

Head 55 — GOVERNMENT SECRETARIAT: INFORMATION TECHNOLOGY AND BROADCASTING BUREAU

Controlling officer: the Secretary for Information Technology and Broadcasting will account for expenditure under this Head.

Estimate 2002–03 **\$143.8m**

Establishment ceiling 2002–03 (notional annual mid-point salary value) representing an estimated 73 non-directorate posts at 31 March 2002 and at 31 March 2003 **\$29.5m**

In addition there will be an estimated ten directorate posts at 31 March 2002 reducing by one post to nine posts at 31 March 2003.

Capital Account commitment balance **\$9.1m**

Controlling Officer's Report

Programmes

<p>Programme (1) Broadcasting and Film Services</p> <p>Programme (2) Information Technology</p> <p>Programme (3) Telecommunications</p>	<p>These programmes contribute to Policy Area 17: Information Technology and Broadcasting (Secretary for Information Technology and Broadcasting).</p>
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Detail

Programme (1): Broadcasting and Film Services

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	26.8	21.8 (–18.7%)	20.7 (–5.0%)	20.1 (–2.9%)

Aim

2 The aim is to promote the development of the broadcasting and film industries and enhance Hong Kong's position as a broadcasting and film production centre.

Brief Description

3 The bureau's main responsibilities under this programme are to formulate policies on broadcasting, control of obscene and indecent articles, film censorship, and promotion of the development of the film industry.

4 The key performance measure is reflected 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 2001–02, the bureau:

- issued a guidance note for broadcasters and the satellite operator regarding the regulatory procedures and requirements in providing broadcasting-satellite service (BSS) making use of the four BSS channels assigned to Hong Kong by the International Telecommunication Union in 1997;
- put the competition provisions in the Broadcasting Ordinance into operation concurrently with the promulgation of the competition guidelines by the Broadcasting Authority after consultation with the industry;
- facilitated the expansion of the television market with the issuance of guidance notes for applicants for various types of television programme service licences and the processing of new licence applications by the Broadcasting Authority, resulting in the addition of eight new non-domestic TV licensees and 18 other licensable television programme service licensees by end of December 2001;
- standardised the licence conditions for the new categories of television programme service licences in the form of sample licences for reference by potential applicants;
- introduced the Film Censorship (Amendment) Regulation 2001 into the Legislative Council to reduce fees in relation to film classification;
- implemented a new regulatory system governing the use of dangerous goods in the production of special effects in film and television production and theatrical performance;
- implemented a new mechanism to facilitate the film industry to apply for closure of lanes for location shooting; and

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- organised large-scale activities to promote the development of the film industry locally and overseas.

Matters Requiring Special Attention in 2002–03

6 During 2002–03, the key tasks will include:

- formulating and implementing the licensing and regulatory framework for broadcasting services under a digital environment;
- further relaxing regulatory restrictions on the broadcasting licensees by reviewing the provisions in the Broadcasting Ordinance governing “disqualified persons” for holding broadcasting service licences;
- conducting a consultation on the policy, technical and regulatory issues relating to set-top boxes with a view to ensuring that such equipment provided by different service operators are inter-operable and inter-connectable to facilitate consumers’ access to new broadcasting and multimedia services;
- reviewing the frequency channel allocation plan of in-building coaxial cable distribution systems to cater for digitisation and introduction of new telecommunications and broadcasting services;
- issuing an accounting manual to facilitate the separation of a licensee’s respective broadcasting and telecommunications businesses accounts to enhance transparency and guard against cross-subsidisation between the two businesses;
- introducing broadcasting-satellite service in Hong Kong by licensing television broadcasting services making use of the four BSS channels assigned to Hong Kong by the International Telecommunication Union;
- monitoring and keeping under review the new regulatory system governing the use of dangerous goods in the production of special effects to ensure that it meets the operational needs of the industry;
- organising activities to help facilitate film financing; and
- reviewing the Control of Obscene and Indecent Articles Ordinance, having regard to the comments received in the public consultation exercise.

Programme (2): Information Technology

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	67.9	108.5 (+59.8%)	101.7 (–6.3%)	103.5 (+1.8%)

Aim

7 Building on Hong Kong’s early success in establishing a solid foundation for the use of information technology (IT), the bureau now strives to position Hong Kong as a leading e-business community and digital city in the globally connected world of the 21st century.

Brief Description

8 The bureau’s main responsibilities under the IT programme are to formulate policies and implement initiatives to facilitate and promote IT and e-business development within the Government and across the community.

9 In 2001–02, the bureau:

- set up a dedicated E-government Coordination Office to drive and coordinate e-government initiatives;
- set a target to provide an e-option (the option to obtain the service online) for 90% of public services amenable to the electronic mode of service delivery by end-2003 and to carry out 80% of government procurement tenders through electronic means by end-2003;
- rolled out new Electronic Service Delivery (ESD) services, including online dissemination of census and statistical data, appointment booking for giving of marriage notice, purchase of government publications, registration to sit for public examinations and booking of sports and leisure facilities;
- reviewed the Digital 21 IT strategy promulgated in November 1998 and published an updated strategy to set out an overall blueprint for IT development in Hong Kong;
- started reviewing the Electronic Transactions Ordinance with a view to ensuring that Hong Kong has the most up-to-date legislative framework for the conduct of e-commerce;
- in collaboration with the industry and relevant government departments, launched various projects to enhance our information infrastructure for e-commerce development in Hong Kong, including the launch of the mobile digital certificate system for the conduct of secure mobile commerce;

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- launched programmes to encourage the private sector, especially small and medium-sized enterprises (SMEs), to adopt e-commerce;
- co-organised the IT Hong Kong Campaign with the Information Technology Services Department and other relevant government departments to raise IT awareness in and promote the use of IT by the community;
- set up a Working Group on Internet2 Development to advise on the development of the next generation of Internet technologies in Hong Kong;
- set up with the Government of the Guangdong Province a joint task force on e-business cooperation, under the aegis of the Hong Kong/Guangdong Cooperation Joint Conference, to drive e-business development in both places;
- signed a Memorandum of Understanding on IT Co-operation with the Republic of Korea; and
- commenced the selection process of Cyberport office tenants, acting on the advice of a committee comprising local, international and industry experts; discussed/signed lease agreements with the successful applicants which are multinational, local and overseas companies; and started putting in place the institutional arrangements for the future management of the Cyberport.

Matters Requiring Special Attention in 2002–03

10 During 2002–03, the key tasks will include:

- promoting the Digital 21 IT strategy to enhance Hong Kong's position as a leading digital city;
- working with bureaux and departments to implement flagship e-government projects which will bring significant benefits to both the Government and the community;
- providing ESD services through the mobile medium in addition to personal computers and public kiosks;
- coordinating the development of an e-marketplace for carrying out e-procurement of lower value purchases for various departments;
- coordinating the implementation of value-added applications of the smart identity cards to be issued in 2003;
- introducing a pilot scheme for providing public services using voice recognition technology;
- introducing a series of projects for using mobile computing devices to enhance efficiency of off-site operations in government departments;
- commencing a programme to provide access to IT facilities to all civil servants to promote greater use of IT for internal operations;
- completing the review of the Electronic Transactions Ordinance and introducing any necessary amendments to the Ordinance;
- launching new programmes to drive e-business, including programmes to encourage the private sector, especially SMEs, to adopt e-business;
- exploring with other economies, on a bilateral or multilateral basis, cross certification arrangements of certification authorities;
- continuing with the IT Hong Kong Campaign and implementing other projects to raise IT awareness and promote wider use of IT for the building of a digitally inclusive community;
- actively helping the IT industry explore markets outside Hong Kong;
- implementing measures to ensure sufficient and stable supply of quality IT manpower in Hong Kong; and
- completing the institutional arrangements for the future management of the Cyberport, and promoting the Cyberport globally and locally as our flagship IT project.

Programme (3): Telecommunications

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	25.5	55.6 (+118.0%)	57.1 (+2.7%)	20.2 (-64.6%)

Aim

11 The aim is to facilitate the development of the telecommunications industry and enhance Hong Kong's position as a telecommunications hub.

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Brief Description

12 The bureau's main responsibility under this programme is to formulate policies and programmes in order to provide the necessary regulatory framework for telecommunications, create an open and competitive market, facilitate the development of an open, integrated broadband network and establish Hong Kong as a world-class telecommunications centre.

13 In 2001–02, the bureau:

- put in place the improved regulatory framework provided for under the Telecommunication (Amendment) Ordinance 2000, including a streamlined licensing regime;
- after extensive consultation, issued four third generation mobile services licences under an unprecedented but pragmatic licensing method, namely an innovative royalty auction scheme with open network access requirement;
- pressed on with the commitments to fully liberalise the telecommunications market by inviting applications for local wireline-based fixed telecommunications network services licences for operation from 1 January 2003, following consultation on implementation matters;
- conducted a public consultation on the regulation of mergers and acquisitions activities in the telecommunications market to ensure effective competition; and
- formed the Telecommunications (Competition Provisions) Appeal Board, which is the first-ever sector-specific pro-competition appeal body in Hong Kong, to deal with appeals against the Telecommunications Authority's decisions on competition matters.

Matters Requiring Special Attention in 2002–03

14 During 2002–03, the key tasks will include:

- implementing the regulatory framework of the third generation mobile services to enhance competition;
- carrying out the licensing exercise for new local fixed wireline-based telecommunications network services licences;
- continuing to implement the improved regulatory framework under the Telecommunication (Amendment) Ordinance 2000, including to introduce in phases the class licence regime; and
- hosting the international telecommunications exhibition and conference "International Telecommunication Union TELECOM ASIA 2002".

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ANALYSIS OF FINANCIAL PROVISION

Programme	2000-01 (Actual) (\$m)	2001-02 (Approved) (\$m)	2001-02 (Revised) (\$m)	2002-03 (Estimate) (\$m)
(1) Broadcasting and Film Services.....	26.8	21.8	20.7	20.1
(2) Information Technology	67.9	108.5	101.7	103.5
(3) Telecommunications	25.5	55.6	57.1	20.2
	120.2	185.9 (+54.7%)	179.5 (-3.4%)	143.8 (-19.9%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2002-03 is \$0.6 million (2.9%) lower than the revised estimate for 2001-02. This is mainly due to the reduced service charge payment to the Office of the Telecommunications Authority Trading Fund upon the implementation of the Broadcasting (Licence Fees) Regulation.

Programme (2)

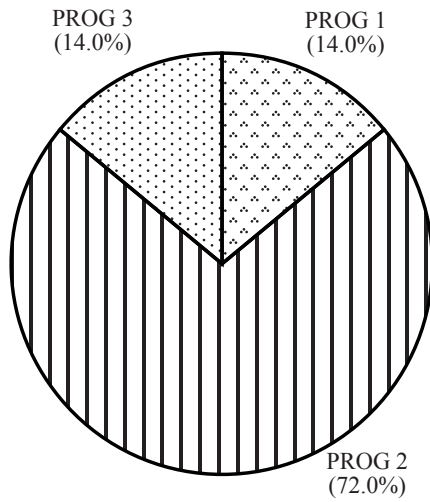
Provision for 2002-03 is \$1.8 million (1.8%) higher than the revised estimate for 2001-02. This is mainly due to additional provision for measures to promote e-government as well as the development and support of the wider use of IT and e-commerce in the community, partly offset by decreased cashflow requirements of several capital projects.

Programme (3)

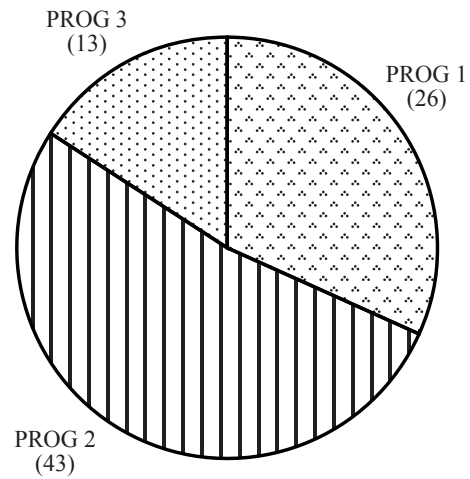
Provision for 2002-03 is \$36.9 million (64.6%) lower than the revised estimate for 2001-02. This is mainly due to completion of a capital project for engaging consultancy services for licensing of third generation mobile services, partly offset by the provision for hosting International Telecommunication Union TELECOM ASIA 2002.

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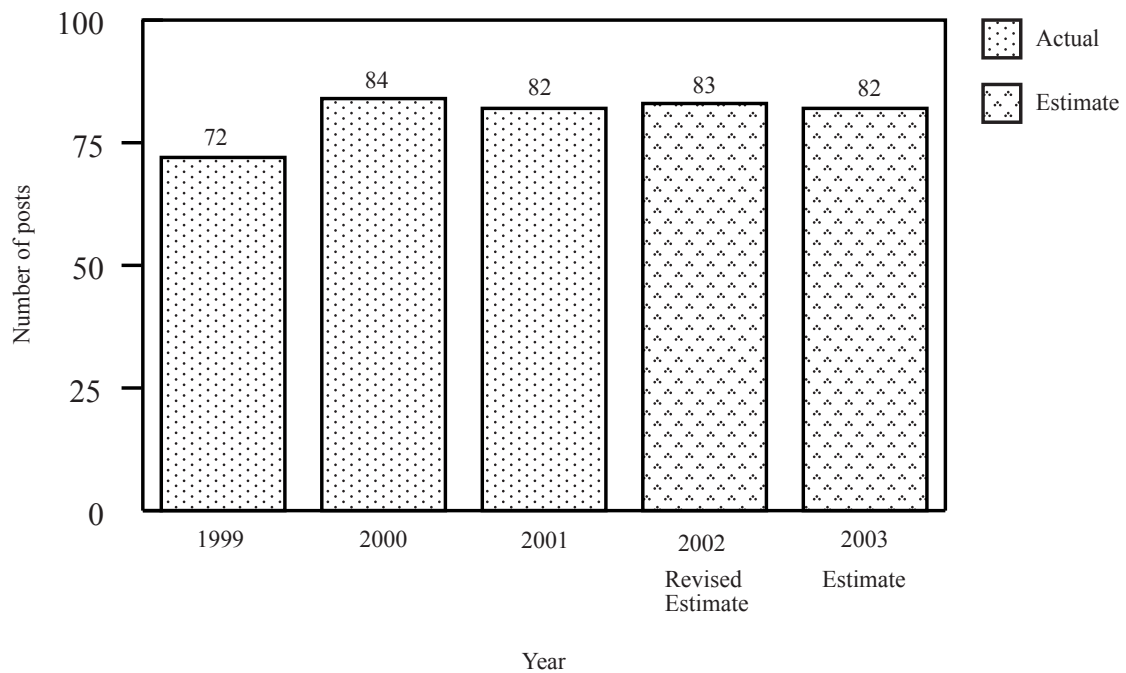
Allocation of provision to programmes (2002-03)



Staff by programme (as at 31 March 2003)



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



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Sub-head (Code)		Actual expenditure 2000-01	Approved estimate 2001-02	Revised estimate 2001-02	Estimate 2002-03
		\$'000	\$'000	\$'000	\$'000
Recurrent Account					
I — Personal Emoluments					
001	Salaries	43,262	42,934	45,276	46,069
002	Allowances	2,749	3,044	2,930	3,044
007	Job-related allowances	6	7	7	7
	Total, Personal Emoluments	<u>46,017</u>	<u>45,985</u>	<u>48,213</u>	<u>49,120</u>
III — Departmental Expenses					
149	General departmental expenses	38,327	20,500	20,500	40,020
	Total, Departmental Expenses	<u>38,327</u>	<u>20,500</u>	<u>20,500</u>	<u>40,020</u>
IV — Other Charges					
168	Electronic Service Delivery scheme.....	—	60,534	45,500	45,481
	Total, Other Charges	<u>—</u>	<u>60,534</u>	<u>45,500</u>	<u>45,481</u>
	Total, Recurrent Account.....	<u>84,344</u>	<u>127,019</u>	<u>114,213</u>	<u>134,621</u>
Capital Account					
II — Other Non-Recurrent					
700	General other non-recurrent	35,883	58,900	65,300	9,132
	Total, Other Non-Recurrent	<u>35,883</u>	<u>58,900</u>	<u>65,300</u>	<u>9,132</u>
	Total, Capital Account	<u>35,883</u>	<u>58,900</u>	<u>65,300</u>	<u>9,132</u>
	Total Expenditure.....	<u><u>120,227</u></u>	<u><u>185,919</u></u>	<u><u>179,513</u></u>	<u><u>143,753</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the Information Technology and Broadcasting Bureau is \$143,753,000. This represents a decrease of \$35,760,000 against the revised estimate for 2001–02 and an increase of \$23,526,000 over actual expenditure in 2000–01.

Recurrent Account

Personal Emoluments

2 Provision of \$49,120,000 for personal emoluments represents an increase of \$907,000 over the revised estimate for 2001–02.

3 The establishment at 31 March 2002 will be 81 permanent posts and two supernumerary posts. It is expected that a net one supernumerary post will be deleted in 2002–03.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$29,508,000.

5 Provision of \$3,044,000 under *Subhead 002 Allowances* is for standard allowances and the consolidated overtime allowance for Chauffeur grade.

6 Provision of \$7,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

Departmental Expenses

7 Provision of \$40,020,000 under *Subhead 149 General departmental expenses* represents an increase of \$19,520,000 (95.2%) over the revised estimate for 2001–02. This is mainly due to additional provision for measures to promote e-government as well as the development and support of the wider use of IT and e-commerce in the community.

Other Charges

8 Provision of \$45,481,000 under *Subhead 168 Electronic Service Delivery scheme* is to meet the recurrent requirements for the implementation of the first phase of the Electronic Service Delivery scheme.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2001	Revised estimated expenditure for 2001-02	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	658	Promotion and publicity for Cyberport..	4,000	1,968	1,900	132
	670	Hosting International Telecommunication Union TELECOM ASIA 2002.....	9,000	—	—	9,000
		Total.....	<u>13,000</u>	<u>1,968</u>	<u>1,900</u>	<u>9,132</u>