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Panel on Information Technology and Broadcasting

Meeting on 13 May 2010

Background brief on promoting the development of creative industries

Purpose

This paper provides the background to the development of creative industries in Hong Kong and also a summary of views and concerns expressed by Members in previous discussions.

Promoting the development of creative industries

2. Apart from the four traditional pillar industries, the Chief Executive announced in his 2009-2010 policy address the promotion of the development of creative industries, amongst the six major industries, to propel Hong Kong towards a knowledge-based economy.

3. Following the approval of the Finance Committee on 22 May 2009, a dedicated office "Create Hong Kong (CreateHK)" headed by a Directorate 3 (D3) officer was set up under the Communications and Technology Branch of the Commerce and Economic Development Bureau (CEDB) in June 2009 to expedite the development of creative industries and coordinate the work of different departments. With the vision to build Hong Kong into a regional creative capital and the mission to foster a conducive environment to facilitate creative industries development in Hong Kong, a preliminary development strategy covering seven strategic directions (**Appendix I**) was drawn up based on consultation with industries representatives. To enhance synergy and ensure better coordination and cost-effective deployment of various funding resources, the existing funds and schemes which are currently scattered among different agencies and departments for the development of creative industries will be centralized under the management of CreateHK. This was to enable the dedicated office to have a better focus on the industries' needs, and develop initiatives which best suit their

needs.

4. In addition to the various funding schemes providing financial support (e.g. the DesignSmart Initiative, the Film Development Fund, the Film Guarantee Fund, and the Innovation and Technology Fund, etc), the Financial Secretary has earmarked \$300 million in the 2009-2010 Budget to further support Hong Kong's creative industries for the development of the creative economy in the coming 3 years. On 22 May 2009, the Finance Committee approved setting up the \$300 million CreateSmart Initiative (CSI) to further enhance the development of creative industries. The CSI to be administered by CreateHK will provide targeted support to projects initiated by the creative industry sectors (including architecture, comics, digital entertainment, advertising, music and publication, etc), CreateHK office and other government departments. The general eligibility and assessment criteria are set out at **Appendix II**.

Previous discussions

5. The Panel on Information Technology and Broadcasting (the Panel) was briefed on the proposals on the setting up of CreateHK (and the creation of a new Head of CreateHK at D3 level), and the CSI at the Panel meetings held on 9 February and 9 March 2009 respectively. Members supported in principle the Administration's proposals. They considered that the setting up of CreateHK was a timely move to drive the development of creative industries and were keen to ensure that CreateHK could work closely with the trade to boost the development of creative industries.

6. During the Panel discussion, some members considered the development strategy for creative industries too general and failed to provide a specific direction for future development. They urged the Administration to formulate comprehensive long-term plans and develop practicable strategies for building Hong Kong into a regional creative capital. On the eligibility and assessment criteria as well as the modus operandi of the CSI, some members called on the Administration to put in place a fair, open and transparent vetting and approval mechanism for the CSI. The Administration assured members that it would liaise closely with the trades on the scope of CSI and formulate long-term strategies and detailed implementation plans in collaboration with industries representatives and stakeholders.

7. Some Panel members expressed concern that the work of CreateHK might overlap with that of the other relevant departments and agencies under the CEDB. Concerns were also raised about its coordination and collaboration with other departments/bodies such as the Leisure and Cultural Services Department (LCSD) and the West Kowloon Cultural District Authority (WKCDA), and whether the provision for CSI might duplicate with other funding schemes currently available. According to the Administration, CreateHK office would not overlap with the work of other departments and agencies. Neither would there be any overlap in funding

support as the various existing funding schemes had well-defined and specific scopes with their terms and conditions approved by the Finance Committee. The CSI would not cover those projects that were currently supported through the existing individual schemes.

8. Panel members were of the view that CreateHK, with the mission of nurturing local talents and fostering a creative atmosphere, should work closely with the Education Bureau (EDB) and the Labour and Welfare Bureau to nurture local creative industries talents, and co-operate with the LCSD, Home Affairs Bureau (HAB) and the Hong Kong Arts Development Council to promote cultural development. The Administration advised that through coordination and collaboration with EDB, visual arts and digital entertainment conducive to the nurturing of local creative talents had been included in the secondary school curriculum. Courses on design, multi-media and technology were also offered at tertiary institutions. The Administration undertook that continued efforts would be made to collaborate with HAB, LCSD, and WKCDA in integrating culture and creativity, making use of the show grounds and venues of the West Kowloon Cultural District for local talents to showcase their creativity and performance as well as promoting a culture of innovation and creativity among businesses and within the community.

9. The Panel was of the view that in addition to financial support, the protection of intellectual property and copyright was important for the development and expansion of Hong Kong creative industries in the Mainland. To drive the development of Hong Kong into a regional creative capital, the Administration should introduce more measures to facilitate start-ups and the development of local small and medium-sized (SME) creative establishments, and to attract overseas creative industry establishments to invest and develop their businesses in Hong Kong. Consideration should also be given to granting tax concessions to owners of copyright works for sharing their innovation and original works.

10. Two motions on promoting the development of local creative industries were carried at the Council meetings on 4 February and 29 April 2009. During the motion debate, Members generally supported the importance of promoting the development of industries based on innovation and technology as well as cultural and creative industries. Apart from formulating long-term policies and implementation timetables for creative industries, the Administration was urged to draw reference from the successful experience of other economies, and to consider setting up new policy bureaux in respect of individual areas of the innovative or cultural industries, as well as restructuring the organization of the various policy bureaux to achieve a more rational distribution of work among them. The Administration was also urged to facilitate cross-sector collaboration among creative industries, to foster a social culture which was conducive to promoting the development of creative industries, to improve the education and training systems to nurture and engage talents of creative industries, and to offer various incentives, including tax concession, to ensure that adequate resources were available for implementing the policies. Members were keen to ensure that measures be

implemented to increase the opportunities for local artists to display their works in public space or at venues other than museums and art galleries to nurture the local audience, thereby boosting the development of cultural and creative industries.

Latest position

11. The Administration will brief the Panel on 13 May 2010 on the progress of the work of CreateHK and the relevant initiatives undertaken to support creative industries and develop the creative economy in Hong Kong.

Relevant papers

Motion moved by Dr Hon Samson TAM Wai-ho on "Promoting the development of local creative industries" at the Council meeting on 4 February 2009

<http://www.legco.gov.hk/yr08-09/english/counmtg/motion/cm0204-m3-prpt-e.pdf>

Paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 9 February 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0209cb1-715-3-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 9 February 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/minutes/itb20090209.pdf>

Paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 9 March 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0309cb1-955-5-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 9 March 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/minutes/itb20090309.pdf>

Motion moved by Hon Mrs Regina IP LAU Suk-ye on "Developing new economic strategies to meet economic challenges" at the Council meeting on 29 April 2009

<http://www.legco.gov.hk/yr08-09/english/counmtg/motion/cm0429-m3-prpt-e.pdf>

Paper provided by the Administration for the Establishment Subcommittee meeting on 29 April 2009

<http://www.legco.gov.hk/yr08-09/english/fc/esc/papers/e09-01e.pdf>

Minutes of the Establishment Subcommittee meeting on 29 April 2009

<http://www.legco.gov.hk/yr08-09/english/fc/esc/minutes/esc20090429.pdf>

Paper provided by the Administration for the Finance Committee meeting on 22 May 2009

<http://www.legco.gov.hk/yr08-09/english/fc/fc/papers/f09-15e.pdf>

Minutes of the Finance Committee meeting on 22 May 2009

<http://www.legco.gov.hk/yr08-09/english/fc/fc/minutes/fc20090522.pdf>

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Development of creative industries

Development strategy

Strategic Direction: Seven strategic areas

- (a) nurturing a pool of creative human capital which will form the backbone of Hong Kong's creative economy;
- (b) facilitating start-ups and development of creative establishments;
- (c) generating demand for innovation and creativity and expanding local market size for creative industries;
- (d) promoting creative industries on the Mainland and overseas to help explore outside markets;
- (e) fostering a creative atmosphere within the community;
- (f) developing creative clusters in the territory to generate synergy and facilitate exchanges; and
- (g) promoting Hong Kong as Asia's creative capital.

General Eligibility and Assessment Criteria of the CreateSmart Initiative

1. An applicant should normally be a locally registered institution/organization engaged in creative industries or a related body. CreateHK and other government departments can also apply for the funding.
2. Project elements which are covered under the scope of the Film Development Fund, Film Guarantee Fund and DesignSmart Initiative and those which will receive or have received funding from other government sources are not eligible to apply for funding under the CSI.
3. Projects under application must be beneficial to the overall development of individual creative industry sectors or the entire creative industries.
4. Benefits accrued from the projects must serve the interests of individual creative industry sectors or the entire creative industries, and not just an individual private company or a consortium of private companies.
5. Projects should mainly be non-profit making by nature. Special consideration could be given for projects that can ultimately be self-financing.
6. In general, funds approved can only be used for non-recurrent expenditure. Under exceptional circumstances where the projects under application consist of a recurrent item (e.g. staff cost), the funds approved can only be of a one-off nature.
7. Funds approved cannot be used to create any civil service posts.
8. In examining an application, the following must be taken into consideration –
 - (a) the benefits that a project may bring to local creative industries, either to individual sectors or the industries as a whole;
 - (b) the need of such project;
 - (c) the technical and project management capabilities of the applicant institution/organization;
 - (d) whether the implementation schedule of the proposed project is well planned and whether the time required for implementation is reasonable;

- (e) whether the proposed budget is reasonable and realistic;
- (f) whether the project has been funded or should be funded by other government sources;
- (g) whether there is/will be any duplication in terms of the work carried out by other institutions;
- (h) whether the project can be self-financing after a certain period of time; and
- (i) any other special factors which are relevant and contribute towards the objective of the CSI.