

MEMORANDUM FOR MEMBERS
OF THE LEGCO PANEL ON HOME AFFAIRS

Leisure and Cultural Services Department
- Financial Support to Performing Arts Bodies

PURPOSE

This paper reports on the financial support given to performing arts bodies by the two former provisional municipal councils (PMCs) in 1999 and the Leisure and Cultural Services Department (LCSD) in 2000 after the dissolution of the two former PMCs.

BACKGROUND

2. At the last Panel meeting on 9 November 2001, the Administration was requested to provide a comparison between the financial support given to performing arts bodies by the two former PMCs in 1999 and that by LCSD in 2000.

3. One of the major responsibilities of the former PMCs was to

support and promote the performing arts. Since the LCSD's take-over of such responsibilities upon the councils' dissolution on 1 January 2000, there have been no changes in the scope of responsibilities. LCSD carries on with the work in providing and managing performance venues, presenting and sponsoring cultural programmes, providing funding support to arts bodies, and managing the Music Office.

FORMS OF SUPPORT TO PERFORMING ARTS BODIES

4. LCSD provides support for artists, performing companies and arts groups mainly through programme presentation, venue sponsorship, annual subventions and subsidies towards district arts activities. In 2000, the total value of support provided by LCSD in these areas amounted to \$397.4M, as compared with \$383.2M in 1999 under the former PMCs. A comparison of the expenditure on the various forms of support rendered by the former PMCs and LCSD is at Appendix I. Details are set out below.

Programme Presentation and Venue Sponsorship

5. LCSD supports artists and arts groups by presenting their

programmes or sponsoring free venues for them to stage performances. In programme presentation, the artists/arts groups are offered a performance fee to cover their artist fees and direct production costs. LCSD provides the venue facilities and logistical and marketing support and bears the related publicity and printing costs. Another form of support is venue sponsorship, whereby LCSD sponsors free use of the venue and ticketing services for the arts groups to stage performances. In 2000, LCSD provided support to 371 local performing arts groups in the form of programme presentation at a total cost of \$106.4M covering artist fees and production expenses, as compared with the PMCs' expenditure of \$99.9M for 300 groups in 1999. The notional costs in venue, publicity, ticketing and other logistic support have not been included.

Support for Major Performing Companies and Hong Kong Arts Festival

6. In taking over the responsibilities of the former PMCs, LCSD also took over the funding and management of the three performing companies which were founded and managed by the former Provisional Urban Council (PUC), viz. the Hong Kong Chinese Orchestra (HKCO),

Hong Kong Dance Company (HKDC) and the Hong Kong Repertory Theatre (HKRT) which are flagship performing companies in their respective art forms. The total operating costs of these companies in 1999 and 2000 were:

	1999	2000
HKCO	\$44.2M	\$48.7M*
HKDC	\$23.5M	\$24.0M*
HKRT	\$28.1M	\$27.1M

(*The increase in expenditure was mainly due to the payment of contract gratuity to the HKCO musicians and more new productions for the HKDC in 2000.)

7. To allow for greater flexibility and autonomy in the three performing companies' operation and pursuit of artistic achievement, and to encourage more community involvement and support, LCSD pursued a corporatization plan after taking over the management of the three companies. Since 1 April 2001, the three companies have been incorporated as non-profit-making arts organizations under three independent boards of directors comprising professionals and community leaders. During their initial years of operation, LCSD will continue to

provide them with a similar level of funding support through annual subvention.

8. Upon the dissolution of the former PUC, the funding responsibility for the Hong Kong Arts Festival (HKAF) and Hong Kong Philharmonic Orchestra (HKPO) was taken over by the Home Affairs Bureau (HAB). Historically, the HKPO had been solely funded by the Urban Council/PUC since 1989, whilst the HKAF had been receiving funds under a tripartite funding arrangement, with the PUC, the Hong Kong Arts Development Council (ADC) and the Hong Kong Jockey Club each contributing about one-third of the projected deficit of its operating budget. Since the funds of the ADC come also from Government subvention through HAB, when the latter took over the subvention responsibility from the PUC, it also assumed ADC's funding responsibility for the HKAF. To streamline operation, such funding responsibility was passed to LCSD with effect from 1 April 2001.

Subventions to HKAF and HKPO in 1999 and 2000 were as follows:

	1999	2000(through HAB)*
HKAF	\$7.8M (+ \$8.3M by ADC)	\$16.0M
HKPO	\$64.4M	\$63.0M

(* The slight decrease for 2000 was due to the implementation of Enhanced Productivity Programme over these groups.)

Support for District Arts Activities

9. Financial support for cultural and entertainment activities organized by district organizations were provided by the former PUC under a District Subsidy Scheme and by the former Provisional Regional Council (ProRC) under a District Arts Support Scheme. The two schemes have been replaced by LCSD's District Cultural Project Grants Scheme (DCPGS) which provides cash subsidies for district arts bodies to organize cultural activities.

10. There was also a District Festivals Subsidy Scheme (DFSS) under the former ProRC to support cultural, recreational and sports activities organized by district organizations in connection with district festivals or large scale festive events. The scheme was extended to cover the urban districts in 2000 upon the establishment of LCSD.

11. The total expenditure incurred by the former PMCs towards

supporting district arts activities amounted to \$13.5M in 1999, as compared with \$13.2M incurred by LCSD in 2000 under the different schemes mentioned in paras. 9 and 10 above.

12. With effect from 1 April 2001, funding resources under the DCPGS and DFSS in the amount of \$25.4M were channelled from the LCSD to the Home Affairs Department for the latter's allocation to the 18 District Councils which could then directly fund their respective district organizations to organize cultural, sports, recreational and festive events.

The Hong Kong Arts Development Council (ADC)

13. Apart from LCSD, ADC is another major funding body which provides financial support to local arts organizations in form of three-year, one-year and project grants. Three-year grants support the long-term development of established and distinguished professional arts organizations in Hong Kong. The current three-year grant recipients are the Hong Kong Ballet, City Contemporary Dance Company, Hong Kong Sinfonietta, Chung Ying Theatre Company, Zuni Icosahedron and Ming Ri Theatre. These companies also receive support from LCSD through

programme presentation and venue sponsorship. The financial support rendered to these six performing companies by the former PMCs, LCSD and ADC are set out in Appendix II. Government's allocations to the ADC to support its functions in 1999 and 2000 were \$153.4M and \$134.5M respectively. The decrease of allocation in 2000 was due to the implementation of Enhanced Productivity Programme and ADC's smaller funding request from the Arts and Sport Development Fund.

PRESENTATION

14. This paper is presented for Members' information.

Leisure and Cultural Services Department

December 2001

PMCs' and LCSD's Financial Support for the Performing Arts Bodies in 1999 and 2000

	Form of Support		No. of Groups		Artist Fee & Production Costs*	
			1999	2000	1999	2000
A.	Programme Presentation	local	300	371	\$99,895,079	\$106,392,031
		visiting	43	66	\$36,455,695	\$42,390,069
B.	Venue Sponsorship	local	20	24	N/A	N/A
		visiting	3	12	N/A	N/A
C.	Subsidy Schemes for District Arts		194	185	\$13,486,092	\$13,242,945
	Sub-total : A+B+C	local	514	580	\$113,381,171	\$119,634,976
		visiting	46	78	\$36,455,695	\$42,390,069
D.	Subvention to Arts Organizations	HKAF	N/A		Subvention Amount	
					\$7,800,000 [#]	\$15,959,000 [@]
		HKPO	N/A		\$64,368,000	\$62,956,000 [@]
E.	Management of Performing Companies	HKCO	N/A		Total Operating Cost	
					\$44,244,000	\$48,708,000
		HKDC	N/A		\$23,474,000	\$24,038,000
		HKRT	N/A		\$28,148,000	\$27,074,000
	Sub-total : D+E				\$168,034,000	\$178,735,000
F.	Film Programmes		N/A	N/A	\$6,704,006	\$7,725,722
G.	Music Office	N/A		Total Operating Cost		
					\$58,641,000	\$48,901,000**
	Total : A+B+C+D+E+F+G				\$383,215,872	\$397,386,767

* Excluding other forms of support such as publicity, venue, ticketing, etc

Tripartite funding by ex-PUC, ADC and Hong Kong Jockey Club (Subvention from ADC amounting to \$8.3M not included)

@ Subvention through HAB, which also assumed ADC's funding responsibility for the HKAF

** The operating cost was decreased by about \$10M due to implementation of Enhanced Productivity Programme and the fact that Music Centres at government premises were exempted from paying rent.

Support for Major Arts Organizations

Name of Organization	Support by PUC in 1999			Support by HAB/LCSD in 2000		
1. HKAF	\$7,800,000**			\$15,959,000 [#]		
2. HKPO	\$64,368,000			\$62,956,000 [#]		
3. HKCO	\$44,244,000			\$48,708,000 [@]		
4. HKDC	\$23,474,000			\$24,038,000 [@]		
5. HKRT	\$28,148,000			\$27,074,000 [@]		
Total:	\$160,234,000			\$178,735,000		
	1999			2000		
	PMCs' Support	ADC's Subvention	Total	LCSD's Support	ADC's Subvention	Total
1. HK Ballet	\$11,438,255	\$15,647,000	\$27,085,255	\$12,501,758	\$15,130,000	\$27,631,758
2. CCDC	\$2,070,878	\$9,446,000	\$11,516,878	\$2,934,018	\$9,352,000	\$12,286,018
3. HK Sinfonietta	\$2,284,455	\$11,090,000	\$13,374,455	\$3,209,510	\$11,339,000	\$14,548,510
4. Chung Ying Theatre	\$1,907,000	\$6,000,000	\$7,907,000	\$2,574,608	\$5,940,000	\$8,514,608
5. Zuni Icosahedron	\$1,785,545	\$2,200,000	\$3,985,545	\$630,500*	\$2,178,000	\$2,808,500
6. Ming Ri Theatre	\$1,787,000	\$1,600,000	\$3,387,000	\$1,551,812	\$1,584,000	\$3,135,812
Total:	\$21,273,133	\$45,983,000	\$67,256,133	\$23,402,206	\$45,523,000	\$68,925,206

[#] Subvented through HAB, which also assumed ADC's funding responsibility for the HKAF

[@] Managed by LCSD

* Only one proposal was received from Zuni, due probably to its active involvement with a cultural exchange project "Berlin in HK", which received \$4.7m from LCSD.

** Subvention from ADC amounting to \$8.3M not included.