

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 following proposal to strengthen the support for the new Hong Kong Film Development Council in the Television and Entertainment Licensing Authority with effect from 9 July 2007 –

- (a) the creation of the following new grade and rank –

Secretary-General of Film Development Council
(D2) (\$110,000 - \$116,800)

- (b) the creation of the following permanent post –

1 Secretary-General of Film Development Council
(D2) (\$110,000 - \$116,800)

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

PROPOSAL

2. We propose to create one permanent post in a new grade and rank of Secretary-General of the FDC (SG/FDC) (D2) under Television and Entertainment Licensing Authority (TELA) with effect from 9 July 2007.

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.

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

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.

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.

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 (FGF), 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;

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- (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 in administering the FDF, particularly in vetting 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 SG/FDC Post

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

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on the disbursement of the FDF with much enlarged scale and scope. We therefore consider it necessary to strengthen the secretariat support for the new FDC, Vetting Committee and Panel of Examiners, and create a new permanent D2 post, designated as SG/FDC, to underpin CTEL to head this new, enhanced Secretariat (also see paragraph 19 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 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), and be responsible for reviewing their effectiveness in consultation with the FDC. This ensures 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

Filling of the New Post of SG/FDC

17. We propose to pitch the post 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. We also

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consider it necessary to ensure a wide source of candidates for this key position and openness in the way it is filled. The SG/FDC post should therefore be filled through open recruitment based on merits of individual candidates.

18. Nevertheless, to enable the administrative framework and control mechanism to be set up as soon as possible at the inception of the enhanced Secretariat and to allow time for conducting the recruitment exercise, we plan to fill the post by an Administrative Officer Staff Grade C officer for an initial period of not more than 12 months.

Non-directorate Establishment under the SG/FDC

19. Following the creation of the new post, 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

20. Upon the creation of the post 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.

21. 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

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.

22. 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
Encl. 7

23. The revised duty list of AC(E) after the creation of the post of SG/FDC is at Enclosure 6. The new organisational structure of the TELA after the establishment of the new post and the Secretariat of the FDC is at Enclosure 7.

Alternatives Considered

24. 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 D2 post 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

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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.

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 20 to 22 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 new post is the only feasible option.

FINANCIAL IMPLICATIONS

25. The proposed creation of the SG/FDC post will bring about an additional notional annual mid-point salary cost of \$1,360,800. The full annual average staff cost estimated on the basis of an AOSGC post, including salaries and staff on-costs, is \$2,018,000.

26. In addition, the proposal will necessitate the creation of two non-directorate posts, as set out in paragraph 19, at a total notional annual mid-point salary cost of \$957,060 and a full annual average staff cost of \$1,427,000.

27. 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

28. 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 this proposal 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 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 CHANGES

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

/Establishment

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

30. The Civil Service Bureau supports the proposal which is necessary to provide strengthened secretariat support for the FDC. The grading and ranking of the proposed post are considered appropriate having regard to the level and scope of responsibilities involved.

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

31. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the post would be appropriate if the proposal were to be implemented.

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; and
5. the manpower and training needs of the film industry; and 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.

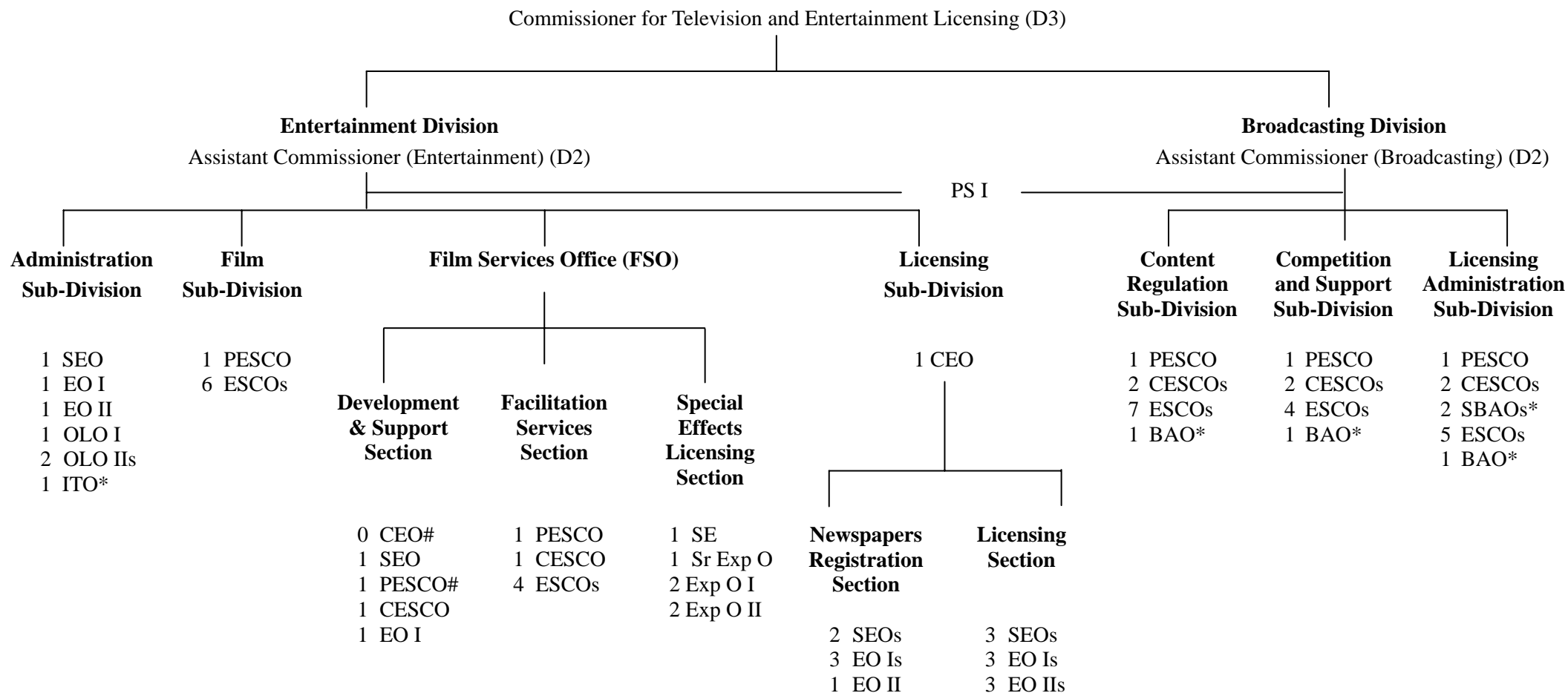
**Job Description
Assistant Commissioner (Entertainment)**

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 : Secretary-General of Film Development Council (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 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 implement government initiated measures to revitalise the Hong Kong film industry.
4. 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.
5. To represent Hong Kong in marketing and promoting Hong Kong films internationally.
6. To liaise with relevant bureaux and departments on legislative measures (e.g. anti-piracy) to safeguard the interest of the film sector.
7. 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)

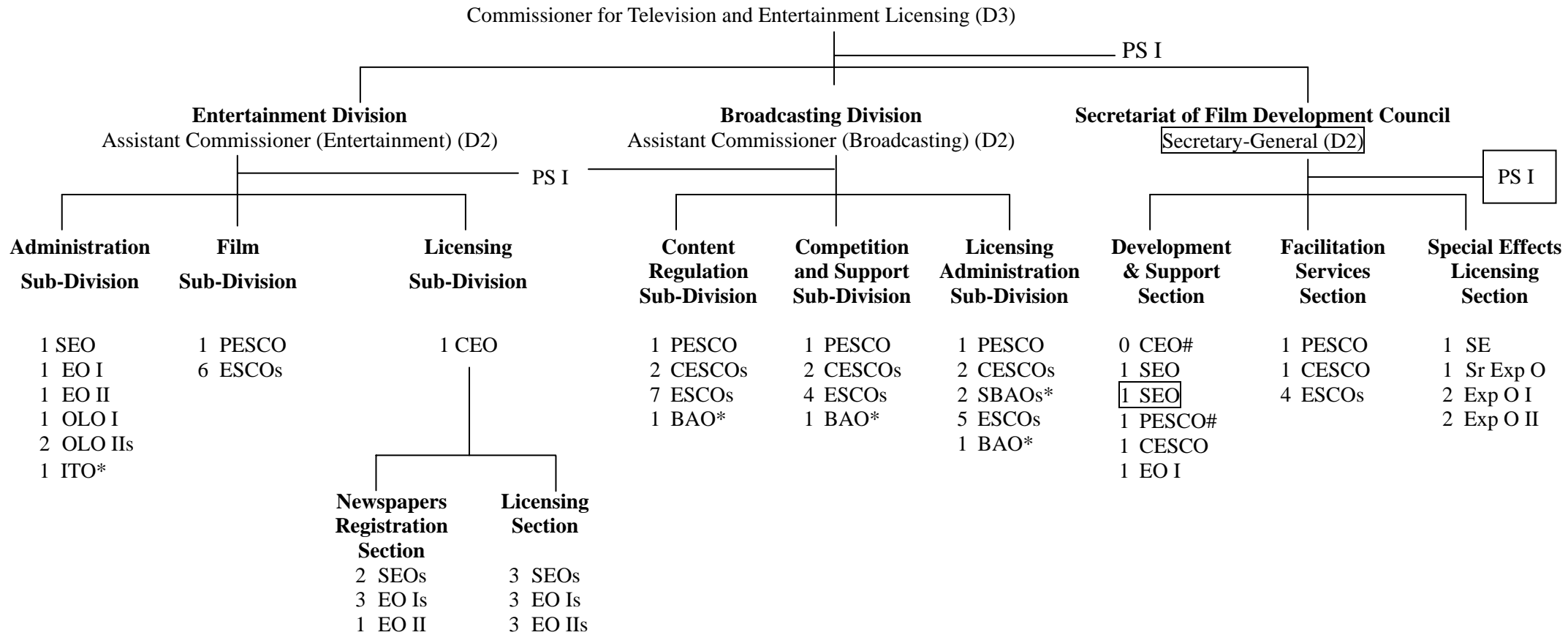
Rank : Administrative Officer Staff Grade C (D2)

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 new posts

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