# Legislative Council Panel on Information Technology and Broadcasting

#### Response to the "Revitalising Hong Kong Film Industry Report"

#### **Purpose**

This paper briefs Members on the Government's response to the proposals of the Federation of Hong Kong Film Workers' "Revitalising Hong Kong Film Industry Report".

#### **Background**

- 2. The local film industry has been a vibrant and robust creative industry of Hong Kong for many years. Its economic contribution to Hong Kong is enormous. However, the number of films produced decreased significantly in the past few years due to the downturn of the local economy. In 2002, the number of local films released and their box office were only 92 and \$352 million respectively.
- In view of the various problems encountered by the film industry, the "Revitalising Hong Kong Film Industry Forum" was organised by the industry in September last year to tap views from different sectors on ways to renew the industry. After collating the information gathered, the industry prepared the "Revitalising Hong Kong Film Industry Report" ("Report" hereafter for short) which was submitted to Members in December 2002.

#### "Revitalising Hong Kong Film Industry Report"

- 4. Various proposals regarding the development of the film industry were made in the Report, which cover mainly the following areas
  - (i) the Government should play an active role in making infrastructural investment in film production so as to lay the foundation for the long-term development of the film industry;

- (ii) set up a "Film Commission" to facilitate the formulation of overall policy on the film industry and related initiatives;
- (iii) solve the film financing problem;
- (iv) protect intellectual property rights;
- (v) compile and publish objective box office records;
- (vi) apply advanced information technology to strengthen information flow and management in the industry;
- (vii) provide post-production facilities;
- (viii) facilitate location shooting of films;
- (ix) strengthen promotion of Hong Kong films overseas;
- (x) explore the Mainland market; and
- (xi) strengthen training within the industry and investment in human capital.

#### **Government's Response**

- 5. After careful consideration of the Report, and taking into account overseas practices, we accept in general the majority of the proposals in the Report. In fact, most of these proposals have already been implemented or began to bear fruits. As for the remaining proposals, our response can broadly be grouped into three categories
  - (i) we hold no objection in principle to some of the proposals, but have different views on its mode of implementation;
  - (ii) we keep an open mind regarding some proposals and consider that careful examination is required before we come to any decision; or
  - (iii) owing to different factors or consideration, we do not accept some proposals.
- 6. We have set out our detailed response to the proposals in **Annex I** for Members' consideration and comments.

#### **Film Policy**

- The Government's film policy at present is to strive to promote the long-term and healthy development of the local film industry, and to champion Hong Kong as an international film production centre. To strengthen communication with the film industry, the Government has set up the Film Services Advisory Committee (FSAC) in 1998. Committee consists of experts from different sectors of the film industry and representatives from the relevant Government departments (membership list at **Annex II**). It is highly representative and capable of adequately reflecting the views of the industry. The Committee provides invaluable advice on the development of the film industry, such as film financing, establishing guidelines on lane closures for location shooting, promoting Hong Kong films overseas, the administering of the Film Development Fund, setting up of a mechanism to regulate the use of pyrotechnic materials for the safe production of special effects for film production, etc. To further promote the close development of film and culture, we will invite a representative from the Home Affairs Bureau to sit on the FSAC, so as to better co-ordinate the formulation of relevant policies and resources allocation as well as to create synergy.
- 8. Our supportive measures to the film industry can be roughly categorised into five areas, including provision of supportive services, financial support, infrastructural facilities, market promotion and manpower training.

#### Provision of Supportive Services

- 9. The Film Services Office (FSO) under the Television and Entertainment Licensing Authority (TELA) provides one-stop service to the film industry to facilitate its operation. Its specific duties include assisting the industry in finding the appropriate venue for location shooting, processing lane closure applications for location filming purpose, maintaining a resource centre to disseminate information of relevance to the film industry, etc.
- 10. TELA has also formulated in 2000 the Entertainment Special Effects Ordinance to regulate the use of pyrotechnic materials and other dangerous goods for the production of special effects in film, television and theatrical productions so as to promote and regulate the safe production of special effects in Hong Kong. A one-stop applications processing mechanism was also established.

#### Financial Support

- 11. We set up the \$100 million Film Development Fund in 1999. The Fund provides financial support to a wide variety of projects that can raise the professional and technical standards of the local film industry, improve the professional skills of the industry's workforce, encourage the production of more creative and diversified films, facilitate the industry's mastery and application of advanced technology so as to enhance the audio and visual effects of films, encourage the industry to further improve the quality of local film production and services, improve the production and operating environment of the film industry, etc. By January 2003, the Fund has already approved more than \$40 million to sponsor over 40 projects that can benefit the long-term development of the film industry.
- 12. We also aim at setting up the \$50 million Film Guarantee Fund by April this year to provide loan guarantee to banks that will offer loan facilities for film production. The Fund will address the pressing film financing need of the industry.

#### Infrastructural Facilities

- 13. The Government has made available in 1998 and 2000 two sites in Tseung Kwan O respectively for the construction of a film studio. The film studio will accommodate a post-production centre equipped with advanced facilities, which can be used by the industry. The developer expects the studio will be completed in 2004.
- 14. We will also set up a Digital Media Centre at the Cyberport to provide hardware, software and technological support to the industry to facilitate digital productions.
- 15. The setting-up of the Film Guarantee Fund will facilitate the establishment of a local film financing infrastructure that will lay the foundation for the long-term development of the film industry.

#### Market Promotion

16. Exploration of markets and market promotion are crucial for the development of the film industry. The Hong Kong Economic and Trade Office (HKETO) overseas from time to time organise activities, like Hong Kong film festivals, to promote Hong Kong films outside

Hong Kong. The Hong Kong Trade Development Council (HKTDC) also promotes Hong Kong films by means of events like the annual FILMART in Hong Kong, or promotional activities in large overseas film festivals (e.g. Cannes International Film Festival). HKTDC also organised a Television and Film Delegation to Beijing last year to strengthen collaboration between industries of the two places and explore new business opportunities.

17. We will work closely with HKTDC to promote Hong Kong films overseas and help the industry to explore overseas market.

#### Manpower Training

18. Film is an important component of the creative industries and we cannot afford to neglect manpower training in this sector. At present, University Grants Committee-funded institutions and the Hong Kong Academy for Performing Arts provide a wide array of film-related courses suitable for those who want to pursue a career in the film industry. In addition, the Film Development Fund has sponsored a number of training courses to enhance the professional skills of the industry. Tertiary institutions and the Hong Kong Productivity Council also organise advanced courses from time to time for industry practitioners to upgrade their technical level.

#### **Conclusion**

Regarding the role of the Government and the proposed establishment of the Film Commission, we consider that the Government is already playing an active role in making infrastructural investment to lay the foundation for the film industry's long-term development. current framework, (i.e. the Commerce, Industry and Technology Bureau consulting the highly representative FSAC before formulating policies on promotion of the film industry and to be implemented by the FSO under TELA), can effectively address the concerns of the film industry. It is also capable of formulating policy for the overall development of the film industry and implementing the related initiatives. One notable recent example is to address the pressing film financing need of the industry and we have formulated policy and established the Film Guarantee Fund within only a few months' time upon receiving views from the industry. Having said that, however, we keep an open mind regarding the proposal of setting up a Film Commission to strengthen the framework of film policy formulation. Further study is necessary before any decision can

be made.

## **Way Forward**

- 20. In his Policy Address, the Chief Executive has clearly committed the Government to forcefully promoting the creative industries, including the film industry, in order to open up new horizons for Hong Kong's economy. We will continue to strengthen existing initiatives and actively create an operating environment which is favourable to the film industry.
- 21. Apart from briefing Members on Government's response, we will also brief the industry through the liaison meeting between TELA and the industry and will carry out detailed discussion about the Report.

Commerce, Industry and Technology Bureau February 2003

# Federation of Hong Kong Film Workers' "Revitalising Hong Kong Film Industry Report"

<b>Proposals made by the Federation</b>	Government's Response
(I) Key proposals on the planning framework	
<ul> <li>The film industry hopes that the Government can play an active role in making infrastructural investment in film production so as to lay the foundation for the long-term development of the film industry. (paragraph 2.19)</li> <li>To review the Government's policy towards the film industry and the relevant framework, to map out the direction and overall policy to facilitate the development of the film industry and to consider reforming the policy framework (paragraphs 3.8 – 3.9)</li> <li>The Government should aim for the setting up of a Film Commission to facilitate the formulation of overall policy on the film industry and related initiatives. (paragraphs 3.10 – 3.11)</li> <li>The Government can enhance the role of the Film Services Advisory Committee by entrusting it with the tasks of formulating policies on the film industry and of setting up the Film Commission. (paragraph 3.12)</li> </ul>	<ul> <li>To strengthen communication with the film industry so as to formulate policies conducive to its long-term development, the Government has set up the Film Services Advisory Committee (FSAC). The Committee consists of experts from different sectors of the film industry and representatives from the relevant Government departments. The Committee provides invaluable advice on the development of the film industry, such as developing guidelines on lane closures for location shooting, promoting Hong Kong films overseas, the administering of the Film Development Fund and film financing, etc.</li> <li>The Government has also set up the Film Services Office (FSO) under the Television and Entertainment Licensing Authority (TELA) to facilitate the long-term and healthy development of the local film industry. Continuous efforts have been made by the FSO to make the business environment more conducive to the film</li> </ul>
	industry, such as formulating guidelines on lane closures for location shooting, publishing

Proposals made by the Federation	Government's Response
	information for the industry's reference and administering the Film Development Fund, etc.
	• The present framework of the Commerce, Industry and Technology Bureau (CITB) consulting the FSAC before formulating policies for the implementation by the FSO is considered effective and smooth. However, we keep an open mind regarding the proposed establishment of the Film Commission to strengthen the framework of film policy formulation. Further study is necessary before any decision can be made.
(II) Key proposals on financing	
<ul> <li>The industry suggested that the Government should provide loan guarantee from the Film Development Fund, subject to a maximum guaranteed amount. (paragraph 4.7)</li> <li>The industry suggested that the Federation of Hong Kong Film Workers should play the role of a completion bond agent to monitor the progress of the film production project under a loan guarantee, to assess the risk of the film production and to ensure the completion of the film as scheduled for commercial theatrical release. (paragraph 4.8)</li> <li>The Government, or bodies like the</li> </ul>	• The Government has already sought approval from the Finance Committee of the Legislative Council in January 2003 to provide funding for the establishment of the \$50 million Film Guarantee Fund. The objective of the Fund is to provide loan guarantee for assisting local film production companies to obtain loans from lending institutions for producing films. We expect that the Film Guarantee Fund will come into operation in April 2003 and those eligible can make applications to the Fund. As regards the proposal of the Government offering loan facilities, we are of the view that film production is a commercial

Film Commission should. by reference making to overseas experience, set up a loan scheme to provide source of financing for the industry. Generally speaking, the copyright of the film should be used as collateral under such a scheme. The Government or the statutory body concerned should provide a loan equivalent to 35 - 50 % of the total investment made. (paragraphs 4.10 - 4.11

#### **Government's Response**

activity and loan should be provided by the banking sector, and it is not appropriate for the Government to be directly involved.

- To attract investment from the Mainland in the local film industry through co-organised promotional activities by the Government and the industry, and to explore overseas markets through attracting investment in local film productions. (paragraph 4.12)
- The Hong Kong Trade Development Council (HKTDC) importance attaches great promoting Hong Kong films in the Mainland market. Over the past HKTDC has four years, the organised delegations of Hong Kong companies to participate in the film festivals in the Mainland, such as the "Shanghai Film Festival" and the "Sichuan Film Festival", so as to open up the Mainland TV/film market. October 2002, the HKTDC also organised a delegation of Hong Kong TV/film personnel to visit Beijing. The delegation, with more than 120 members, consists of representatives from leading TV/film companies. response from the Hong Kong companies been has verv favourable and some of them have formed partnerships with their Mainland counterparts. More than 70% of the participating companies have expressed an interest in visiting Shanghai next HKTDC is now having time.

<b>Proposals made by the Federation</b>	Government's Response
	discussions with the industry with a view to organising a delegation to Shanghai within this year. (A list of film & TV related promotional activities organised by the HKTDC in 2002 – 2003 is at <b>Annex A</b> .)
	• HKTDC will also organise conferences at the FILMART 2003 for the local and Mainland film industries, so as to strengthen their communication and facilitate further co-operation.
	• The Hong Kong Asia Film Financing Forum to be held in April 2003 will also invite investors from the Mainland to participate in financing of local film production projects.
	• We will work closely with the industry to attract investment from the Mainland.
• The Government can consider setting up an International Film Fund Hong Kong Independent Film Projects Vetting Committee through the Film Commission to assist local film productions and help investors attract overseas investment. (paragraphs 4.13 – 4.14)	• At present, film funds in many different parts of the world, such as the Hubert Bals Fund, Göteborg Film Festival Filmfund, the Soros Documentary Fund, and Independents Fund of Channel 4, are open for all applicants. Film makers from all over the world are welcome to make independent applications and no recommendation is required. Meanwhile, each film fund has its own vetting criteria. Therefore, setting up a Hong Kong International Film Fund Projects Vetting Committee may not necessarily increase the chance of

<b>Proposals made by the Federation</b>	Government's Response
	local film projects to be accepted by overseas film funds. Also, the administrative expenses, members' honorarium as well as recommendation fees would have to be borne by the applicants.
	• A more effective approach of strengthening ties between local film makers and overseas film funds/investors is to hold a film financing forum to showcase various local film projects and to facilitate local film makers and overseas Film Funds/investors to discuss new film projects. The first Hong Kong Asia Film Financing Forum (HAF), supported by the Film Development Fund, was held in Hong Kong in the year 2000 and had won international recognition. Film projects which had obtained financing at the forum included "One Fine Spring Day" and "The Touch". The HAF indeed serves the function of helping local film projects to obtain financing from international film funds and film distributors. This year, with the support of the Film Development Fund, the HAF, together with the Hong Kong Film Awards Presentation Ceremony and the Hong Kong International Film Festival, will be held in April to leverage the impact and create synergy.
• The film industry bodies should set up a registration system for film scripts and film titles without delay. An intermediary organisation	• Under the existing laws of Hong Kong, no registration is required to own or protect the copyright of a film. Film scripts which are

should be given the task registering, verifying and protecting the intellectual property rights of film scripts and film titles. It should also draw up codes of practices for the protection of intellectual property rights and • investigations make or claim damages on behalf of the complainant should there be acts of infringement. (paragraph 4.16)

#### **Government's Response**

original works are entitled to copyright protection, while film titles can have intellectual property rights protection in the form of trade mark registration.

- The Excise Customs and Department has already made use of the film copyrights on-line database funded by the Film Development Fund and maintained by the Hong Kong, Kowloon & New Territories Motion Picture Association Industry Ltd facilitate their investigations into copyright infringing acts and enforcement work.
- The Intellectual **Property** Department has uploaded the Index of Trade Marks Decisions its web site (www.info.gov.hk/ipd). Starting from 30 January, members of the public as well as the industry can get access to the on-line class search system and sort out trade marks decisions on films.
- Regarding the suggestion protecting the personality right of artists by way of legislation as made by representatives of the film industry, the Intellectual Property Department conducted consultation on the issue in 2000. The outcome of the consultation suggested the that legislation relating to defamation, malicious falsehood and passingoff has already provided adequate protection to the personality right of artists. However, there were

<b>Proposals made by the Federation</b>	Government's Response
	also suggestions that the existing legislation could not give comprehensive protection to the personality right of artists and that legislation should be introduced to improve the situation as far as practicable. We keep an open mind on this issue and are willing to listen to views of the different sectors before coming to any conclusions.
	• The persons concerned can, in case of personality right infringement, institute civil proceedings to claim damages or seek an injunction on the grounds of passing-off.
• The film industry opines that the setting up of a Film Commission to act as an intermediary to collect, compile and publish box office records can maintain neutrality in the process and enhance the transparency and accuracy of the relevant data. (paragraph 4.17)	• We are of the view that collecting, compiling and publishing data relating to box office records are matters which should be undertaken by the industry itself. The Government should not be involved. However, should the industry needs resources to establish a centralised box office record system, they are welcome to apply for funding support from the Film Development Fund. Meanwhile, the Fund has made contact with the industry to encourage them to submit funding application.
• In order to systematise film production and budget management, the film industry need a computer software that can be used in the Chinese communities and is compatible with similar systems overseas. This can provide the	The Film Development Fund can provide funding support for the development of the computer software to facilitate the communication between the various systems relating to film production and administration

local film industry with a well-established administration system and help them meet the requirements of international financing institutions. (paragraph 4.18)

• The Government can, through the FSO or the future Film Commission, set up a database for the industry so that they can share and exchange information relating to film financing, financial management, legal agreements as well as other relevant information. (paragraph 4.19)

#### **Government's Response**

work. The film industry is welcome to apply for funding support from the Film Development Fund. Meanwhile, the Fund has made contact with the industry to encourage them to submit funding application.

 The Film Development Fund has already provided funding for a law firm to draft templates of legal documents commonly used for film production and film financing. Such sample documents are for free use by the film industry, the banking sector and the legal profession.

# (III) Key proposals on film production

- We suggest that the Government should provide land for the construction of a post-production centre and offer concessionary rents for local and even regional post-production companies, printing companies or media companies to operate there. (paragraphs 4.23 4.24)
- The costs of some of the advanced equipment for use at the postproduction exceed centre affordability of local companies. We suggest that the Government should provide funding for the acquisition of these advanced equipment. A statutory body or management company should then be entrusted with the task of renting the equipment to film production
- Government has The made available two sites in Tseung Kwan O for the construction of a film studio. The developer has begun the construction work, which is expected to complete in 2004. The film studio will accommodate a post-production centre equipped with advanced facilities, which can be leased out to other film companies.
- Media Centre at the Cyberport to provide hardware, software and technological support to the industry (especially SMEs) to facilitate digital productions.
- On the upgrading of equipment, the Government's Business

Proposals made by the Federation	Government's Response
companies. Alternatively, the Government can encourage the industry to upgrade their equipment by offering low-interest loans. (paragraph 4.26)	Installations and Equipment Loan Guarantee Scheme for SMEs can provide loan guarantee for small and medium sized post-production companies to renovate their equipment.
• At present, SMEs can apply for the Government's loan guarantee so that banks will make loans to the applicants to acquire or upgrade equipment. However, the vetting process should be simplified and the views of the film experts should serve as a reference in the vetting decision. (paragraph 4.27)	<ul> <li>Under the Business Installations and Equipment Loan Guarantee Scheme for SMES, SMEs can apply to the participating lending institutions for loans. The lending institution will then vet the applications according to their professional knowledge. If the lending institution agrees to offer the loan, the loan application will be forwarded to the Trade and Industry Department (TID), who will consider whether loan guarantee should be provided.</li> <li>Upon the receipt of applications, TID will complete the vetting process within three working days and inform the lending institution</li> </ul>
	<ul> <li>whether loan guarantee will be provided. If the lending institution agrees to offer loans, the TID will, in most cases, provide loan guarantee to assist the SMEs to acquire business installations and equipment.</li> <li>To enhance the understanding of</li> </ul>
	the lending institutions about the operation of different trades and their ability to assess and vet the loan applications from SMEs, TID, in collaboration with many trade associations, organised a number of talks in the past six months for the lending institutions to keep them up

Proposals made by the Federation	Government's Response
	to date with the development of different trades, such as the logistics, electronics, textile and clothing, toys, timepiece and jewellery industries. TID will continue to organise such talks and is willing to co-organise talks on film production with the film industry.
	• Also, the Government in December last year accepted the recommendations put forward by the Small and Medium Enterprises Committee to improve the "loan guarantee scheme" for SMEs. The Finance Committee has approved the recommendations. The maximum amount of business installations and equipment loan guarantee an SME may receive will be increased to \$2 million with a maximum guarantee period of five years. In addition, there can also be a maximum \$1 million guarantee to cover working capital loan. Moreover, SMEs can also apply for a guarantee on accounts receivable with a maximum guarantee of \$1 million. The guarantee period for working capital loan and accounts receivable loan will both be for a maximum of two years. SMEs can make use of the \$4 million loan guarantee provided to obtain loans of no less than \$8 million from lending institutions, of which \$4 million have to be used for acquiring business installations and equipment and \$4 million have to be used as working capital. The above measures will help small and medium sized film production

Proposals made by the Federation	Government's Response
	companies in acquisition of business installation and enhancing their capabilities.
• The industry suggested that the Government should charge less for leasing venues managed by the Government and public agencies or lend disused properties to the industry for film shooting, providing greater convenience for film production and film location shooting. (paragraph 4.28)	• To facilitate the development of the local film industry and film location shooting, the Government significantly reduced the charges twice for leasing Government land and premises for film shooting purpose in 2000 and 2002 respectively.
• The FSO can also organise special meetings on a regular basis, allowing the industry and authorities concerned to discuss issues such as location shooting application procedures, handling of individual cases or relaxation of restrictions so as to find ways to improve the situation. (paragraph 4.29)	• From 1 November 2002 onwards, the standard charge for leasing Government land or premises managed by the Lands Department for film shooting purpose is \$4,270 per application, for a rental period of one month. Upon expiration, such application may be renewed once. If the venue includes adjacent Government land and properties, it will be charged on the basis of one application only. All film-shooting-related activities, such as car parking, temporary storage and erection of temporary structure, will not be charged separately.
	• Like most other Government charges, the current fee for leasing Government land and premises for film shooting purpose only recovers the costs of providing services (e.g. administrative costs for approval of applications and management work required during the lease term), and the rental of the land or premises used for film shooting is already waived.

Proposals made by the Federation	Government's Response
	Government land is co-ordinated and approved by the Lands Department. The leasing of Government premises, however, will depend on which department is responsible for their management; but in most cases they are handled by the Lands Department and Government Property Agency. Apart from maintaining close contacts with TELA for consideration and approval of applications for film shooting at their venues, the departments concerned will regularly review the workflow and the costs of service provision as well as adjust the charges as appropriate.
	• To provide assistance to the film industry, the Government has, regardless of a venue being disused or not, waived the rental of the venue for film shooting purpose. Thus those disused properties are in fact leased free-of-charge, with only administrative costs for processing applications.
	• We will review the related procedure from time to time in order to reduce the administrative cost so as to alleviate the financial burden on the operation of the industry.
	On matters related to charges for leasing of public agency venues for film shooting purpose by the industry, such as formulation of policies of lending hospital venues

Proposals made by the Federation	Government's Response
	for film shooting purpose, the Hospital Authority (HA) has discussed with the industry and finalised the policies after carefully consideration. First and foremost, film shooting activities must not affect the normal operation of the health care service. All costs must be recovered to ensure that the medical resources put into the HA by the Government will not be used for non-medical purposes. The costs recovered will cover the expenditure for additional administrative support, basic water and electricity supply, cleaning, sterilisation and additional security officers, etc., arising from the leasing of venues. The charge for the first 4 hours of leasing a venue is \$10,000 (basic charge); the charge for each additional hour thereafter has already been reduced from \$2,000 to \$1,800. These arrangements have been implemented since 1 January this year, which will be subject to review after one year.
	• If the industry encounters any practical problems in location shooting, it can always reflect them to the Government through the existing well-established channel. The FSO has held regular liaison meetings with the industry since its establishment in April 1998. Industry practitioners attending the meetings include representatives from the trade associations and film practitioners, who often bring

<b>Proposals made by the Federation</b>	Government's Response
	up issues like difficulties the industry encountered in location shooting and other related matters. It was agreed that a meeting should be held every three months, and up till now 17 meetings were already held.
	• The FSO has made great effort in improving the film making environment. Representatives of various departments were invited to attend liaison meetings and to have direct dialogue with the film makers so as to understand the requirements and needs of the latter. The departments invited include the Government Property Agency, former Urban Services Department, Hong Kong Police Force, Transport Department and the HA, etc.
	• Government departments, after listening to the views of the industry, will adopt appropriate follow-up action. In the past few years, a lot of problems brought up at the liaison meetings were solved with the help of various departments concerned. The scope of the problems is wide. Some examples include reduction of charges for leasing Government land and properties for location shooting purpose, provision of more venues for film shooting for the industry (e.g. museums, airport and HA hospitals), shooting for advertising purpose at Government venues, lane closure for location shooting, and the use of various equipment and props (including

<b>Proposals made by the Federation</b>	Government's Response
	special vehicles for film shooting, pyrotechnic special effects materials, converted firearms and blank ammunitions, simulated uniforms, parachutes and hot-air balloons, etc.).
	<ul> <li>For film shooting applications of a more complicated nature, the FSO provides a one-stop service. If production managers/assistants encounter any problems in applying for leasing venues for location shooting, or permits, or other permission, they can seek assistance from the FSO. In fact, the FSO may, based on the needs of individual cases, even organise special meetings to discuss concrete arrangements with the departments concerned. A total of 867 such cases were handled by the FSO from April 1998 to November 2002, with an overall success rate of 98%.</li> <li>The FSO will continue to maintain close liaison with the film industry and enhance cooperation to ensure that full support is provided to facilitate location shooting.</li> </ul>
(IV) Key proposals on distribution and marketing	
• The Government can adopt the overseas practice in promoting film exports, such as providing financial support for local film distributors to publicise and promote local film products overseas. It can even	The SME Export Marketing Fund of the Government can provide funding for local film distributors to participate in marketing activities overseas. The Film Development Fund also provides

consider subsidising companies in the importing countries to cover their publicity costs involved in importing Hong Kong film products. These initiatives will help local film distributors rebuild their overseas distribution network. (paragraphs 4.33-4.34)

#### **Government's Response**

for local films to sponsorship participate in overseas film In festivals. the two vears between late 2000 and late 2002, Film Development Fund allocated a total of \$1.67 million to provide sponsorship for 21 films to participate in overseas film festivals to promote Hong Kong films overseas. The Hong Kong Economic and Trade Office (HKETO) overseas also from time to time organise Hong Kong film festivals, in order to promote Hong Kong films outside Hong Kong.

- The Government's HKETO has offices in the UK, North America, Sidney, Tokyo and Singapore, etc. They can play a more active role in holding Hong Kong film festivals or Hong Kong film weeks overseas on a regular basis. (paragraph 4.35)
- The London, Brussels, New York, San Francisco, Toronto, Sydney, Tokyo and Singapore offices of the **HKETO** have all organised activities to promote Hong Kong films, including holding major Hong Kong film festivals, and cotaking part organising or overseas international film festivals, etc., which gained wide support from the audiences and film industry there. HKETO will continue to hold or take part in more activities to promote Hong Kong films with its existing resources.
- HKETO considers that support from the local film industry is crucial in promoting Hong Kong films more successfully. For instance, industry practitioners can advise on the choices of films and promotional theme, as well as arrange for directors and actors to attend promotional activities, in order to make them more effective.

<b>Proposals made by the Federation</b>	Government's Response
	Besides, if film companies can lend their films free-of-charge or at a lower price, it will enable HKETO to use the resources saved to hold more promotional activities.
• The Government should, through the proposed Film Commission, regularly organise activities to promote Hong Kong films in markets like Taiwan, Singapore, Malaysia, Indonesia and Thailand, and help the local film industry maintain closer contacts with film makers and cinemas in those overseas markets. (paragraph 4.36)	<ul> <li>HKTDC, in promoting Hong Kong films in overseas market, mainly helps local traders to conduct activities related to trade, co-operation and establish business relationship. The main targets of such promotional activities are buyers and sellers. The parties directly involved are primarily film distributors. Amongst the southeast Asian countries, South Korea is now a rather large TV/film market. HKTDC took part in the Pusan Film Festival in South Korea, and actively participated in the partnership promoting programme introduced by the organiser of the film festival. HKTDC will also invite film companies in South Korea and other southeast Asian countries to take part in film and TV exhibitions organised by it annually in Hong Kong.</li> <li>We will work closely with HKTDC to promote Hong Kong films overseas.</li> </ul>
• The industry suggested that HKTDC should allow the industry to have a say in the theme and forms of participation in organising film festivals, exhibitions and trade fairs, so as to meet the needs of the	HKTDC has established a working group on TV/film industry to promote Hong Kong films. The Working Group consists of around 10 industry representatives, most of whom are

industry. (paragraph 4.37)

• HKTDC can also regularly compile and publish the information on overseas film makers and distributors, produce an overseas film business organisations guide, and make it easier for local film companies and distributors in seeking overseas buyers. (paragraph 4.38)

#### **Government's Response**

representatives of distributors involved in marketing activities. They include representatives of the Producers & Distributors Association of Hong Kong Ltd. and the Hong Kong, Kowloon & New Territories Motion Picture Industry Association Ltd. as well as some active distributors.

- HKTDC works closely with its working group to agree resources, time, venue. form, publicity and invitation of buyers, etc., before any promotional events are planned. These include the annual FILMART, the Hong Kong at Cannes promotion, and the Kong Film & TV Hong Networking Delegation to Beijing in 2002.
- To make overseas promotions more effective, HKTDC organised a round table luncheon, in addition to screenings of Hong Kong films, during the Hong Kong at Cannes promotion. It also organised seminar, briefings on Mainland policies, Hong Kong TV/film industry reception and luncheon, etc., during the trip of Hong Kong Film & TV Delegation to Beijing. Those who attended the events Hong included Kong film production companies and distributors, as well as film makers in the Mainland. These activities will exchanges promote and facilitate future co-operation.
- The activities mentioned above also helped promote further

<b>Proposals made by the Federation</b>	Government's Response
	contacts between Hong Kong companies and overseas buyers. For example, HKTDC invited some buyers at the American Film Festival to attend a round table luncheon and Hong Kong Night at Cannes. The major buyers of Hong Kong films at Cannes and Milan would also be invited to attend the FILMART in Hong Kong. These can provide opportunities for overseas buyers and local traders to further discuss future partnership that has first been brought up at Cannes and Milan.
	• In designing promotional activities, HKTDC will focus on commercial effectiveness. Considering the interests of local companies and the characteristics of local films, HKTDC will carefully select and invite appropriate potential buyers to attend relevant activities, providing and promoting opportunities for exchanges between buyers and local traders so as to make the business matching more effective.
	• To make it easier for local companies to select and contact overseas distributors, the TDC is planning to collate contact information in respect of overseas distributors for reference by the local industry.
• The industry suggested that the Hong Kong International Film Festival should be corporatised and	The corporatisation of the Hong Kong International Film Festival is now in progress.

## operated independently, with functions of promoting Hong Kong films integrated and enhanced. (paragraph 4.37)

#### **Government's Response**

- Film Festival will be held this April concurrently with two other major activities, namely the Hong Kong Film Awards Presentation Ceremony and the HAF, to enhance Hong Kong's position as a leading film production centre in the region. The organisers of the three events will co-ordinate their promotion efforts in order to enhance the momentum.
- The industry urged the Government to take the initiative and play a proactive role in exploring the Mainland market with them. (paragraph 4.40)
- The industry suggested that the Government should discuss with the Central and the Guangdong Provincial Government on the establishment of a Guangdong Hong Kong cultural district. (paragraph 4.41)
- The industry expected that the Guangdong Province should be regarded as a single cultural market in the concept of the Guangdong-Hong Kong cultural district, providing more flexibility for the circulation of films and cultural products in the region. (paragraph 4.42)
- The industry suggested that the Government should explore with the Central Government the feasibility of allowing recognised industry bodies to act as an

- up of the On the opening Mainland market, the Hong Kong SAR Government is now discussing with Mainland authorities on the establishment of the Mainland/Hong Kong Closer Partnership **Economic** Arrangement (CEPA), the scope of which covers market entry of trade in goods and trade in services. As the discussions are still under way, no conclusions have been reached for the time being. We will continue to actively explore with the Mainland authorities opportunities for opening up the market.
- Under CEPA, both sides are actively exploring various options, including the implementation of some liberalising measures in certain geographical areas. However, such options should be mutually beneficial and in line with the requirements as stipulated by the World Trade Organisation.
- The Greater Pearl River Delta

intermediate to negotiate and mediate for them with the Mainland film authorities or agencies when they encounter problems in film production, distribution and business dealings in the Mainland. (paragraph 4.42)

the past, film production In companies in Hong Kong "coproduced" films with their Mainland counterparts. The suggested the industry that Government should negotiate with the Central Government to allow more flexibility for co-productions. (paragraph 4.42)

#### **Government's Response**

Cultural Summit was convened last November, with officials of the Department of Culture of the Guangdong Province. Cultural Institute of the Macau Special Administrative Region, cultural bureaux of seven cities in the Pearl River Delta region invited to discuss cultural development and exchange in the Pearl River Delta region. three places signed an Agreed Minute at the end of the summit to establish a foundation for cultural collaboration.

- At the summit, the three places shared views and information in areas such as cultural facilities, as organisers/performing as groups and cultural and education agencies in the Pearl River Delta region. The six specific areas of collaboration were as follows: mutual exchange of information and talents for performing arts; joint organisation of world-class performances; cooperation in ticketing network; development of museum network and the excavation, conservation and promotion of heritage; digital libraries network; promotion of Cantonese opera and training of talents. The three places agreed to set up working groups and hold regular meetings to follow up the above specific areas of collaboration.
- In addition, the CITB and TELA have already conveyed the views of the local industry to the Film

<b>Proposals made by the Federation</b>	Government's Response	
	Administrative Bureau of the State Administration of Radio, Film and Television regarding the regulatory regime of co-productions and joint ventures. The Mainland authorities acknowledged the concerns of the industry and promised to review the regulations on co-productions regarding the proportion of major cast and crew from Mainland and Hong Kong, the eligibility of the Mainland co-producer and its proportion of investment, and the requirement that the story has to take place in the Mainland. Further details of such new measures will be announced later.	
• The industry opined that the needs of the industry's workforce should be given priority consideration when organising training programmes funded by the Film Development Fund and that professional advice from the film experts should be sought in vetting the applications. The industry suggested setting up an advisory body to assess the importance and professionalism of each project under application. The advice sought would serve as reference in the vetting of applications by members of the Projects Vetting Committee. (paragraphs 4.44 – 4.45)	• Applications under the Film Development Fund are vetted by the Film Development Fund Projects Vetting Committee, members of which include film experts and individuals familiar with the film industry. Each funding application will be considered carefully by the Committee. The Committee has been operating smoothly since its establishment. In assessing the importance and professionalism of each application, these film experts often render valuable advice in the light of the needs of the industry. Therefore, we consider setting up of another advisory and professional apply apply the professional apply apply the professional apply the pro	

advisory

body will

complicate the procedures and

only

Proposals made by the Federation	Government's Response		
	prolong the time required for vetting. However, to improve the communication between the applicant and the Committee, since January 2003, we have invited applicants to introduce their applications to the Committee. (For details of the training programmes funded by the Film Development Fund and the training courses organised with the assistance of the FSO, please refer to <b>Annexes B</b> and <b>C</b> respectively.)		
• Enhancing the technological capabilities of the industry's workforce is a long-term investment. The industry has suggested that a film technology training fund should be set up, with the Government and the film production companies each contributing 0.5% of the film budget on a voluntary basis, to assist the industry's workforce to master advanced technology and enhancing their technological capabilities. The fund would not necessarily be administered by an independent body, and the money could be put into the Film Development Fund as a short-term arrangement (paragraph 4.46).	• As the film technology training fund proposed by the industry runs on a voluntary basis and generates no stable income, it is very difficult to bring the fund into operation. The Film Development Fund now provides funding support to training programmes. Besides, relevant tertiary institutions and the Hong Kong Productivity Council also provide courses for the industry's workforce from time to time, so as to enhance their technological capabilities. We propose to continue this manpower training through the support of the Film Development Fund.		
• Basically, the Government lacks understanding of the trends of the film industry. The industry suggested that the FSO and the proposed Film Commission should, together with the film industry organisations, collect, collate and publish data and information of the film industry on a regular basis.	• The FSAC consists of many film experts who have a thorough understanding of the needs of the industry and will reflect their views to the Government. The FSO also compiles information provided by the film industry bodies for distribution to all relevant parties on a regular basis.		

The Government should also provide support to the industry bodies to publish such information as box office records, guidelines to the industry bodies, industry surveys, data of the local and overseas markets, etc. (paragraphs 4.47 - 4.48).

#### **Government's Response**

As the compilation and publication of box office records are routines that should be undertaken by the industry itself, it is not appropriate for the Government to be directly involved. However, if industry needs resources to set up a centralised box office record system, they can apply for funding from support the Film Development Fund. The Hong Kong, Kowloon & New Territories Motion **Picture** Industry Association Ltd. also collects information such as data of the local market and provides such information to the Census and Department **Statistics** for reference.

- The Central Register of Establishments Section of Census and Statistics Department collects and updates information on establishments of various regular sectors on a basis. including the film services sector. The Central Register of Establishments provides comprehensive sampling frame for and **Statistics** the Census Department, as well as nonconfidential particulars of establishments (i.e. name address of an establishment, and employment size class) to other Government departments and the public for statistical. general research and other related purposes.
- In addition, the Census and Statistics Department actively

Proposals made by the Federation	Government's Response	
	conducts surveys every year. It collects and disseminates various reliable and timely data of different economic activities in Hong Kong. Statistics on the film industry include: annual statistics of establishments in the film industry; number of establishments, employment size, number of job vacancies and characteristics of job vacancies; audio-visual productions and exports, imports and net exports of services statistics; quarterly business receipts indices for the film industry.	
	• The Census and Statistics Department regularly compiles and disseminates external trade statistics, in which trade statistics of film industry products (including cinematographic films and fixation media) by country/territory are provided. Such statistics help the industry understand the situation of individual markets.	
	• The Census and Statistics Department issues a publication entitled "Statistical Digest of the Services Sector" regularly. The publication gives an account of the comprehensive and latest statistics of the film industry in separate chapters. Other than the statistics compiled by the Department, the publication also sets out relevant statistics compiled by other Government departments and major organisations. Box office records provided by the Hong	

<b>Proposals made by the Federation</b>	Government's Response
	Kong, Kowloon & New Territories Motion Picture Industry Association Ltd. are also included.
	• Other than the surveys conducted by the Census and Statistics Department, TELA conducted a survey on the public's moviegoing behaviour in early 2001. The survey aimed at collecting information on the public's moviegoing behaviour and their views for reference by relevant Government departments and individuals in the film industry.
	• The Census and Statistics Department does not collect and compile such data as overseas distribution markets, box office of overseas markets, film distribution and attendance at the cinemas. However, if the industry possesses such information or can provide relevant information, the Census and Statistics Department, subject to the availability of extra resources, is willing to provide them with professional advice on the setting up of a scientific statistical system for collecting and compiling data.
• The industry suggested the setting up of a film school to lay the foundation for professional training and cultivating film culture (paragraph 4.49).	• At present, University Grants Committee-funded institutions and the Hong Kong Academy for Performing Arts provide a wide array of film-related courses, including diplomas, associate degrees, degrees and master's degrees in media technology, creative media, film and television arts, video production,

<b>Proposals made by the Federation</b>	Government's Response		
	communication, etc. The above courses are suitable for any persons who wish to pursue a career in the film industry. (Details of film-related tertiary programmes for 2001-2004 are set out at <b>Annex D.</b> )		
	• These courses cover every aspect of the film industry, including media technology and aesthetics training, training on audio-visual productions, and diversified training to develop students' capabilities of independent and creative thinking. Some institutions have established their independent film and television institutes or faculties, equipped with advanced audio-visual facilities and instruments, in order to provide education and training of film work.		
	• It is believed that the above courses can generally meet the manpower demand of the local film industry. As such, there seems no need to set up a film school at the moment.		
<ul> <li>The present Hong Kong Film Archive could also be merged with the film school to become a valuable data bank for the industry, research work and education (paragraph 4.50).</li> <li>The industry suggested that the Government should provide assistance or allocate more resources to promote the further</li> </ul>	• The Hong Kong Film Archive was established mainly to collect and conserve Hong Kong films and relevant materials and to catalogue the materials collected, serving the research purposes of film markers, scholars, researchers and interested citizens. Most of the film archives all over the world run independently and provide services mainly to various film		

Hong Kong Arts Development Council, Hong Kong Arts Centre and the Leisure and Cultural Services Department. (paragraph 4.51)

#### **Government's Response**

As the nature of a film archive is different from the teaching function of a film school, it is inappropriate to merge the Hong Kong Film Archive with the proposed film school.

- We agree it is important to promote and develop visual and video arts, and realise their interactive relationship with the film industry. For many years, the former Urban Council and the existing Leisure and Cultural Services Department (LCSD), have attached great importance to video arts. The Government and the Hong Kong Arts Centre coorganise the Hong Kong Independent Short Film and Video Awards annually. This year will be the eighth presentation of the Awards and a Short Film and Video Festival will be held for screenings of films from Hong Kong and other Asian countries, so as to encourage video production.
- LCSD also organises annually the Microwave International Media Art Festival, a large scale activity coordinated by Videotage through the integration of video arts and multi-media installations. order to promote video arts to the public, the organisers also hold activities such as workshops, seminars, exhibitions and film shows, and invite overseas experts to Hong Kong to share their experience. In addition, LCSD will organise a video arts training programme this year with a view

Proposals made by the Federation	Government's Response		
	<ul> <li>to promoting video arts to university students. It will also organise a workshop on video arts for secondary students this summer.</li> <li>To strengthen the link between developments of the film industry and cultural affairs, we will invite a representative of the Home Affairs Bureau to sit on the FSAC, so as to facilitate communication and co-operation.</li> </ul>		
• The long-term development of the local film industry requires an effective policy which can protect the intellectual property rights of the industry. The industry suggested that the Government should step up the checking of pirated goods at the checkpoints and consider imposing heavy fines on those carrying pirated compact discs across the border ( paragraph 4.52).	• We held public consultation on measures to combat piracy in 1999. Some citizens and Legislative Councillors pointed out that it might be difficult for the public to tell if the compact discs they bought were pirated goods. As such, they considered that the Government should not impose punishment on those buying pirated compact discs (and carrying the discs into Hong Kong) for personal use. In view of the above, we do not intend to take actions against those buying pirated products for personal use.		

Commerce, Industry and Technology Bureau February 2003

# Film & TV Related Promotional Activities Organised by the Hong Kong Trade Development Council during 2002 – 2003

Date	Event	Format
May 15-25, 2002	Hong Kong Pavilion at MIF Cannes (Cannes)	Exhibition
May 18, 2002	"Hong Kong Night" at Cannes (Cannes)	Reception, screening of Hong Kong films, press conference, roundtable forum on Hong Kong films
May 8-13, 2002	Shanghai TV Festival	Exhibition
Jun 26-28, 2002	Hong Kong International FILMART (Hong Kong)	Exhibition, films screening, workshops on digital technology, cocktail reception and luncheon
Jun 26-28, 2002	Seminars on Film/TV Co-production and Distribution (Hong Kong)	Seminars
Oct 15-18, 2002	Hong Kong Film & TV Networking Delegation to Beijing (Beijing)	Visits, films screening, policy briefing session, seminars, receptions and luncheon
Nov 3-7, 2002	MIFED (Milan)	Exhibition and luncheon
Feb 9-20, 2003	Berlin Int'l Film Festival (Berlin)	Reception
Feb 19-26, 2003	American Film Market (Los Angeles)	Exhibition
Mar 24-28, 2003	MIPTV (Cannes)	Exhibition

Annex B
Training Programmes funded by Film Development Fund (as of January 2003)

	Name of Projects	No. of Participants	Organiser	Period	Fund Granted
1.	Training Programme for Film Art-work Professionals	55	Hong Kong Film Arts Association	June 1999 – Sep 2000	\$1,046,000
2.	Training Programme for Stuntmen	77	Hong Kong Stuntman Association Ltd.	July 1999 – July 2001	\$1,176,400
3.	Film Scriptwriters' Training Programme I - Theme Development and Adaptation	20	Film Scriptwriters' Training Program Ltd.	April 2000 – Dec 2000	\$691,000
4.	Special Effects Operators Training Course	128	Film Services Office	May 2000 – March 2001	\$2,000,000
5.	Film Production Workshop	40	Hong Kong Film Directors' Guild	Aug 2000 – Jan 2001	\$547,600
6.	Seminar and Workshop for Professional Animators by Mr. Richard Williams	Richard Williams' Animation Masterclass 136  2001 Hong Kong Film Technology Seminar 118		Richard Williams' Animation Masterclass July 2001(3 days)  2001 Hong Kong Film Technology Seminar July 2001 (½ day)	\$799,600
7.	Overseas Summer Study Programme on Computer Animation and Visual Effects	8	The Hong Kong Productivity Council	Aug 2001 (3-week full-time)	\$560,630

	Name of Projects	No. of Participants	Organiser	Period	Fund Granted
8.	Computer Animation and Special Effects	24	The Hong Kong Productivity	Workshop	\$979,460
	Training Programme for Young Animators		Council	March 2002 –	
				Aug 2002	
				(Full-time)	
9.	Summer Overseas Study Programme on	10	The Hong Kong Productivity	July 2002	\$738,860
	Digital Movie and Visual Effects Production		Council	(3-week full-time)	
10.	LAB24: An Exploration in Digital	4	HK Society of	Nov 2002	\$72,048
	Filmmaking		Cinematographers	(1-week full-time)	

# **Training Courses Organised with the Assistance of FSO (as of January 2003)**

# **Courses on Digital Technology:**

	Institutions/ Centres	Courses	No. of Participants	Date
1.	Hong Kong Academy for Performing Arts – School of Film & Television  Hong Kong Film Directors' Guide  Hong Kong Kowloon & New Territories Motion Picture Industry Association	Digital Production Services'99	1077	June1999
2.	SCOPE, City University of Hong Kong	Seminar on Digital Editing	100	Oct 1999
3.	SCOPE, City University of Hong Kong	Asia Premier - "The Story of Computer Graphics"	50	Nov 1999
4.	Multimedia Innovation Centre, Hong Kong Polytechnic University	Seminar on Digital Editing	20	Nov - Dec 1999
5.	School of Creative Media, City University of Hong Kong	Seminar on Digital Editing	20	Dec 1999
6.	Multimedia Innovation Centre, Hong Kong Polytechnic University	Adobe Premiere 5.0 - Digital Editing Workshop	25	Jan 2000
7.	Multimedia Innovation Centre, Hong Kong Polytechnic University	Adobe Premiere 5.0 - Digital Editing Workshop	20	Feb 2000
8.	School of Creative Media, City University of Hong Kong	AVID Digital Editing Workshop	4	Mar - April 2000

	Institutions/ Centres	Courses	No. of Participants	Date
9.	School of Creative Media, City University of Hong Kong	Seminar - Digital Possibilities	40	March 2000
10.	Multimedia Innovation Centre, Hong Kong Polytechnic University	After Effects – Digital Editing Workshop	20	Aug 2000
11.	Multimedia Innovation Centre, Hong Kong Polytechnic University	After Effects & PhotoShop Workshop	33	Nov - Dec 2000
12.	Multimedia Innovation Centre, Hong Kong Polytechnic University	Introductory Workshop on Computer Animation	17	March - April 2001
13.	Multimedia Innovation Centre, Hong Kong Polytechnic University	After Effects – Digital Editing Workshop	16	Dec 2001
14.	School of Continuing Studies, Chinese University of Hong Kong	Adobe Premiere 6.0 – Digital Editing Workshop	16	May - June 2002

## **Other Courses:**

	Institutions/ Centres	Courses	No. of Participants	Date
1.	SCOPE, City University of Hong Kong	Seminar on Film Marketing	15	Oct 1999
2.	School of Creative Media, City University of Hong Kong	"Completion Bond" – A Case Study	40	June 2000
3.	School of Creative Media, City University of Hong Kong	"Completion Bond" – Workshop	40	June 2000

Annex D
Film-related Tertiary Programmes during 2001-2004

Institution	Programme	Format	Duration	Actual and Projected Enrollment Figures		
THIS ELECTION				2001/02	2002/03	2003/04
	Associate of Arts in Media Technology	Full Time	2 yrs	38	40	40
City University of Hong Kong	Bachelor of Arts (Hons) in Creative Media	Full Time	3 yrs	47	48	48
	Master of Fine Arts in Media Design and Technology	Full Time	2 yrs	17	20	20
Hong Kong Baptist University	BSocSc (Hons) in Communication – Cinema and Television Option	Full Time	3 yrs	25	25	25
Chinese University of Hong Kong	BSocSc in Journalism and Communications	Full Time	3 yrs	76	73	72
Hong Kong Academy of Performing Arts	Bachelor of Fine Arts (Hons) in Film and Television	Full Time	3 yrs	26	25	26
	229	231	231			

# Film Services Advisory Committee Membership List

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Secretary for Commerce, Industry and Technology

#### **Members**

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Mr. Derek YEE Tung-sing

Commissioner of Police or his representative

Director of Information Services or his representative

Executive Director of Hong Kong Trade Development Council or his representative