

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 180 – TELEVISION AND ENTERTAINMENT LICENSING AUTHORITY

Subhead 000 Operational expenses

Members are invited to recommend to the Finance Committee the proposal to create a non-civil service position of Secretary-General of the Film Development Council at the equivalent rank of D2 (\$110,000 - \$116,800) in the Television and Entertainment Licensing Authority for a period of two years.

PROBLEM

We need to strengthen the support for the work of the new Hong Kong Film Development Council (FDC) and the administration of the Film Development Fund (FDF) with a proposed injection of \$300 million and enlarged scope.

PROPOSAL

2. We propose to create a non-civil service position of Secretary-General of the FDC (SG/FDC), at the equivalent rank of D2, under the Television and Entertainment Licensing Authority (TELA) for a period of two years.

/JUSTIFICATION

JUSTIFICATION

Background

3. The film industry is a flagship of the creative industries in Hong Kong. It significantly contributes to the development of tourism and services industries, and enhances the international and cultural image of Hong Kong. However, there has been a substantial drop in the number of film productions as well as box office revenues in recent years. In 2006, only 51 local films were released with a total box office of \$282 million, as compared with its peak of a production volume of over 300 films a year during the early 90s and a box office of \$1,240 million in 1992. With a shrinking film market and decreasing number of local productions, the Hong Kong film industry is facing a very difficult time, plagued with talent drought and related problems.

4. Knowledge-based economies such as the UK, France and South Korea generally recognise the film industry as an important growth engine that creates job opportunities, vibrant businesses and amiable cultural environment. They also see the need for some form of government support, co-ordinated or led by a high-level film council or commission, to give the necessary impetus to the industry. For example, the South Korean Government re-constituted the Korean Film Council in 1999 and invested a total of KRW130 billion (around HK\$800 million) in 33 film funds between 1999 and 2004. The UK Government also set up the UK Film Council in 2000, and invested some GBP70 million (around HK\$900 million) in 2005.

5. Against this background, the Hong Kong Special Administrative Region Government is committed to assisting the film industry through a host of measures, in particular, establishing a high-level FDC and proposed injection of \$300 million into the FDF¹, to further develop the film industry in Hong Kong and to enable it to contribute to the overall economy of Hong Kong and compete with overseas counterparts in the globalised environment.

Establishment of Hong Kong FDC

6. The policy formulation, public funding and planning and implementation of film-related activities are at present scattered around a number of government and public bodies. In his Policy Address in October 2006, the Chief Executive announced that the Secretary for Commerce, Industry and Technology (SCIT) will co-ordinate the relevant policy, planning and activities, including manpower training, Mainland and overseas promotion, and filming support.

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¹ We will seek the Finance Committee's approval for the increase in commitment of \$300 million for the FDF at its meeting on 6 July 2007.

7. In order to support SCIT and ensure the policy is in line with the sustainable development of the film industry, we established the new high-level FDC on 15 April 2007 to replace the Film Development Committee. Mainly comprising members from the film industry, the new FDC is responsible for advising SCIT on the policy, strategy and institutional arrangement for the promotion and development of the film industry, as well as the use of public funds to support the industry. In particular, the FDC will advise on all matters relating to the development of the film industry (including nurturing talents, promoting Hong Kong films in the Mainland and overseas, etc.), and will advise the Government on the administration of the FDF as well as implementation of other support measures.

Encl. 1 The terms of reference and membership of the FDC are at Enclosure 1.

Proposed Injection of \$300 million into FDF

8. The Government first established the FDF in April 1999 with an approved commitment of \$100 million. Over the years, the FDF supported a wide range of projects conducive to the long-term development of the Hong Kong film industry, such as training of film personnel, overseas promotion of local films, etc. Also, the Film Guarantee Fund, a revolving loan guarantee facility with a commitment of \$30 million, has been established by redeployment of funds from the FDF.

9. The balance of the FDF stood at about \$5 million as at 31 March 2007. In the 2007-08 Budget, the Government has earmarked \$300 million for establishing a fund to help finance film production and overcome the shortage of talents. Subject to the Finance Committee's approval, we shall inject this sum into the FDF and expand its scope to fund projects and activities which contribute to the development of the Hong Kong film industry, including –

- (a) limited funding support for small-to-medium budget film productions;
- (b) enhanced efforts to promote Hong Kong films in the Mainland and overseas;
- (c) enhanced initiatives to train talents in the various aspects of the film production and distribution; and
- (d) enhancing the interest and appreciation of Hong Kong films by the local audience.

10. A Vetting Committee, comprising members from the FDC and co-opted members from the film and related industries, will be established under the FDC to advise the Government on administering the FDF, particularly in vetting

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applications for disbursement of public funds. The Vetting Committee will be assisted by experts drawn from a Panel of Examiners, who are professionals with experience in film production, financing, etc., when considering applications for financing small-to-medium budget film productions.

11. We plan to review the FDF with the expanded scope two years after the proposed injection of \$300 million. We will assess the effectiveness of the expanded FDF in creating a larger mass of film production activities, increasing employment opportunities, nurturing film talents and enhancing Hong Kong's overall image, etc.

Proposed Creation of the Non-civil Service SG/FDC Position

12. Currently, the TELA, headed by the Commissioner for Television and Entertainment Licensing (CTEL), a D3 officer, is charged with the responsibilities of, among others, supporting the development of the film industry. One of her two deputies, Assistant Commissioner (Entertainment) (AC(E)) pitched at D2, is tasked to support her work in film and entertainment licensing and other matters. The Film Services Office (FSO), established in 1998 and under AC(E)'s supervision, provides services for location shooting, manages funding schemes for the film industry, promotes Hong Kong films overseas and provides support for the old Film Development Committee. The job descriptions of CTEL and AC(E) and the current setup of TELA are at Enclosures 2, 3 and 4 respectively.

Encls. 2-4

13. The new FDC is entrusted with broader and more onerous film-related duties than the old advisory committee. The matters under its charge in paragraph 7 will have significant impact on the long-term development of the film industry. The Vetting Committee under the FDC, together with the Panel of Examiners when considering the financing of film productions, will have to advise on the disbursement of the FDF with much enlarged scale and scope. In view of its expanded role and the fact that all Council members, including its Chairman, serve on the Council on a part-time basis, we consider it necessary to provide strong secretariat support for the new FDC, Vetting Committee and Panel of Examiners, by creating a non-civil service position at D2 level, designated as SG/FDC, to underpin CTEL to head this new, enhanced Secretariat (also see paragraph 20 below).

14. In particular, SG/FDC will assume the important role of the linchpin between the Government and the FDC and indeed the whole film industry. He will act as the head of the Secretariat of the FDC to assist the FDC and the Government in formulating strategies and action plans for the vibrant development of the Hong

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Kong film industry. He and his team will have to provide the full range of administrative and logistic support for the FDC, the Vetting Committee and the Panel of Examiners to discharge their functions and duties, including managing funding schemes, conducting researches and commissioning external studies, providing film shooting facilitative services, co-ordinating and liaising with stakeholders of the film industry, as well as promoting Hong Kong films locally and abroad, and implementing other measures endorsed by the FDC and the Government.

15. SG/FDC will also have an overall view of all public resources dedicated to supporting the film industry under the relevant government and public bodies (e.g. the Home Affairs Bureau, the Education and Manpower Bureau and the Hong Kong Trade Development Council). He will be responsible for reviewing the effectiveness of these activities under different government and public bodies in consultation with the FDC to ensure that all film-related policies and measures initiated by these public bodies are implemented effectively and efficiently and conducive to the development of the industry.

16. Beyond Hong Kong, SG/FDC will co-ordinate with overseas counterparts and Mainland authorities on bilateral and multilateral film-related activities, forge closer ties and explore more co-operation opportunities with them, as well as represent the Hong Kong Special Administrative Region in marketing and promoting the film industry in the international arena. The duty list of SG/FDC is at Enclosure 5.

Encl. 5

17. Hong Kong film industry has been in the leading position in the Chinese and worldwide markets and enjoys a high reputation regionally and internationally. Supporting the industry to flourish and scale new heights is a long-term policy as pledged by the Chief Executive in his 2006-07 Policy Address. The injection of \$300 million into the FDF and the expansion of its scope are only part of the support measures. The new SG/FDC will support the FDC and SCIT in mapping out the short, medium and long-term strategies for the development of the film industry in Hong Kong, and co-ordinating and reviewing the operation and effectiveness of the FDF and the arrangements of other publicly-funded activities.

18. We propose to pitch the non-civil service position of SG/FDC at D2 level, given that the post-holder is required to possess a high level of analytical and organisational capability, rich business and operational experience in the whole value-chain of film productions, as well as good communication and management skills to deliver the range of duties described in paragraphs 14 to 17 above. To ensure a wide source of candidates for this key position and openness in the way it is filled, the SG/FDC position will be filled through open recruitment based on merits of individual candidates.

19. We propose to create the non-civil service position of SG/FDC for two years. During the two-year period, we expect that SG/FDC would be able to assist the FDC in formulating the short, medium and long-term measures for development of the film industry, put in place a proper mechanism for the administration of the expanded FDF and review the effectiveness of the FDF and other publicly-funded activities of the Government and public bodies in support of film development. A two-year contract will also enable us to attract a candidate with the right calibre and experience to take up this position. We will review the long-term need and ranking of this position in due course.

Non-directorate Establishment under the SG/FDC

20. Following the creation of the non-civil service position, we will transform the FSO into a new Secretariat of the FDC under the charge of SG/FDC. On top of taking over the existing functions of the FSO, the new Secretariat will process new kind of applications under the expanded FDF for financing small-to-medium budget film productions, including vetting the facts of the applications according to eligibility criteria, servicing the new Vetting Committee and Panel of Examiners in evaluating these new applications, monitoring the progress of film productions and disbursing funds in phases accordingly, and evaluating the completion reports and audited accounts submitted by film production companies concerned. To cope with the increase in workload, we will increase the manpower of the Secretariat by creating two new non-directorate posts, viz., one Senior Executive Officer and one Personal Secretary I.

Revised Organisational Structure of TELA

21. Upon the creation of the non-civil service position of SG/FDC, AC(E) will continue to be responsible for assisting CTEL in entertainment licensing and relevant matters, including enforcing and reviewing the Control of Obscene and Indecent Articles Ordinance (COIAO) (Cap. 390), registering newspapers and licensing amusement games centres, as well as overseeing the departmental administration of the TELA. She will also continue to assist CTEL in matters pertaining to censorship and classification of films intended for public exhibition under the Film Censorship Ordinance (FCO) (Cap. 392) as these matters are more relevant to the necessary standards for film classifications rather than supporting the film industry.

22. We consider that there is a genuine need to retain the post of AC(E), because these duties require not only strong executive capabilities but also rich policy formulation experience. Although her supervising duties over the FSO of TELA will be transferred to the new SG/FDC, she will be tasked to carry out two specific reviews of legislation on top of her other normal duties in 2007 and 2008.

In the light of grave concerns raised by the community and the Legislative Council over the proliferation of indecent contents in newspapers and entertainment magazines, she is actively reviewing the COIAO to enhance its deterrent effect on repeat offenders. In addition, she will review the scope of the FCO to align it with the latest technology development and media convergence to ensure it is conducive to investment in new technology and innovative services (such as outdoor media). The current level of manpower of the TELA cannot cope with these reviews and legislative exercises, which are essential to keep up with the prevailing community standards and the development of new technologies.

23. Upon transfer of the FSO to SG/FDC, AC(E) will be able to focus on the two reviews and carry out the necessary follow-up work, like consultation with all stakeholders and the community at large, and implementation of the review and consultation outcome, including preparing and seeing through the necessary legislative amendments to the two Ordinances as appropriate. We expect these two legislative review exercises to be completed by 2008. We will review the entire organisational structure of the TELA shortly so as to prepare for the establishment of the new unified regulator for the entire electronic communications sector by 2008². AC(E) will also assist in this reorganisation exercise as part of her duties in overseeing the departmental administration of the TELA.

Encl. 6 24. The revised duty list of AC(E) after the creation of the non-civil service position of SG/FDC is at Enclosure 6. The new organisational structure of the TELA after the creation of the non-civil service position and the establishment of the Secretariat of the FDC is at Enclosure 7.

Encl. 7

Transitional Arrangements Prior to Creation of the SG/FDC Position

25. The FDF is scheduled to be expanded in early July and start operation in third to fourth quarter of 2007. A lot of administrative work would be required to prepare for its commencement, e.g. setting up a new control mechanism for the use of fund and drafting of legal documents for the release of the fund. Pending the recruitment of a suitable candidate to fill the new SG/FDC position, which is expected to last around four months, AC(E) of TELA will absorb such additional workload for the time being.

/Alternatives

² We earlier consulted the public and the industry on a proposal to set up a unified regulator, the Communications Authority (CA), by merging the existing Broadcasting Authority and Telecommunications Authority. The feedback is positive and we are planning to introduce the legislative proposal to the Legislative Council. Upon establishment of the CA, the Broadcasting Division of TELA and the Office of the Telecommunications Authority will form one single department to provide executive support to the CA. We will review the entire organisational structure of TELA in this context.

Alternatives Considered

26. Given the enhanced scope and increased workload of the FDC, among others, in assisting the Administration to administer a much-expanded FDF, a dedicated, full-time position at D2 level is required to support the FDC's work. We have critically reviewed the current directorate establishment of the TELA. The Assistant Commissioner (Broadcasting) of the TELA will continue focusing on the work with respect to the broadcasting sector, including administering broadcasting licences and relevant broadcasting legislation, providing executive support to the Broadcasting Authority, etc. AC(E) will be fully engaged with duties mentioned in paragraphs 21 to 24 above. We therefore consider that there is no scope for redeployment of existing resources to provide the necessary support to the new FDC and the related matters, and creating a non-civil service position is the only feasible option.

FINANCIAL IMPLICATIONS

27. The total remuneration package for the proposed non-civil service position of SG/FDC will not exceed the full annual average staff cost of \$2,018,000 (including salaries and staff on-cost) for a civil service post ranked at Administrative Officer Staff Grade C (D2) level.

28. In addition, the proposal will necessitate the creation of two non-directorate posts, as set out in paragraph 20, at a total notional annual mid-point salary cost of \$957,060 and a full annual average staff cost of \$1,427,000.

29. We have included sufficient provision in the 2007-08 Estimates under Head 180 – TELA to meet the cost of this proposal.

CONSULTATION WITH LEGISLATIVE COUNCIL

Panel on Information Technology and Broadcasting

30. We consulted the Legislative Council Panel on Information Technology and Broadcasting on 17 April 2007. The Panel had invited members of the public and the film industry to attend the meeting and give their views on an earlier proposal of creating a permanent civil service SG/FDC post and the proposed expansion of the FDF. Panel Members had no objection to the proposed creation of the SG/FDC post. With respect to the FDF, Members raised no objection except they opined that there should be no vetting of script contents when

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applications for funding the productions of small-to-medium budget films are considered. The Administration will remove the requirement for script vetting when we submit the proposal for injecting \$300 million into the FDF to the Finance Committee for approval.

Establishment Subcommittee

31. The Establishment Subcommittee discussed at its meeting on 13 June 2007 the proposal of creating a permanent directorate post of SG/FDC. Some Members expressed concern over the justifications for the proposal. They did not object to the Administration's proposal to enhance its support for the film industry, but were of the view that the Administration should consider the creation of a supernumerary directorate post at this stage. The Administration has reviewed the case and revised its proposal.

ESTABLISHMENT CHANGES

32. The establishment changes in the TELA for the past two years are as follows –

| Establishment (Note) | Number of Posts | | |
|-------------------------|----------------------------------|-----------------------|--------------------|
| | Existing (as at 1 April 2007) | As at 1 April 2006 | As at 1 April 2005 |
| A | 3# | 3 | 3 |
| B | 24 | 24 | 24 |
| C | 125 | 129 | 132 |
| Total | 152 | 156 | 159 |

Note:

- A - ranks in the directorate pay scale or equivalent
- B - non-directorate ranks, the maximum pay point of which is above MPS point 33 or equivalent
- C - non-directorate ranks, the maximum pay point of which is at or below MPS point 33 or equivalent
- # as at 1 April 2007, there were no unfilled directorate posts in TELA

CIVIL SERVICE BUREAU COMMENTS

33. The Civil Service Bureau supports the proposed creation of a non-civil service position which is necessary to provide strengthened secretariat support for the FDC.

/ADVICE

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

34. As we propose to create a non-civil service position in TELA, advice from the Standing Committee on Directorate Salaries and Conditions of Service is not required.

Commerce, Industry and Technology Bureau
June 2007

Film Development Council

Terms of Reference

To advise the Secretary for Commerce, Industry and Technology on -

1. the policy, strategy and institutional arrangement for the promotion and development of the film industry;
2. the use and allocation of public funds in support of the film industry;
3. the planning, co-ordination and implementation of publicly funded activities related to the film industry;
4. the merits of applications for public funding under the relevant funding schemes;
5. the manpower and training needs of the film industry; and
6. the promotion of film literacy in the community.

Membership (for the term from 15 April 2007 to 31 March 2009)

Chairman : Mr. Jack SO Chak-kwong, J.P.

Vice Chairman : Permanent Secretary for Commerce, Industry and
Technology (Communications and Technology)

Members : Mr. Gordon CHAN Ka-seung, M.H.
Mr. CHAN Wing-mei
Ms. Mabel CHEUNG Yuen-ting
Mr. Felix FONG Wo, J.P.
Mr. Crucindo HUNG Cho-sing, B.B.S.
Mr. Bill KONG Chi-keung
Ms. Terry LAI Siu-ping
Mr. Peter LAM Kin-ngok
Mr. NG See-yuen, B.B.S., J.P.
Mr. John SHAM Kin-fun
Ms. Nansun SHI
Mr. SUEN Kwok-lam, M.H.
Mr. WONG Chi-keung
Mr. Raymond WONG Pak-ming
Mr. WONG Ying-wai, J.P.
Secretary for Home Affairs or his representative
Executive Director of Hong Kong Trade Development
Council or his representative

Job Description
Commissioner for Television and Entertainment Licensing

- Post title** : Commissioner for Television and Entertainment Licensing
- Rank** : Commissioner for Television and Entertainment Licensing (D3)
- Responsible to** : Permanent Secretary for Commerce, Industry and Technology (Communications and Technology)

Main Duties and Responsibilities –

1. To act as the Head of Department and vote controller of TELA, and be responsible for resources and manpower planning, management and control, including securing allocation and achieving performance targets, staff development and management, staff discipline and relations.
2. To act as the Principal Executive Officer of the Broadcasting Authority, and be responsible for the servicing and execution of regulatory policies and decisions, including liaison with all broadcasters in Hong Kong and overseas regulatory bodies.
3. To supervise the enforcement of the Control of Obscene and Indecent Articles Ordinance.
4. To act as the Head of the Film Services Office, and be responsible for the implementation of measures and the provision of services to facilitate the long term development of the film industry.
5. To act as the Film Censorship Authority for all films intended for public exhibition in Hong Kong and supervise the enforcement of the Film Censorship Ordinance.
6. To act as the Licensing Authority for nine types of public entertainment licences and permits.

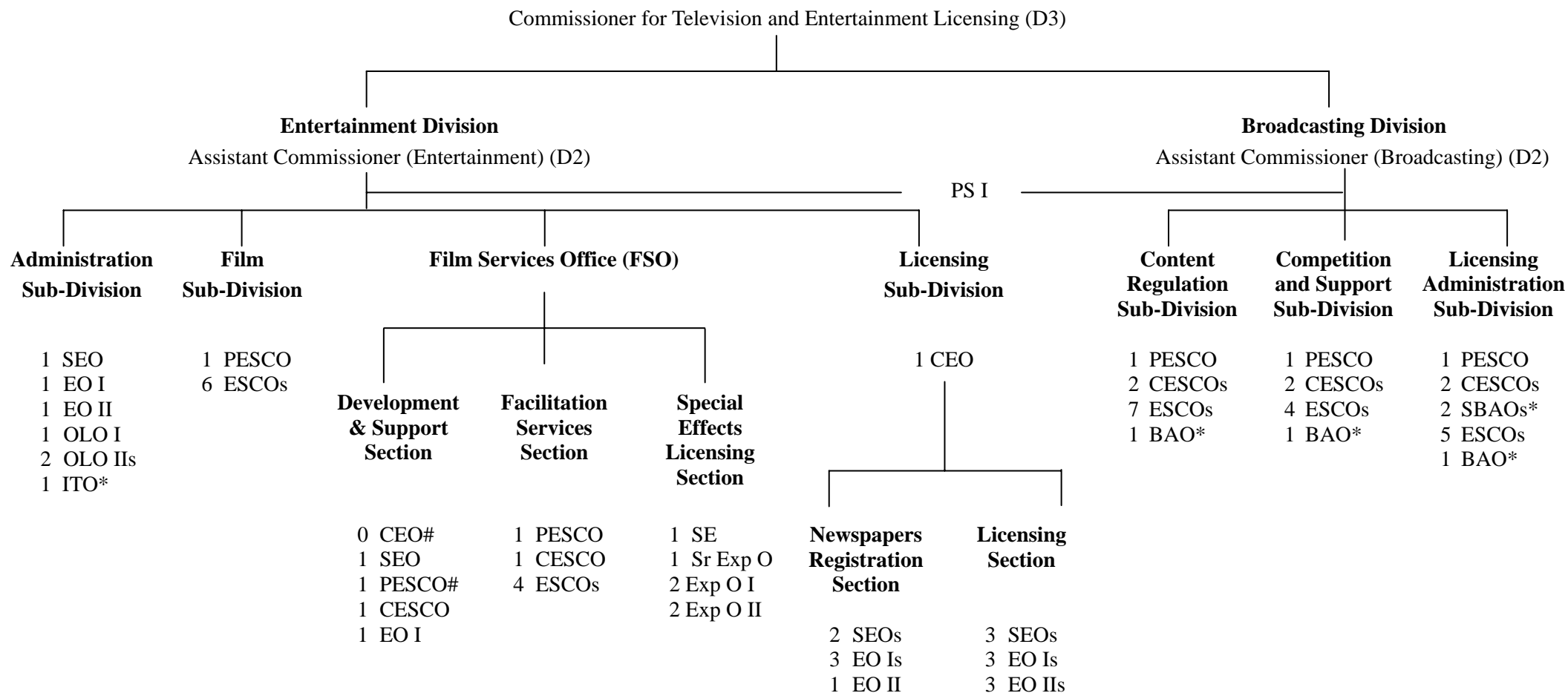
Job Description
Assistant Commissioner (Entertainment)

Post title : Assistant Commissioner (Entertainment)
Rank : Administrative Officer Staff Grade C (D2)
Responsible to : Commissioner for Television and Entertainment Licensing

Main Duties and Responsibilities –

1. To oversee the work of the Film Services Office with the objective of promoting the development of the local film industry, including serving as secretary to the Film Development Committee, administering the Film Guarantee Fund and Film Development Fund, facilitating location shooting, and implementing the special effects licensing system.
2. To supervise the enforcement of the Film Censorship Ordinance, including film classification and public opinion surveys.
3. To oversee the enforcement of the Control of Obscene and Indecent Articles Ordinance, including monitoring of publications, referral of dubious articles to the Obscene Articles Tribunals, and taking appropriate follow-up actions (e.g. prosecution); and to review the Ordinance in the light of community expectations.
4. To oversee the implementation of licensing systems for Amusement Game Centres, Mahjong/Tin Kau Parlours and other entertainment activities, and advise on legislation relating to entertainment licensing.
5. To oversee departmental administration and registration of local newspapers.

Existing Organisation Chart of Television and Entertainment Licensing Authority



* Non-civil service contract staff

A vacant CEO post is being held against a supernumerary PESCO post

Legend :

CEO – Chief Executive Officer

SEO – Senior Executive Officer

EO – Executive Officer

OLO – Official Language Officer

ITO – Information Technology Officer

PESCO – Principal Entertainment Standards Control Officer

CESCO – Chief Entertainment Standards Control Officer

ESCO – Entertainment Standards Control Officer

SE – Senior Engineer

Sr Exp O – Senior Explosives Officer

Exp O – Explosives Officer

SBAO – Senior Broadcasting Affairs Officer

BAO – Broadcasting Affairs Officer

PS I – Personal Secretary I

Job Description
Secretary-General of Film Development Council

Post title : Secretary-General of Film Development Council

Rank : A Non-civil Service Position at the equivalent rank of D2

Responsible to : Commissioner for Television and Entertainment Licensing

Main Duties and Responsibilities –

1. To supervise the Secretariat of the Film Development Council, which advises the Government on the formulation of long-term, medium-term and short-term strategies for the development of the film industry.
2. To assist the Commissioner for Television and Entertainment Licensing in overseeing the administration and management of all public funds (including the Film Development Fund, the Film Guarantee Fund, and other funds for the film sector as appropriate) established to promote the development of the film industry, and assist the Film Development Council in formulating advice to the Government on the use of such funds.
3. To conduct film-related researches and commission external studies.
4. To implement government initiated measures to revitalise the Hong Kong film industry and support its long-term development, and to review the effectiveness of these measures.
5. To co-ordinate with the film industry and government/public organisations to ensure smooth implementation of all publicly funded film-related activities, and collaborate with them to promote the film industry.
6. To represent Hong Kong in marketing and promoting Hong Kong films internationally.
7. To liaise with relevant bureaux and departments on legislative measures (e.g. anti-piracy) to safeguard the interest of the film sector.
8. To oversee the day-to-day operation of the Secretariat of the Film Development Council, including general management and personnel matters.

**Revised Job Description
Assistant Commissioner (Entertainment)**

Post title : Assistant Commissioner (Entertainment)

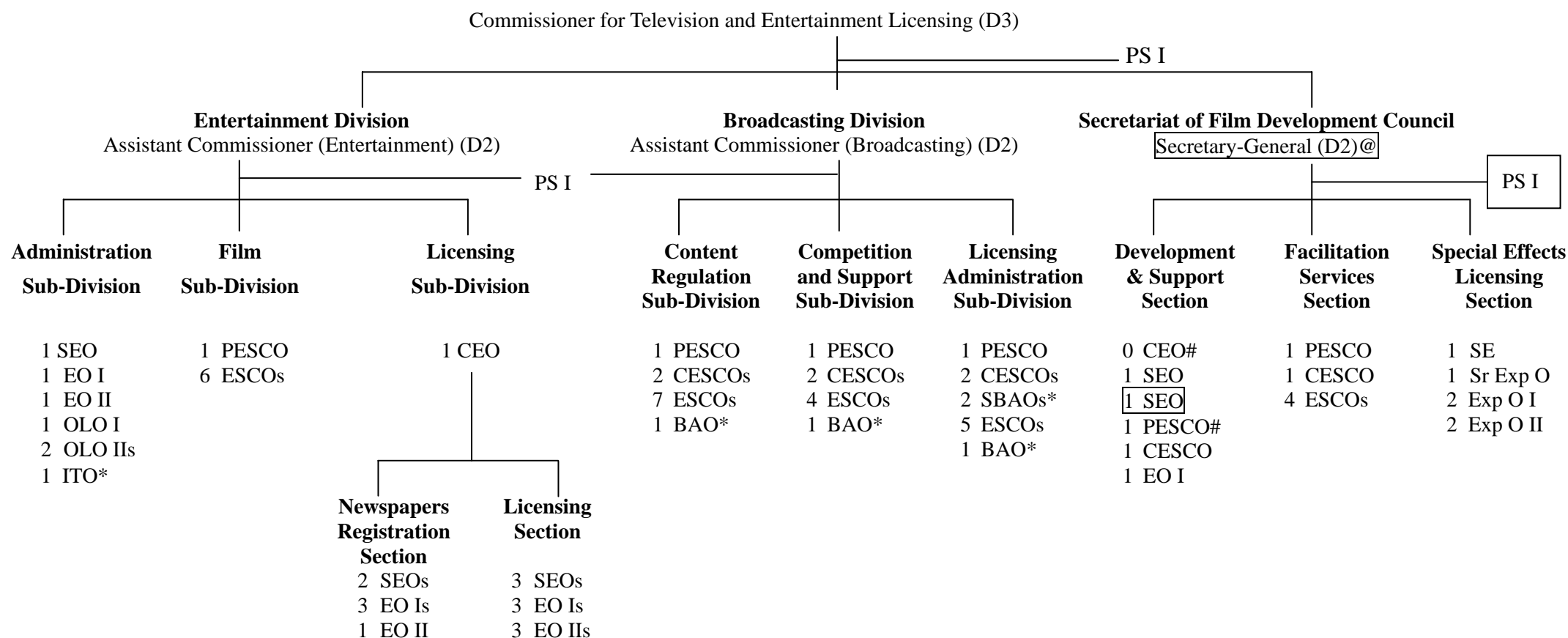
Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Commissioner for Television and Entertainment Licensing

Main Duties and Responsibilities –

1. To review the Film Censorship Ordinance (FCO) with a view to rationalising the regulatory regime in light of technological and media convergence, carry out the necessary consultation and implement the review and consultation outcome as appropriate.
2. To continue to review the Control of Obscene and Indecent Articles Ordinance (COIAO) in order to enhance its deterrent effect against repeat offenders, carry out the necessary consultation and implement the review and consultation outcome as appropriate.
3. To supervise the enforcement of the FCO, including film classification and public opinion surveys.
4. To oversee the enforcement of the COIAO, including monitoring of publications, referral of dubious articles to the Obscene Articles Tribunals, and taking appropriate follow-up actions (e.g. prosecution).
5. To oversee the implementation of licensing systems for Amusement Game Centres, Mahjong/Tin Kau Parlours and other entertainment activities and advise on legislation relating to entertainment licensing.
6. To oversee departmental administration and registration of local newspapers, and assist in the organisational review of the Television and Entertainment Licensing Authority.

Revised Organisation Chart of Television and Entertainment Licensing Authority



- * Non-civil service contract staff
- # A vacant CEO post is being held against a supernumerary PESCO post
- @ Proposed non-civil service position to be created
- Proposed new posts

Legend :
 CEO – Chief Executive Officer PESCO – Principal Entertainment Standards Control Officer SE – Senior Engineer SBAO – Senior Broadcasting Affairs Officer
 SEO – Senior Executive Officer CESCO – Chief Entertainment Standards Control Officer Sr Exp O – Senior Explosives Officer BAO – Broadcasting Affairs Officer
 EO – Executive Officer ESCO – Entertainment Standards Control Officer Exp O – Explosives Officer PS I – Personal Secretary I
 OLO – Official Language Officer
 ITO – Information Technology Officer