

**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 2020–21 **\$807.4m**

Establishment ceiling 2020–21 (notional annual mid-point salary value) representing an estimated 116 non-directorate posts as at 31 March 2020 rising by two posts to 118 posts as at 31 March 2021 **\$78.1m**

In addition, there will be an estimated nine directorate posts as at 31 March 2020 and as at 31 March 2021.

Commitment balance..... **\$2,551.3m**

Controlling Officer’s Report

Programmes

Programme (1) Broadcasting and Creative Industries These programmes contribute to Policy Area 17: Information Technology and Broadcasting (Secretary for Commerce and Economic Development).
Programme (2) Telecommunications

Detail

Programme (1): Broadcasting and Creative Industries

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision (\$m)	459.7	675.0	492.5 (–27.0%)	717.7 (+45.7%)
				(or +6.3% on 2019–20 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 2019–20, the Branch:

- monitored the implementation of digital terrestrial television (DTT) broadcasting services and prepared for switching off analogue television services in Hong Kong on 30 November 2020;
- assisted in the licensing and regulatory matters in relation to the domestic free television programme services, domestic pay television programme services and sound broadcasting services;
- continued to oversee Radio Television Hong Kong (RTHK) in fulfilling its mission as a public service broadcaster;
- administered, through Create Hong Kong (CreateHK), the CreateSmart Initiative (CSI) to provide funding support to projects conducive to the development of seven non-film creative industries pursuant to the three strategic directions, namely, nurturing talent and facilitating start-ups (including providing incubation services through the Design Incubation Programme and Fashion Incubation Programme); exploring markets; and fostering a creative atmosphere in the community;

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- injected \$1 billion into the Film Development Fund (FDF), administered through CreateHK, to support further development of the film sector under four strategic directions, namely, nurturing talent, enhancing local production, expanding markets and building audience;
- worked closely with the Hong Kong Design Centre (HKDC) to promote the use of design and design thinking across all sectors in Hong Kong and with relevant bureaux/departments to include design thinking in civil service training programmes and to promote application of design thinking in public service delivery;
- liaised closely and collaborated with other design cities in the Mainland and abroad; and led delegations to Belt and Road countries and made use of opportunities pursuant to the development of the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area), thereby opening up new markets for Hong Kong; and
- introduced an amendment bill to implement the relaxation proposals put forward in the review of the broadcasting regulatory framework.

Targets

	Target	2018 (Actual)	2019 (Actual)	2020 (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

[^] Revised description as from 1 April 2019. Previous target was “simple cases, intermediate cases and complicated cases within three, six and 14 working days respectively”.

Indicators

	2018 (Actual)	2019 (Actual)	2020 (Estimate)
CSI			
applications received.....	104	105	106
applications approved	53	61	67
applications refused.....	19	18	19
FDF			
film production projects			
applications received.....	17	16	24
applications approved	6	4	11
applications refused.....	13	8	14
other film-related projects			
applications received.....	21	26	37
applications approved	18	24	34
applications refused.....	3	1	3

Matters Requiring Special Attention in 2020–21

- 6** During 2020–21, the Branch will continue to:
- monitor the implementation of DTT broadcasting services and switching off analogue television services in Hong Kong on 30 November 2020;
 - 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;

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- administer, through CreateHK, the CSI to further promote the development of seven non-film creative industries pursuant to the aforementioned three strategic directions;
- 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;
- lead delegations to the Mainland, Belt and Road countries and make use of opportunities pursuant to the development of the Greater Bay Area with a view to developing new markets for the creative industries; and
- implement the relaxation proposals put forward in the review of the broadcasting regulatory framework.

Programme (2): Telecommunications

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision (\$m)	16.2	228.9	27.9 (–87.8%)	89.7 (+221.5%)
				(or –60.8% on 2019–20 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 2019–20, the Branch:

- worked with the Communications Authority (CA) to implement the decisions on the assignment of a total of around 4 500 MHz of spectrum in various frequency bands for the provision of public mobile services and related spectrum utilisation fee (SUF);
- worked with the CA to implement the decisions on the assignment/re-assignment of the 200 MHz of frequency spectrum in the 900 MHz and 1800 MHz bands and related SUF in view of the expiry of the existing assignments in 2021;
- worked with the Office of the Communications Authority (OFCA) to launch a pilot scheme to facilitate mobile network operators’ applications for installation of radio base stations in suitable government premises with a view to supporting the rollout of the fifth generation mobile services (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;
- 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;
- discussed with the legislature the proposed legislative framework to strengthen regulation of person-to-person telemarketing calls (P2P calls); and
- completed a public consultation on the review of the telecommunications regulatory framework and commenced drafting of an amendment bill to implement the proposals put forward in the review.

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Matters Requiring Special Attention in 2020–21

10 During 2020–21, the Branch will:

- work with the CA to make available more frequency spectrum to the market for telecommunications use;
- prepare for the provision of suitable land lots in Chung Hom Kok Teleport for external telecommunications infrastructure, with a view to further enhancing the overall capacity, diversity and resilience of Hong Kong's external telecommunications network infrastructure;
- continue to work with the CA to implement the decisions on the assignment/re-assignment arrangements of 200 MHz of the frequency spectrum in the 900 MHz and 1800 MHz bands and related SUF in view of the expiry of the existing assignments in 2021;
- continue to work with OFCA to facilitate mobile network operators' applications for installation of radio base stations in suitable government premises, sheltered bus stops and public payphone kiosks with a view to supporting the rollout 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 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;
- continue to refine the legislative framework to strengthen the regulation of P2P calls; and
- continue the preparation of an amendment bill to implement proposals put forward in the review of the telecommunications regulatory framework.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2018–19 (Actual) (\$m)	2019–20 (Original) (\$m)	2019–20 (Revised) (\$m)	2020–21 (Estimate) (\$m)
(1) Broadcasting and Creative Industries	459.7	675.0	492.5	717.7
(2) Telecommunications.....	16.2	228.9	27.9	89.7
	475.9	903.9	520.4 (–42.4%)	807.4 (+55.1%)
				(or –10.7% on 2019–20 Original)

Analysis of Financial and Staffing Provision

Programme (1)

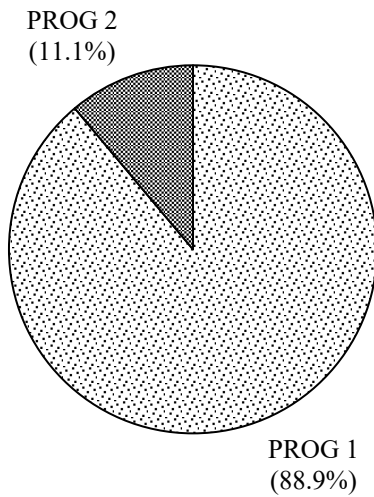
Provision for 2020–21 is \$225.2 million (45.7%) higher than the revised estimate for 2019–20. This is mainly due to increase in cash flow requirement for general non-recurrent items, increased provision for general departmental expenses and an increase of two posts.

Programme (2)

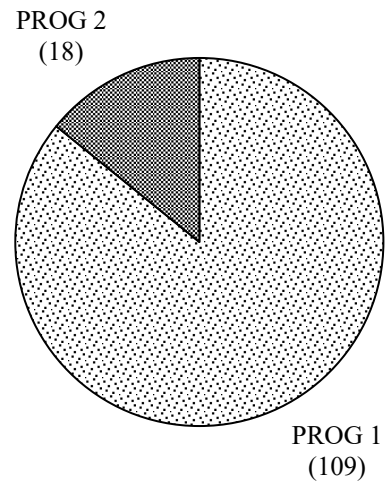
Provision for 2020–21 is \$61.8 million (221.5%) higher than the revised estimate for 2019–20. This is mainly due to increase in cash flow requirement for general non-recurrent item and increased provision for general departmental expenses.

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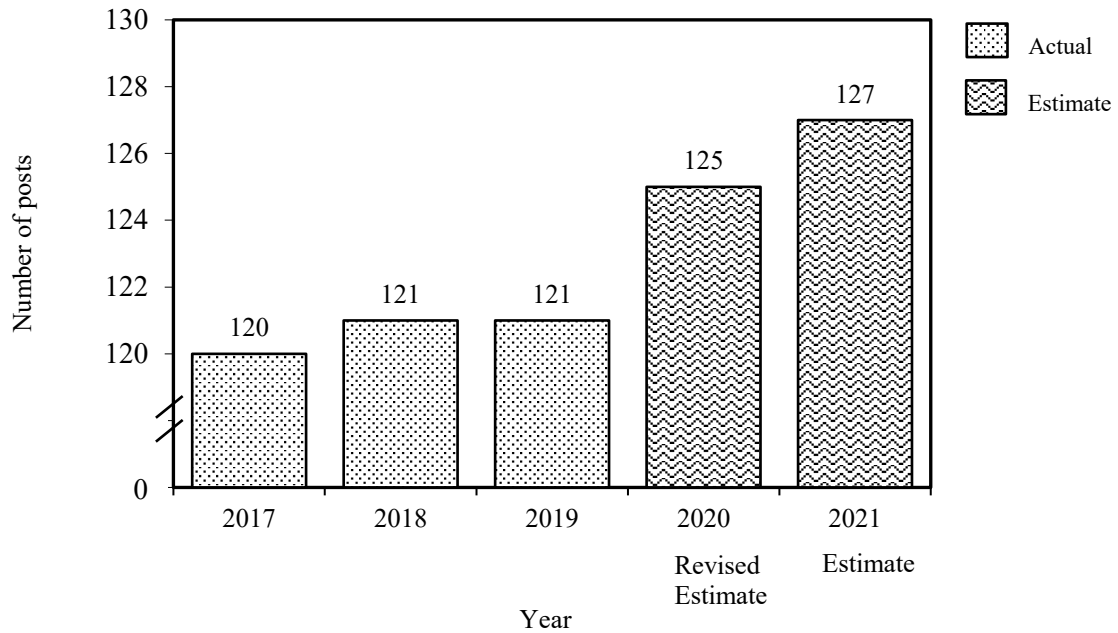
*Allocation of provision
to programmes
(2020-21)*



*Staff by programme
(as at 31 March 2021)*



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



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Sub-head (Code)	Actual expenditure 2018–19	Approved estimate 2019–20	Revised estimate 2019–20	Estimate 2020–21	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	162,318	234,846	188,715	227,435
	Total, Recurrent	162,318	234,846	188,715	227,435
Non-Recurrent					
700	General non-recurrent	313,616	669,020	331,645	579,979
	Total, Non-Recurrent	313,616	669,020	331,645	579,979
	Total, Operating Account	475,934	903,866	520,360	807,414

	Total Expenditure	475,934	903,866	520,360	807,414
		<u>475,934</u>	<u>903,866</u>	<u>520,360</u>	<u>807,414</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2020–21 for the salaries and expenses of the Communications and Creative Industries Branch is \$807,414,000. This represents an increase of \$287,054,000 over the revised estimate for 2019–20 and \$331,480,000 over the actual expenditure in 2018–19.

Operating Account

Recurrent

2 Provision of \$227,435,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Communications and Creative Industries Branch. The increase of \$38,720,000 (20.5%) over the revised estimate for 2019–20 is mainly due to the increased provision for general departmental expenses and increased salary provision arising from the increase of two posts.

3 The establishment as at 31 March 2020 will be 125 posts including two supernumerary posts. It is expected that there will be an increase of two posts in 2020–21. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2020–21, but the notional annual mid-point salary value of all such posts must not exceed \$78,094,000.

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

	2018–19 (Actual) (\$'000)	2019–20 (Original) (\$'000)	2019–20 (Revised) (\$'000)	2020–21 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	86,549	95,452	97,614	106,948
- Allowances	2,909	2,934	2,737	2,965
- Job-related allowances.....	—	4	2	4
Personnel Related Expenses				
- Mandatory Provident Fund contribution	296	218	326	266
- Civil Service Provident Fund contribution	3,551	4,698	4,366	4,477
Departmental Expenses				
- General departmental expenses	69,013	131,540	83,670	112,775
	162,318	234,846	188,715	227,435

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Commitments

Sub- head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2019	Revised estimated expenditure for 2019–20	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
480	Film Development Fund.....		1,540,000	450,355	61,645	1,028,000
801	Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas		774,400	—	—	774,400
866	CreateSmart Initiative		2,000,000	981,106	270,000	748,894
	Total		<u>4,314,400</u>	<u>1,431,461</u>	<u>331,645</u>	<u>2,551,294</u>