worked with OFCA to prepare for the provision of suitable land lots in Chung Hom Kok Teleport for external telecommunications infrastructure, with a view to further enhancing the overall capacity, diversity and resilience of Hong Kong’s external telecommunications network infrastructure;
- 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; and
- commenced the preparatory work for implementing the legislative proposals put forward in the review of the telecommunications regulatory framework.

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Matters Requiring Special Attention in 2021–22

10 During 2021–22, the Branch will:

- work with the CA to further release spectrum in various frequency bands for the provision of public mobile services including 5G services;
- continue to work with the CA to facilitate the relocation of satellite earth station facilities to enable wider deployment of frequency spectrum in the 3.5 GHz band for the provision of 5G services;
- 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;
- continue to work with OFCA to facilitate mobile network operators' applications for installation of radio base stations in suitable government premises and public facilities with a view to supporting the extension of 5G infrastructure;
- continue to work with OFCA 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 work with OFCA to supply suitable land lots in Chung Hom Kok Teleport for external telecommunications infrastructure, with a view to further enhancing the overall capacity, diversity and resilience of Hong Kong's external telecommunications network infrastructure;
- 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;
- explore proposals on regulating person-to-person telemarketing calls in light of the latest socio-economic situation; and
- continue to prepare legislative proposals put forward in the review of the telecommunications regulatory framework.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2019–20 (Actual) (\$m)	2020–21 (Original) (\$m)	2020–21 (Revised) (\$m)	2021–22 (Estimate) (\$m)
(1) Broadcasting and Creative Industries	524.7	717.7	422.8	644.5
(2) Telecommunications.....	28.6	89.7	34.9	113.0
	553.3	807.4	457.7 (–43.3%)	757.5 (+65.5%)
				(or –6.2% on 2020–21 Original)

Analysis of Financial and Staffing Provision

Programme (1)

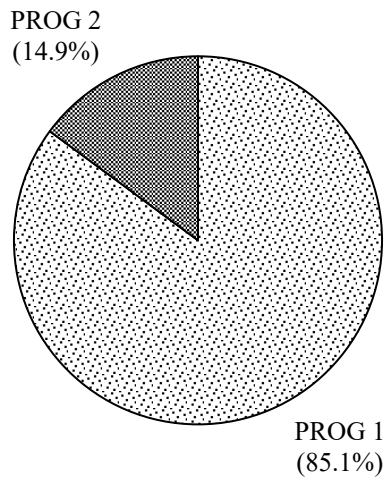
Provision for 2021–22 is \$221.7 million (52.4%) higher than the revised estimate for 2020–21. This is mainly due to increase in cash flow requirement for general non-recurrent items.

Programme (2)

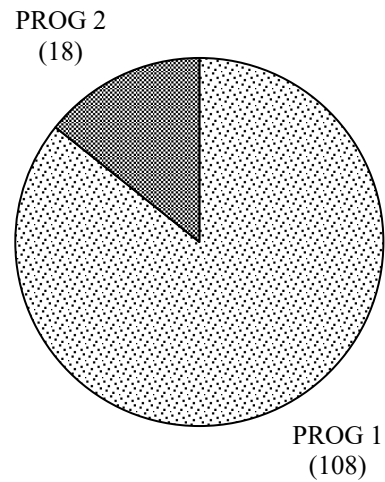
Provision for 2021–22 is \$78.1 million (223.8%) higher than the revised estimate for 2020–21. This is mainly due to increase in cash flow requirement for a general non-recurrent item.

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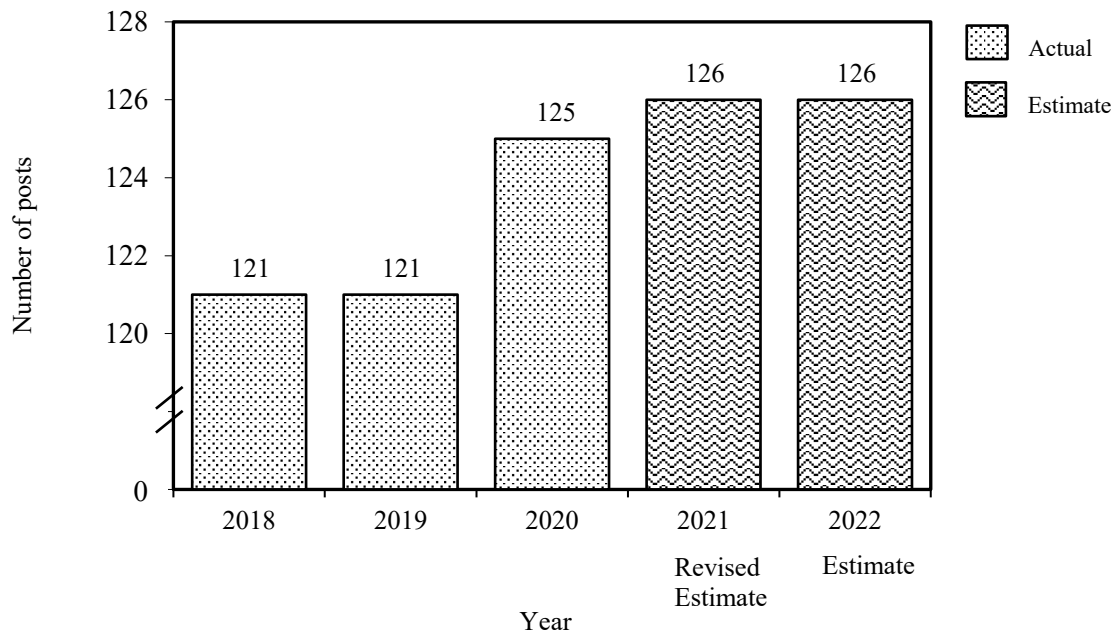
*Allocation of provision
to programmes
(2021-22)*



*Staff by programme
(as at 31 March 2022)*



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



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Sub-head (Code)	Actual expenditure 2019–20	Approved estimate 2020–21	Revised estimate 2020–21	Estimate 2021–22	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	185,421	227,435	192,124	237,849
	Total, Recurrent	185,421	227,435	192,124	237,849
Non-Recurrent					
700	General non-recurrent	367,875	579,979	265,533	519,636
	Total, Non-Recurrent	367,875	579,979	265,533	519,636
	Total, Operating Account	553,296	807,414	457,657	757,485

	Total Expenditure	553,296	807,414	457,657	757,485
		<u>553,296</u>	<u>807,414</u>	<u>457,657</u>	<u>757,485</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2021–22 for the salaries and expenses of the Communications and Creative Industries Branch is \$757,485,000. This represents an increase of \$299,828,000 over the revised estimate for 2020–21 and \$204,189,000 over the actual expenditure in 2019–20.

Operating Account

Recurrent

2 Provision of \$237,849,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Creative Industries Branch. The increase of \$45,725,000 (23.8%) over the revised estimate for 2020–21 is mainly due to the increased provision for general departmental expenses.

3 The establishment as at 31 March 2021 will be 126 posts including two supernumerary posts. No change in establishment is expected in 2021–22. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2021–22, but the notional annual mid-point salary value of all such posts must not exceed \$78,022,000.

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

	2019–20 (Actual) (\$'000)	2020–21 (Original) (\$'000)	2020–21 (Revised) (\$'000)	2021–22 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	92,608	106,948	102,550	98,848
- Allowances	3,046	2,965	2,484	2,559
- Job-related allowances.....	—	4	4	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution	347	266	380	258
- Civil Service Provident Fund contribution	4,011	4,477	4,469	5,383
Departmental Expenses				
- General departmental expenses	85,409	112,775	82,237	130,797
	185,421	227,435	192,124	237,849

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Commitments

Sub- head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2020	Revised estimated expenditure for 2020–21	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	480	Film Development Fund.....	1,540,000	516,383	46,903	976,714
	801	Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas	774,400	—	—	774,400
	866	CreateSmart Initiative#	3,000,000#	1,282,954	218,630	1,498,416
		Total	<u>5,314,400</u>	<u>1,799,337</u>	<u>265,533</u>	<u>3,249,530</u>

The current approved commitment for the item is \$2 billion. A further increase in commitment of \$1 billion is sought in the context of the Appropriation Bill 2021.