

立法會 *Legislative Council*

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Panel on Home Affairs

Background paper prepared by Legislative Council Secretariat for the meeting on 9 January 2009

Proposed injection of funds into the Arts and Sport Development Fund

Purpose

This paper provides background information on the Arts and Sport Development Fund (ASDF) and gives an account of past discussions by Legislative Council Members on the injection of funds into ASDF.

Objective of ASDF

2. In January 1997, the Finance Committee (FC) approved the setting up of ASDF as a sub-fund under the Sir David Trench Fund for Recreation¹ to provide funding for the key initiatives of the Hong Kong Arts Development Council (HKADC) and the then Hong Kong Sports Development Board in their respective five-year strategic plans, and other projects that in the opinion of the Secretary for Home Affairs (SHA) would make significant contribution to the further development of the arts and sports in the community. A sum of \$300 million was approved as a one-off injection into ASDF. The allocations between the arts and sports portions of ASDF were \$160 million and \$140 million respectively and the investment income so generated would be ploughed back to the Fund.

Arts portion of ASDF

3. SHA considers and approves applications for the arts portion of ASDF submitted by HKADC, including those initiated by HKADC itself and those proposed by the arts sector and which HKADC considers worthy of support.

¹ Sir David Trench Fund for Recreation is a statutory fund established under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128) for the purpose of providing facilities for recreational, sporting, cultural and social activities and other objects ancillary or incidental to this purpose. It is held in trust by the Incorporation of Director of Accounting Services and administered by SHA.

4. HKADC, established as a statutory body to promote and develop culture and the arts in Hong Kong in June 1995, receives an annual recurrent subvention of around \$100 million from the Administration for meeting its staff, administrative and programme expenses including recurrent grants to the relatively established arts groups/companies. Apart from this annual recurrent subvention, HKADC has been relying on additional funding from ASDF to carry out one-off projects with significant contribution to culture and the arts, including those for supporting small and medium sized arts organizations, as well as new and budding artists. In November 2006, upon the recommendation of the Committee on Performing Arts, which was set up to advise the Administration on the promotion of performing arts services, the Home Affairs Bureau took over the funding responsibility for the six major performing companies previously under HKADC's purview. Since then, HKADC had focused more of its work on new and budding artists and arts groups, as well as small to medium sized arts organizations.

Sports portion of ASDF

5. Like the arts portion, SHA considers and approves applications for the sports portion of ASDF. The sports portion of ASDF has been used mainly to support projects of the following categories -

- (a) preparation for major games;
- (b) participation in major games;
- (c) hosting of major international events; and
- (d) other "one-off" activities which are of significant importance to the development and promotion of sports in Hong Kong.

Injection of funds in 2007

6. Since the establishment of the ASDF in January 1997 and up to the end of 2006, SHA had approved 1 147 applications with a total grant of \$227 million under the arts portion of ASDF for various arts and culture projects, including research, arts education, arts promotion and cultural exchanges. During the same period, SHA had approved 108 sports projects with a total grant of over \$193 million under the sports portions of ASDF for sports projects mentioned in the preceding paragraph. With the exhaustion of the sum of \$160 million and \$140 million initially injected into the arts and sports portions of the Fund in July 2003 and February 2005 respectively, the Administration had used investment income generated from the initial injection to cover the excess of the grants and funding support made under ASDF.

7. In January 2007, the Administration proposed an injection of \$80 million into ASDF (i.e. \$40 million for the arts portion and \$40 million for the sports portion of the Fund). The arts portion of the injected fund was to provide support for HKADC's new schemes/initiatives targeting at new and budding artists/arts groups, small to medium sized arts organizations, arts education, arts promotion and community participation. The sports portion of the injected fund was earmarked for sports development on all fronts as announced in the Chief Executive's 2006-2007 Policy Address. The funding proposal was discussed by the Panel on Home Affairs on 8 December 2006 and endorsed by FC on 26 January 2007.

Members' views and concerns

8. Major views/concerns expressed by members and the Administration's responses are summarised in the ensuing paragraphs.

Use of the injected fund

9. Some members expressed concern that the funding for the arts and sports sectors had been mostly used to meet administrative and staff costs, and asked how artists/arts groups and athletes would directly benefit from the fund.

10. The Administration explained that the \$40 million injection into the arts portion of ASDF would be used to support arts education and arts promotion projects, as well as HKADC's new schemes and initiatives targeting at new and budding artists/art groups. The injection would be disbursed through HKADC with its existing establishment, and no additional staff and administrative costs would be incurred. As for the sports portion of ASDF, the Administration advised that it would be used mainly to support athletes' preparation for and participation in major sports games and competitions. For example, prior to the Doha Asian Games, funding had been used to support Hong Kong wind-surfing athletes' travelling to the competition venue to observe the wind direction/water current there and to engage in preparatory training on site.

Allocation of funds for arts development

11. A member enquired about measures to ensure the impartiality of the grant allocation system so that the funds for arts development could be equitably provided to budding artists/arts groups. He also suggested that the Leisure and Cultural Services Department should assist in the provision of suitable venues for performance of these artists/arts groups. The Administration assured members that it would work with HKADC on the formulation of a new set of funding criteria to support new artists/art groups. HKADC would also try to identify suitable venues to provide more performance opportunities for new artists/arts groups in different districts.

Administrative expenses

12. Some members considered that the administrative cost, which accounted for 17% of HKADC's recurrent expenditure in 2006, was on the high side.

13. In response, the Chairman of HKADC explained that HKADC had devoted a large share of its resources to perform its grant allocation functions as the workload involved was very heavy. HKADC had also implemented measures to ensure a high degree of transparency and impartiality in the grant allocation system. In order to cope with the heavy workload in grant allocation, HKADC staff had to work overtime frequently and their salary levels, as compared with similar statutory bodies, were on the low side. HKADC would continue to explore cost-effective measures in its use of resources as far as possible. The Administration assured members that the bulk of the new funding would directly benefit the artists/athletes, and regular reviews would be conducted on the progress of disbursement of funds in meeting the performance targets by the artists/arts groups.

Boosting private sponsorship

14. Some members considered that the proposed amount of the new funding injections were far from adequate, and suggested that the Administration should devise a policy of encouraging sponsorship from the private sector, especially large corporations, to support more arts programmes and sports activities. The Administration undertook to consider the suggestion.

Support for elite athletes

15. Some members were concerned about the inadequate financial support for elite athletes. The Administration explained that there were separate government and non-government sources of funding provided to elite athletes. These included an annual recurrent subvention of some \$90 million to the Hong Kong Sports Institute to cover expenses on its training programmes and purchase of necessary facilities and equipment; funding schemes to provide financial assistance to athletes with demonstrated performance and potential; and from 2007-2008 onwards, an additional annual funding of \$40 million to enhance the support to elite athletes in key areas, such as education opportunities, career development, financial assistance, and athlete training and coaching support.

Nurturing budding artists

16. A member asked about the mechanisms for identifying budding artists with potential. The Administration advised that budding artists included those who were recent graduates of the relevant disciplines or who had been engaging in artistic creation or performances but were not attached with established arts groups. Budding artists to be covered by the new support schemes would also be identified through open selections conducted by HKADC.

Recent development

17. As the ASDF would soon be exhausted, the Administration has proposed to seek members' views on a further injection into the Fund at the next meeting of the Panel on Home Affairs on 9 January 2009.

Relevant papers

18. A list of relevant papers with their hyperlinks at the LegCo website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
7 January 2009

Panel on Home Affairs

Relevant documents on proposed injection of funds into
the Arts and Sport Development Fund

Date of meeting	Committee	Minutes/Paper	LC Paper No.
8.12.2006	Panel on Home Affairs	Administration's paper on "Proposed Injection of funds into the Arts and Sport Development Fund and the Arts Development Fund"	CB(2)525/06-07(01) http://www.legco.gov.hk/yr06-07/english/panels/ha/papers/ha1208cb2-525-1-e.pdf
		Minutes of meeting	CB(2)794/06-07 http://www.legco.gov.hk/yr06-07/english/panels/ha/minutes/ha061208.pdf
26.1.2007	FC	Head 53 - Subhead 700 General non-recurrent - New item "Injection into the Arts and Sport Development Fund and the Arts Development Fund"	FCR(2006-07)35 http://www.legco.gov.hk/yr06-07/english/fc/fc/papers/f06-35e.pdf
		Minutes of meeting	FC67/06-07 http://www.legco.gov.hk/yr06-07/english/fc/fc/minutes/fc070126.pdf

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