

**Extract from the minutes of meeting of the
Panel on Home Affairs held on 13 June 2003**

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V. Promotion of creative industries and local community economy
[LC Paper Nos. CB(2)2355/02-03(02) and (03)]

5. At the invitation of the Chairman, Deputy Secretary for Home Affairs (3) (DS(HA)3) and Acting Director of Home Affairs (DHA(Ag)) briefed members of the salient points in the papers provided by the Administration on the promotion of creative industries [LC Paper No. CB(2)2355/02-03(02)] and on the promotion of local community economy (LCE) [LC Paper No. CB(2)2355/02-03(03)].

6. DS(HA)3 informed members that HAB and the Commerce, Industry and Technology Bureau (CITB) had been cooperating closely in promoting creative industries. HAB would focus promotion efforts in five domains of creative industries, namely, performing arts, music, publishing, architecture, arts, antiques and crafts while CITB on fashion, product design, digital technology, and film and entertainment industry. She said that after liaising closely with the trade and understanding the problems and difficulties they were facing, HAB had decided to concentrate its promotion efforts on nurturing creative talents, providing platforms for creative industry practitioners, improving the business environment, and mobilizing community support for creative industries. DHA(Ag) then highlighted the LCE initiatives implemented as well as new LCE projects that would be implemented in the coming months.

Concept of creative industries

7. Ms Cyd HO said that the Government should not mix up creative industries with arts education and promotion of creativity. She pointed out that the activities mentioned in the Administration's paper on creative industries, such as the Cattle Depot Art Village where business transactions were forbidden, were not creative industries because the latter should involve business for the purpose of profit-making. She considered that the Government should assess local and overseas demand for creative industries in Hong Kong and plan for the latter's development accordingly.

8. Ms Cyd HO said that the sale of crafts by young people to satisfy local demand could not be regarded as an industry. The Film Development Fund was an initiative for the development of creative industries but it was not mentioned in the paper. The film industries which catered for both local and overseas market could be regarded as a creative industry. However, it was not

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an initiative since it had already been well established. She reiterated that in planning for the development of creative industries, it was important that the Government should define clearly what such industries were, who were engaged in them, how they had joined the industries, what their difficulties were, and how the latter could be tackled.

9. Ms Cyd HO also pointed out that the concept of creative industries implied in the Administration's paper was different from that used by the Secretary for Home Affairs (SHA) all along. She said that SHA had once referred creative industries to industrial clusters. She then quoted the production of publicity banners for Legislative Members and District Council (DC) members as an example of potential creative industry. Ms HO suggested that the Government should provide a platform to facilitate interaction of businesses involved in different stages of the production process hence assisting the development of the industry.

10. In response, DS(HA)3 explained that the scope of creative industries was very wide. In fact, the creative arts villages mentioned in paragraphs 8 and 9 of the Administration's paper on creative industries could be regarded as industrial clusters. She said that the Government had been actively examining the possibility of providing sites for these villages. DS(HA)3 added that the paper had been cleared with SHA. She assured Ms Cyd HO that the Administration would take note of her views.

11. DS(HA)3 further said that she agreed with Ms Cyd HO that development of creative industries should also target at overseas markets. To this end, the Hong Kong Cultural Industries Festival would be organized from August to December 2003 with a view to, among other things, showing Hong Kong's achievements in cultural industries to the local and international audience, and injecting new vigour into the economy.

12. Principal Assistant Secretary for Home Affairs (Culture)1 (PAS(HA)C1) supplemented that the wordings in the paper on creative industries might be different from those referred to by SHA on other occasions but the concepts were the same. He assured members that the Government would actively promote the development of creative industries through nurturing creative talents, providing platforms, improving business environment and mobilizing community support for the industries.

13. In response to a further question from Ms Cyd HO on the trade with whom the Administration had liaised, PAS(HA)C1 explained that HAB had met with key professional associations in the five domains of creative industries listed in the first paragraph of the Administration's paper on creative industries, i.e., performing arts, music, publishing, architecture, arts, antiques and crafts. He added that CITB had also contacted organizations in the domains of creative industries under its purview.

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14. Sharing the views of Ms Cyd HO, Ms CHOY So-yuk also criticized that the activities and initiatives proposed in the Administration's paper could not be regarded as creative industries. She considered that the Government should explore those areas that were suitable for development among the Chinese, such as cartoon, fashion, local music and movie, and develop them into financially viable industries.

The role of the Government

15. Mr Albert CHAN said that he was very disappointed with the new initiatives of the Government in promoting creative industries and LCE highlighted in the papers provided by the Administration. He stressed that alfresco dining and flea market should not be regarded as LCE. He opined that plans for investment in creative industries and LCE based on statistics should be made. Indicators should also be devised to assess the effectiveness of the investment plans.

16. DHA(Ag) responded that LCE would not only cover alfresco dining and flea market. She explained that the Government had planned to coordinate pilot projects on new concepts of LCE with the hope that they would be able to sustain and develop into viable business. She said that a case in point was the Hong Kong Computer Festival organized by Shamshuipo District Council (SSPDC) in Shamshuipo. When it was first organized in 2002, it was very successful, increasing business in the area from 30% to 2-3 times, and generating an estimate of some \$100 million turnover for booths, shops, restaurants, etc. in the area. The event had also served to promote computer-related business of the district among tourists. The second Festival held in 2003 was an even greater success with business turnover estimated at \$150 million. DHA(Ag) added that SSPDC was considering a long term plan for the event.

17. Mr Albert CHAN pointed out that since the Government was not as creative as the community, the development of creative industries and LCE should be community or market driven instead of being led by the Government. He criticized that it would be too time consuming to plan and conduct pilot projects on new concepts of creative industries. Mr Albert CHAN stressed that the existing mechanism was not conducive to the cultivation of creativity and urged the Government to release its control and provide room for creativity and investment from the market and the community. In this respect, Hong Kong had lagged behind Singapore which allowed more flexibility in the development of creative industries. He informed members that he had submitted a proposal to the Government several weeks ago suggesting fundamental changes to the existing mechanism so as to facilitate the development of creative industries and LCE.

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18. In reply, DS(HA)3 said that the Administration also recognized the importance in providing room for creativity for the community. Strategic partnership had been formed with organizations such as the Hong Kong Arts Development Council, the arts community and public utilities in planning and organizing a series of activities with the objective of cultivating and inspiring creativity in 2003. She quoted the Creative Train Design Competition as an example which was organized by the Radio and Television Hong Kong, Kowloon Canton Railway, and Hong Kong Arts Development Council. She said that the event was very well received by the public and the media, and the Administration would continue to cooperate with the private sector in promoting interests and good practices in the creative industry sectors.

19. The Chairman echoed the views of Mr Albert CHAN that the development of creative industries should be driven by the community and that the Government should allow the community more room for creativity. He informed members that recently, a steak house had used the name of the Chief Executive as a gimmick to attract customers but its promotion campaign had been intervened by the Government. He considered that such kind of control might destroy creativity and expressed concern whether similar control would be imposed on the TV Channel on Culture proposed in paragraph 10 of the Administration's paper on creative industry.

20. DS(HA)3 responded that the Government had always encouraged and supported artistic and creative pursuits from the community. She quoted as an example that the Arts Development Council had provided assistance ranged from one to three years to individuals in areas such as creative writing and performance, so as to cultivate creativity.

21. On the TV Channel on Culture, PAS(HA)C1 explained that it would serve as a catalyst and platform for creative talents to showcase their products. It would have a significant role to play to enhance and develop the interests of the community in arts and culture. He agreed with the Chairman that the community should enjoy freedom of creativity and assured members that HAB would not impose undue control over the content of the programmes. Mr Timothy FOK requested the Administration to provide more information on the TV Channel later such as the broadcasting time and how it could be assessed.

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22. As regards the comments from Mr Albert CHAN on the existing mechanism under which initiatives of creative industries were coordinated, DHA(Ag) explained that if Government resources such as land were involved, the Government would issue requests for proposal inviting interested companies and organizations to submit proposals. She stressed that this procedure, though might not be welcomed by all, would ensure equal opportunities to all parties concerned.

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23. Mr Albert CHAN remarked that past experience revealed that the request for proposal requirement had discouraged innovative proposals for creative industries. He quoted as an example that a local superstar had submitted an investment proposal to the Government for the development of a Chinese heritage village in Hong Kong to attract tourists. He had become so frustrated by the lack of response from the Government that he had indicated that he would change his plan and invest in Macau instead if a Government decision could not be reached in six months' time. Mr Albert CHAN urged the Government to relax the requirement and adopt an open and independent assessment mechanism instead. He considered that the latter would ensure equal opportunities for submission of proposals and investment while removing the unnecessary restrictions on creative industries, hence facilitating and attracting investments from the community.

24. Echoing the views of Mr Albert CHAN, Mr Tommy CHEUNG urged the Government to seek creative ideas from the cultural and business sectors on the development of creative industries and LCE. He added that business organizations would not welcome the tendering or request for proposal procedure. They would not be willing for the Government to publicize and invite open tenders for their profitable innovative investment ideas. Sharing similar views, Mr WONG Yung-kan also considered that the tendering or request for proposal procedure was not suitable for the development of creative industries.

25. To address the concerns of members on the invitation for proposal procedure, DHA(Ag) reiterated that the Government welcomed suggestions from the community on creative industries and LCE. However, if Government resources were involved, a balance had to be struck between removing restrictions and ensuring fairness and equality in the development of creative industries and LCE.

26. Ms CHAN Yuen-han said that the community was very concerned about the development of creative industries and LCE. The efforts made by the Government were a step forward. However, Hong Kong had lagged behind the United Kingdom and Singapore in this respect and the community had not been satisfied with the slow progress so far. Ms CHAN said that she agreed with Mr Albert CHAN that the bureaucratic procedure and lack of coordination between departments had deterred the development of creative industries. The existing procedure for implementing pilot projects of creative industries and LCE was too time consuming. She urged HAB to suggest to the Financial Secretary for a review on the progress and implementation mechanism, and make reference to the experience of Shanghai where a committee composing of members from the community was formed to coordinate the development of creative industries.

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27. Mr Tommy CHEUNG opined that while planning for bazaars and flea markets, the Administration had to assess the impact on the shops in the neighbouring area which might offer similar goods. As regards the role of the Government in the development of LCE, Mr CHEUNG considered that initiatives should originate from the community instead of the Government. All the Government needed to do was to provide the facilitation measures as described in paragraph 3 of the Administration's paper on LCE.

28. Mr Tommy CHEUNG added that the Government had not provided sufficient assistance to facilitate the development of LCE. He quoted as an example that since 2001, pilot projects of alfresco dining had been planned for Sai Kung. Until late 2002, only a few such licences had been issued. Moreover, the Lands Department had charged LCE projects market rent which was not affordable to most investors. He criticized that there were too many Government departments involved in the applications for LCE projects, the lack of coordination between them and the time consuming and complicated application procedure had not been conducive to the development of LCE.

29. In response, DHA(Ag) informed members that the Administration also considered it undesirable for flea markets to compete direct with the shops in the neighbourhood. She said that the "Farm" in Victoria Park and the Hong Kong Computer Festival had not posed any threats to the shops in the area since the goods sold had 'creative input' from the youngsters running the stalls. On the licences for outside seating accommodation (OSA), DHA(Ag) clarified that good progress had been made in the processing of the applications. This could be reflected by the fact that in July 2002, only 3 licences were being considered in Sai Kung but since then, 15 licences had been issued. The pilot projects of alfresco dining were very successful and business had increased significantly.

30. Mr Tommy CHEUNG, however, pointed out that the processing of OSA applications had not been satisfactory at all. He said that the first batch of OSA applications was submitted in February and March 2001. Since then, more than 30 OSA applications had been submitted. It was not until 18 months later in late July and early August 2002 that the first 3 licences were issued.

31. Mr Tommy CHEUNG reiterated that the Government departments involved were not willing to lift the restrictions on the applications. He quoted as an example that for the OSA licences issued in Stanley, there were additional restrictions on the operating hours and the use of space, which added difficulties to the operation of the restaurants. There was also lack of coordination between the departments involved. For OSA applications in the tourist areas, even the Tourism Commission had to be consulted. The operators of alfresco dining would not be able to handle the complicated application procedure. He therefore urged the Government to provide "one-stop" licensing service to OSA applicants so as to expedite the processing of OSA applications.

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He also requested for information on the processing time of OSA applications.

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32. The Chairman informed members that at the special meeting on 25 September 2002 when the same subject was discussed during a briefing by SHA, Mr Tommy CHEUNG had expressed similar concerns on the delay of the processing of OSA applications. SHA had promised to coordinate with the departments concerned to expedite the issue of licences. The Chairman requested the Administration to provide information on the assistance it had provided to OSA applicants in the past year.

(Post-meeting note: The response from Administration was issued vide LC Paper No. CB(2)2742/02-03(01) on 2 July 2003.)

33. Sharing the views of Mr Tommy CHEUNG, Mr WONG Yung-kan remarked that the Government had to devote more efforts to the development of creative industries and LCE. Coordination between the Government departments concerned had to be improved. He said that the resources of Hong Kong had not been fully utilized. The Government should take the lead in exploring them. Mr WONG suggested that the eco-environment in the New Territories would be able to attract tourists from the Mainland. The Government had therefore taken the right move to encourage the development of tourism in the New Territories. However, the trade had little knowledge about the application for relevant licences. He urged HAD to coordinate the issue of licences so as to facilitate the development of tourism in the area.

34. Mr WONG Yung-kan added that supporting facilities were also important to the development of the industry. He quoted Kat O Island as an example where there was only one restaurant. He urged the Government to expedite the issue of licences to restaurants in the area so as to cater for the needs of the increasing number of tourists there. He also suggested the Government to review the traffic flow in the New Territories and introduce the necessary improvements.

35. DHA(Ag) replied that HAD would try to coordinate the Government departments concerned to expedite the issue of relevant licences for LCE projects. She stressed that while doing so, the necessary procedures to ensure the safety standards (e.g. fire escape, illegal structures) of the premises or works projects concerned should not be compromised. She assured members that the Administration would try its best, such as conducting meetings and site inspections with the trade, to expedite the processing of the applications for relevant licences.

36. Mr WONG Yung-kan urged the Administration to review and improve out-dated policies so as to speed up the promotion of creative industries and LCE. He also suggested the Administration to coordinate the efforts of the districts as well as Government departments in this respect. With better

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coordination, competition between districts and industries might be reduced and creative industries and LCE might complement each other in their development.

37. Echoing the views of Mr Albert CHAN and Mr Tommy CHEUNG, Dr LO Wing-lok considered that the development of LCE should not be planned and that there was too much Government involvement in LCE. He pointed out that LCE should be market sensitive businesses and the Government could do little to help with their development. He cited LCE in Sai Kung as an example. He said that there were many business opportunities along the sea shore there for the private sector to develop. The Government could facilitate the development of LCE there not by direct involvement but through improving the infrastructural facilities such as beautifying the sea shore, and improving traffic and public toilets.

38. Ms CHOY So-yuk said that she supported the development of LCE but considered that the Government should make long-term plans so that its policies would not waver all the time, creating difficulties for the investors as well as the enforcement authorities. She also considered the existing town planning not conducive to the development of LCE. Public housing estates after redevelopment had not offered any suitable environment for outdoor cooked food stores or tea gatherings of elders. Shops were accommodated in grand shopping malls instead of in the streets, a design which helped little in attracting shoppers. She opined that Hong Kong should make reference to the experience of Singapore where the shops were located in the streets which were once again packed with shoppers and pedestrians.

39. Mr Timothy FOK said that the business sector, including creative industries and LCE practitioners and investors, were eager to cooperate with the Government in the campaign to relaunch Hong Kong's economy. He urged the Government to announce the details of the campaign as soon as possible.

Nurturing of creative talents

40. Mr LI Fung-ying asked whether there was any coordination between Bureaux on the training of creative talents. She pointed out that the Continuing Education Fund which aimed at providing subsidies to courses directly related to the economic development of Hong Kong, was not conducive to the nurturing of creative talents. She suggested that the Administration should review the objective of the Fund so that more subsidies would be provided for training for creativity. Ms LI also sought clarification on how the Administration would assess the relationship between arts and business. She said that commercial organizations might not be interested in providing assistance to the pursuit of creativity.

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41. To address the concerns of Ms LI Fung-ying, DS(HA)3 informed members that HAB would cooperate with the Education and Manpower Bureau (EMB) and set up a working group to consider issues related to the training of creative talents. She assured Ms LI that her views on the Continuing Education Fund would be considered by the working group. DS(HA)3 added that the relationship between arts and business would also be explored and considered by the Administration.

42. Mr MA Fung-kwok remarked that as the Government had just started the development of creative industries and LCE, it was therefore understandable that not very much progress had been made so far. However, he urged the Government to devote more efforts and speed up the development in certain aspects. Referring to paragraph 7 of the Administration's paper on creative industries, Mr MA noted that the task force set up to review the arts education in Hong Kong would only be expected to deliver its initial views in early 2004. He pointed out that even if it supported the proposal to establish a Visual Arts Academy, it would take several years to plan for and construct the Academy. He considered such work schedule too slow for the training of creative talents. Instead, he suggested that the Academy might be developed within one of the existing universities or colleges in Hong Kong. Mr Timothy FOK also sought for information on the short term plan for the enhancement of arts education.

43. In response, DS(HA)3 advised that the Academy for Performing Arts had been providing training for artists already. It was considered that a Visual Arts Academy which would cover disciplines such as media arts, film studies, animation, design and advertising, would further enhance arts education in Hong Kong and facilitate the development of creative industries. She informed members that HAB and EMB would set up a joint task force to examine how arts education in Hong Kong could be strengthened and the establishment of the Academy would be one of the issues for consideration.

44. Mr MA Fung-kwok was of the view that under the present stringent financial situation, there might not be sufficient resources for the establishment of a new Academy. To develop the Academy within one of established universities or colleges in Hong Kong might be a more feasible option. It would not only help to speed up the enhancement of arts education but also ensure the quality of academic attainment of graduates and hence promise them better career prospect.

45. Ms CHOY So-yuk suggested that EMB might cooperate with HAB in enhancing arts education in school. She asked for information on the role of EMB in the nurturing of creative talents.

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Development of creative arts village

46. Referring to paragraph 9 of the Administration's paper on creative industry, Mr IP Kwok-him noted that the Administration was examining resources implications and identifying other locations for development as creative arts village and would complete more concrete proposals on the way forward in three to six months time. Mr IP commented that the progress was too slow. He said that there was a great demand for the sites for the use of creative industries practitioners and the Administration should speed up its plans for the development of creative arts village.

47. DS(HA)3 responded that if resources were not required for the renovation of the site for creative arts village, the project might be expedited. She informed members that the Administration was examining the feasibility of renovating vacated factory buildings in Shamshuipo District to provide a suitable site for creative arts village. The facilities in these buildings, such as electricity supply, would need to be improved. It was therefore necessary to assess the resources implications as well as demand from the arts and culture communities in determining the financial viability of the project. DS(HA)3 stressed that all the relevant factors had to be examined before a decision could be reached on the project.

48. Mr IP Kwok-him suggested that better supporting facilities such as electricity supply and computer systems should be provided in the sites for creative industries and LCE. DS(HA)3 advised that sufficient basic infrastructural facilities were provided at the sites in Tsimshatsui and the Cultural Centre for young people to sell their creative products.

49. DHA(Ag) supplemented that the Eastern DC had organized the "Farm" in Victoria Park. It invited young people to display and sell their creative products through a voluntary organization. The project was very well received. The rental of the stalls was affordable to the young operators and the lease was short. There was quick turnover of products to attract customers. Youngsters also had a chance to acquire some 'business' experience. She added that there would not be competition between the "Farm" and the shops in the area since the products offered were different. DHA(Ag) stressed that the role of the Government in these projects was to provide facilitation measures such as relaxing Government rules and regulations, and providing basic infrastructural facilities, e.g. electricity.

50. Mr NG Leung-sing pointed out that as quite a lot of resources would be involved in the renovation of factory buildings to provide sites for creative arts villages, the project might be considered as a lavish investment in view of the stringent financial situation at present. He opined that it might be necessary to conduct public consultation on the proposal so that a consensus on the utilization of Government resources could be reached. Mr NG also suggested

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that the Government might form partnership with business or community organizations in financing the project.

51. Ms CHOY So-yuk noted that according to the arrangement set by the Government, business transaction was forbidden in the Cattle Depot Art Village in Tokwawan. She considered such policy not reasonable. The Government should enable artists to display as well as sell their creative products in creative arts village so as to attract local and overseas tourists.

52. Mr MA Fung-kwok opined that a capable marketing agent was very important for the success of creative arts village. He considered that the Government would not be able to perform the task well nor should the job be awarded through open tender. Mr MA commented that the Cattle Depot Art Village had not been operated very well. With a better marketing agent and a better implementation plan, the new creative art village to be developed in other site could be a more successful project.

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53. The Chairman requested the Administration to take into consideration the views of members in the development of creative industries and LCE and provide a written response to the issues raised at the meeting. He also requested the Administration to provide the report of the consultancy mapping study of creative industries to be commissioned by the Central Policy Unit in due course.

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