

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 2022–23 **\$1,145.6m**

Establishment ceiling 2022–23 (notional annual mid-point salary value) representing an estimated 117 non-directorate posts as at 31 March 2022 and as at 31 March 2023..... **\$78.0m**

In addition, there will be an estimated nine directorate posts as at 31 March 2022 and as at 31 March 2023.

Commitment balance..... **\$2,796.8m**

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

| | 2020–21 (Actual) | 2021–22 (Original) | 2021–22 (Revised) | 2022–23 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 427.0 | 644.5 | 519.3 (–19.4%) | 666.9 (+28.4%) |
| | | | | (or +3.5% on 2021–22 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 2021–22, the Branch:

- worked with the Office of the Communications Authority (OFCA) to implement the channel migration for digital terrestrial television broadcasting services in order to make available frequency spectrum in the 600/700 MHz bands for mobile services;
- 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; organised/sponsored activities to showcase the work of Hong Kong's creative industries to the Mainland and 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 enactment of the Film Censorship (Amendment) Bill 2021 to enhance the film censorship regulatory framework to safeguard national security.

Targets

| | Target | 2020 (Actual) | 2021 (Actual) | 2022 (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

| | 2020 (Actual) | 2021 (Actual) | 2022 (Estimate) |
|-----------------------------|------------------|------------------|--------------------|
| CSI | | | |
| applications received..... | 85 | 69 | 85 |
| applications approved | 48 | 40 | 50 |
| applications rejected..... | 17 | 23 | 19 |
| FDF | | | |
| film production projects | | | |
| applications received..... | 21 | 34 | 31 |
| applications approved | 5 | 18 | 29 |
| applications rejected..... | 8 | 7 | 16 |
| other film-related projects | | | |
| applications received..... | 30 | 27 | 27 |
| applications approved | 26 | 13 | 26 |
| applications rejected..... | 1 | 3 | 2 |

Matters Requiring Special Attention in 2022–23

- 6 During 2022–23, the Branch will 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;
 - oversee RTHK in fulfilling its mission as a public service broadcaster;
 - administer, through CreateHK, the CSI to further promote the development of seven non-film creative industries pursuant to the aforementioned three strategic directions;

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- administer, through CreateHK, the FDF to support further development of the film sector under the aforementioned four strategic directions;
- 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; and
- organise/sponsor activities to showcase the work of Hong Kong's creative industries 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.

Programme (2): Telecommunications

| | 2020–21 (Actual) | 2021–22 (Original) | 2021–22 (Revised) | 2022–23 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-------------------------------------|
| Financial provision (\$m) | 34.4 | 113.0 | 127.8 (+13.1%) | 478.7 (+274.6%) |
| | | | | (or +323.6% on 2021–22 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 2021–22, the Branch:

- worked with the Communications Authority (CA) to further release 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 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 150 MHz of frequency spectrum in the 1800 MHz band and related spectrum utilisation fee in view of the expiry of the pre-existing assignment 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 release 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;
- secured the passage of the Telecommunications (Amendment) Bill 2021 to implement the legislative proposals put forward in the review of the telecommunications regulatory framework; and
- implemented the Real-name Registration Programme for Subscriber Identification Module (SIM) Cards through enacting the Telecommunications (Registration of SIM Cards) Regulation.

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Matters Requiring Special Attention in 2022–23

10 During 2022–23, the Branch will:

- continue to work with the CA to implement the assignment of radio spectrum and to facilitate wider deployment of frequency spectrum in the 3.5 GHz band for the provision of 5G services;
- 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;
- commence the provisions in the Telecommunications (Amendment) Ordinance 2021 and work with OFCA to implement the proposals put forward in the review of the telecommunications regulatory framework;
- continue to oversee the implementation of the Real-name Registration Programme for SIM Cards and formulate assistance and publicity measures; and
- explore proposals on regulating person-to-person telemarketing calls in light of the latest socio-economic situation.

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ANALYSIS OF FINANCIAL PROVISION

| Programme | 2020–21 (Actual) (\$m) | 2021–22 (Original) (\$m) | 2021–22 (Revised) (\$m) | 2022–23 (Estimate) (\$m) |
|---|------------------------------|--------------------------------|-------------------------------|--|
| (1) Broadcasting and Creative Industries | 427.0 | 644.5 | 519.3 | 666.9 |
| (2) Telecommunications..... | 34.4 | 113.0 | 127.8 | 478.7 |
| | <hr/> 461.4 | <hr/> 757.5 | <hr/> 647.1 (–14.6%) | <hr/> 1,145.6 (+77.0%) |
| | | | | (or +51.2% on 2021–22 Original) |

Analysis of Financial and Staffing Provision

Programme (1)

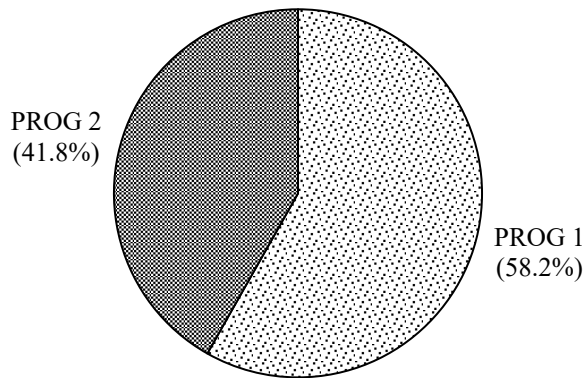
Provision for 2022–23 is \$147.6 million (28.4%) higher than the revised estimate for 2021–22. This is mainly due to increase in cash flow requirement for the FDF and the CSI.

Programme (2)

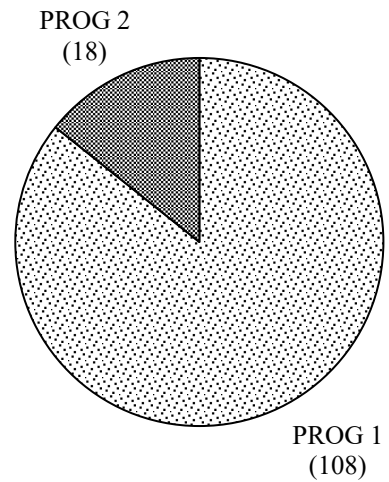
Provision for 2022–23 is \$350.9 million (274.6%) higher than the revised estimate for 2021–22. This is mainly due to increase in cash flow requirement for the Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas.

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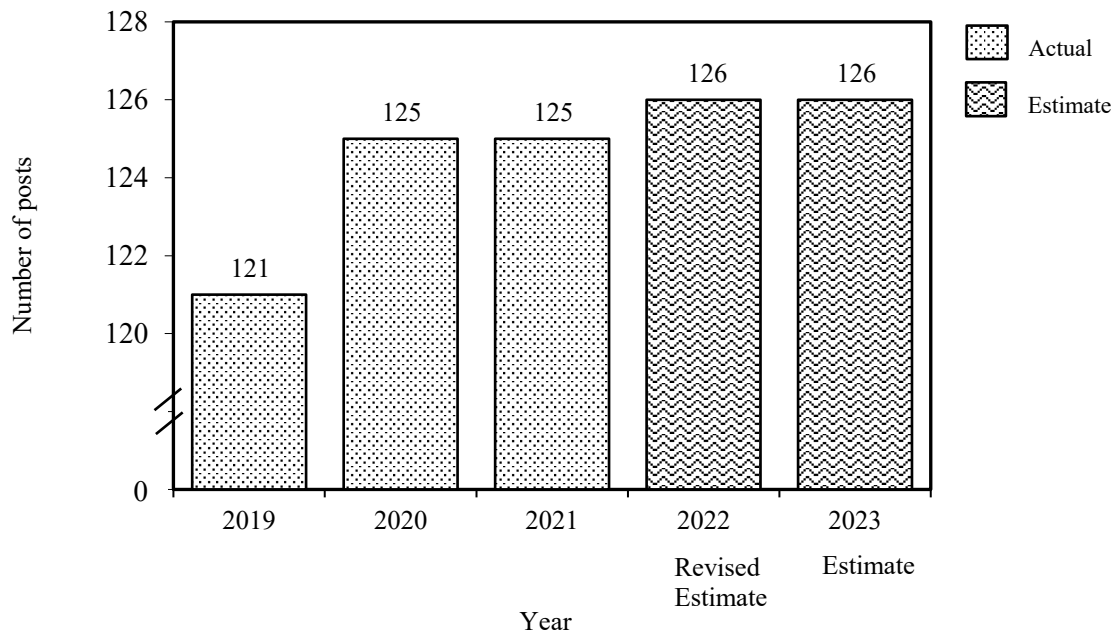
*Allocation of provision
to programmes
(2022-23)*



*Staff by programme
(as at 31 March 2023)*



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



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| Sub- head (Code) | | Actual expenditure 2020–21 | Approved estimate 2021–22 | Revised estimate 2021–22 | Estimate 2022–23 |
|--------------------------|--------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------|
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating Account | | | | | |
| Recurrent | | | | | |
| 000 | Operational expenses | 194,052 | 237,849 | 196,240 | 237,890 |
| | Total, Recurrent | 194,052 | 237,849 | 196,240 | 237,890 |
| Non-Recurrent | | | | | |
| 700 | General non-recurrent | 267,392 | 519,636 | 450,842 | 907,675 |
| | Total, Non-Recurrent | 267,392 | 519,636 | 450,842 | 907,675 |
| | Total, Operating Account | 461,444 | 757,485 | 647,082 | 1,145,565 |
| <hr/> | | | | | |
| | Total Expenditure | 461,444 | 757,485 | 647,082 | 1,145,565 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |

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Details of Expenditure by Subhead

The estimate of the amount required in 2022–23 for the salaries and expenses of the Communications and Creative Industries Branch is \$1,145,565,000. This represents an increase of \$498,483,000 over the revised estimate for 2021–22 and \$684,121,000 over the actual expenditure in 2020–21.

Operating Account

Recurrent

2 Provision of \$237,890,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Creative Industries Branch. The increase of \$41,650,000 (21.2%) over the revised estimate for 2021–22 is mainly due to the increased provision for general departmental expenses.

3 The establishment as at 31 March 2022 will be 126 posts including two supernumerary posts. No change in establishment is expected in 2022–23. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2022–23, 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:

| | 2020–21 (Actual) (\$'000) | 2021–22 (Original) (\$'000) | 2021–22 (Revised) (\$'000) | 2022–23 (Estimate) (\$'000) |
|--|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| Personal Emoluments | | | | |
| - Salaries | 102,572 | 98,848 | 95,272 | 101,044 |
| - Allowances | 2,733 | 2,559 | 2,094 | 2,550 |
| - Job-related allowances..... | — | 4 | 4 | 4 |
| Personnel Related Expenses | | | | |
| - Mandatory Provident Fund contribution | 381 | 258 | 373 | 242 |
| - Civil Service Provident Fund contribution | 4,364 | 5,383 | 4,491 | 6,566 |
| Departmental Expenses | | | | |
| - General departmental expenses | 84,002 | 130,797 | 94,006 | 127,484 |
| | 194,052 | 237,849 | 196,240 | 237,890 |

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Commitments

| Sub- head (Code) | Item (Code) | Ambit | Approved commitment | Accumulated expenditure to 31.3.2021 | Revised estimated expenditure for 2021–22 | Balance |
|---------------------------------|----------------|---|------------------------|--|--|-----------|
| | | | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>Operating Account</i> | | | | | | |
| 700 | | <i>General non-recurrent</i> | | | | |
| | 480 | Film Development Fund..... | 1,540,000 | 563,520 | 45,042 | 931,438 |
| | 801 | Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas | 774,400 | — | 91,464 | 682,936 |
| | 866 | CreateSmart Initiative | 3,000,000 | 1,503,209 | 314,336 | 1,182,455 |
| | | Total | 5,314,400 | 2,066,729 | 450,842 | 2,796,829 |