

LegCo Public Accounts Committee
Discussion of the Director of Audit's Report No. 52
Chapter 5 – Hong Kong Arts Development Council
on 12 May 2009

Speaking Note of the Secretary for Home Affairs

Chairman,

First of all, I would like to take this opportunity to extend my appreciation to colleagues of the Audit Commission for conducting an in-depth audit of the operation of the Hong Kong Arts Development Council (HKADC) and the various recommendations put forward in the Report.

The Home Affairs Bureau (HAB) is the policy bureau responsible for promoting culture and the arts in Hong Kong. We rely on the HKADC, whose membership comprises of representatives of the arts community as well as other independent personnel, to plan, promote and support the local culture and arts development, and to advise the Government on areas such as the training of artistic talents. As a statutory body, the HKADC has a major role to play in assisting the Government in the promotion of the development of culture and the arts. It is, therefore, the expectation of the Government, the arts community and the general public that the HKADC will further improve its governance and perform its functions more effectively. This is also why I welcome a thorough audit review on the HKADC by the Audit Commission. It is mentioned specifically in the Report that colleagues of the HKADC and the HAB had been cooperative during the course of the review, for which I am truly pleased.

It is our cultural and arts policy to create an environment that is conducive to free artistic creation and encourages the freedom of creative expression. We know that the HAB cannot single-handedly deal with the formulation of related policies and initiatives, provide funding support for the arts sectors and organize cultural and arts activities. Our principle is to allow the HKADC to enjoy a high degree of autonomy under the law so that it can flexibly handle matters such as funding support following the pace of our cultural and arts development. On 15 April 2008, I signed the Memorandum of Administrative Arrangements with the Chairman of the HKADC to provide a clearer guideline on the powers and responsibilities of the HKADC and to establish a regulatory framework to govern its operation. Nevertheless, the HAB will not interfere with the administration and daily operation of the HKADC.

In the past, the HKADC was also responsible for providing funding support for some of the major arts groups in Hong Kong. In accordance with the Committee on Performing Arts' Recommendation Report issued in 2006, the responsibility for administering funding to the major performing arts groups was transferred to the HAB on 1 April 2007. The HKADC has since focused on the cultivation and development of small-to-medium sized arts groups and local emerging artists. Some of the issues raised in the Report reflect the challenges facing the HKADC as it embarks on this new course. Take part 3 of the Report, which deals with grants and proactive projects, as an example. The Director of Audit noted that some of the overseas cultural exchange projects were completed before grant agreements were signed. The Report also mentioned that of the 50 grant/proactive projects examined by Audit, 47% of the 68 grantees/project organizers involved could not complete their projects and/or submit their reports on time. I think this is part of the development process of our small-to-medium sized arts groups. To improve the management of these arts groups, the HKADC has begun to offer short courses on the management and governance of arts groups in February this year. These courses, covering topics from accounting, contract management, intellectual property to corporate governance, are designed to help the small and medium-sized arts groups upgrade their management and governance skills. As the small and medium-sized arts groups pick up their management and governance standards, it is necessary for the HKADC to maintain a degree of flexibility in exercising its regulatory role over them to allow them room for growth and development.

The Director of Audit has pointed out some issues concerning the governance and management practices at the HKADC. We think that the identification of these issues could not have come at a better time since we have been vigorously developing cultural and arts software and will be increasingly relying on the assistance of the HKADC, whose membership comprises of representatives nominated by various the arts sectors and professionals from other disciplines. We accept the recommendations of the Director of Audit that we should lengthen the period for the registration of members of the nominating bodies, step up our voter registration efforts and consider earmarking a larger publicity budget to widen the publicity channels so that more people from the arts community may take part in the next nomination exercise.

Chairman, my colleagues and I, as well as the Chairman, Chief Executive and the Arts Support Director of the HKADC stand ready to respond to any questions and views from Members. Thank you.