

**LegCo Public Accounts Committee
Discussion of the Director of Audit's Report No. 54
Chapter 6 – Hong Kong Chinese Orchestra
on 11 May 2010**

Opening Remarks by Secretary for Home Affairs

Chairman and Members,

The Hong Kong Chinese Orchestra (HKCO) is a world-acclaimed arts group dedicated to the development of Chinese music with local characteristics. Over the years, it has preserved the best tradition of folk music with the vigour for incessant innovation. It is truly a cultural ambassador of Hong Kong. The tremendous achievements of the HKCO are recognized in the music scene. Its success is attributable to the hard work of its members as well as many other factors. The funding support by the Government for the HKCO is beyond doubt so that it may continue to scale new heights in the sector, enrich Hong Kong people's cultural life and promote arts education. Today, as we discuss whether public money has been spent in a cost-effective manner, I believe the purpose is to identify rooms for improvement on the part of the HKCO rather than to cast it under an unfavourable light.

I would like to take this opportunity to extend my appreciation to the colleagues of the Audit Commission (Audit) for conducting a review of the operation of the HKCO and putting forward various recommendations in the Audit report. We accept all the recommendations for the Home Affairs Bureau (HAB) and have put them into practice. For example, we have taken follow-up actions in respect of the audit requirements for financial reports and the reporting basis for self-evaluation reports to be submitted by the HKCO and other performing arts groups as recommended in the Audit report.

The HAB took over the responsibility for providing consolidated grants to nine major performing arts groups since April 2007. All major performing arts groups operate as limited liability companies with full autonomy. Apart from government subvention, they may actively seek other sources of funding, such as corporate sponsorships or donations.

Our policy objective is to create an environment which is conducive to artistic expression and creation, and the community's wider participation in cultural activities. The HAB enters into an annual Funding and Services Agreement with each of the major performing arts groups, including the HKCO, and monitors their performance in the context of the Agreement. It is our duty to ensure that the performing arts groups have made proper use of public money in accordance with the principle of prudence. At the same time, we also have to respect their artistic autonomy by

avoiding micro-managing their affairs, thus leaving them enough room for development. It is necessary for us to strike a balance between these two considerations in keeping with our guiding principle of supporting artistic autonomy.

Since these groups are funded by public money, they should of course continuously improve their governance and administration in order to better fulfill their obligations for receiving funding support. We understand that the HKCO had all along been cooperative during the course of the review as was specifically mentioned in the Audit report.

We will continue to liaise closely and join hands with the HKCO to promote Chinese music. We trust that the governing board of the HKCO will lead the group to strive for excellence and help promote the development of the arts and culture in Hong Kong. My colleagues and I will be happy to answer any questions that Members may have. Thank you, Chairman.