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Panel on Information Technology and Broadcasting

Meeting on 9 May 2011

**Updated background brief on
the implementation of Film Development Fund**

Purpose

This paper summarizes the previous discussions by Members on the implementation of Film Development Fund (FDF).

Background

2. The film industry is the flagship of the creative industries in Hong Kong. It contributes significantly to the development of local services industries as well as tourism, and enhances the international and cultural image of Hong Kong. However, there has been a substantial decrease in the number of film productions, particularly small-to-medium budget films, as well as box office revenues in recent years. With a shrinking film market and decreasing number of local productions, the film industry is facing a difficult time, plagued with talent drought.

3. According to the Government, it is committed to providing a favourable environment conducive to the long-term and healthy development of the Hong Kong film industry, and has established the new high-level Hong Kong Film Development Council (FDC) in April 2007 to replace the Film Development Committee. Mainly comprising members from the film industry, the FDC is responsible for advising the Secretary for Commerce and Economic Development on the policy, strategy and institutional arrangement for the promotion and development of the film industry.

4. Following consultation with the Panel on Information Technology and Broadcasting (the Panel), the Government submitted a funding proposal seeking an injection of \$300 million into the FDF. The scope of FDF was also expanded to provide financial support for the production of small-to-medium budget films, and to continue to finance projects which were beneficial to the long-term and healthy development of the film industry. The proposal was approved by the Finance Committee (FC) on 6 July 2007. According to the expanded FDF, the Government's contribution is capped at 30% of the production budget of not more than \$12 million, while the remaining 70% is expected to be funded by private investors. The eligibility and assessment criteria for financing film productions under the expanded FDF are set out in the **Appendix**.

Previous discussions

5. The Panel has followed closely the implementation of the FDF since April 2007. Panel members generally support the Government initiative to help revitalize the film industry and nurture film professionals.

6. At the Panel meeting on 7 April 2009, representatives of the industry players including film directors, producers and distributors, were invited to give views on the implementation of the FDF. In general, the deputations expressed concerns about the cumbersome application procedures and the limited funding support for small-to-medium budget film productions on the conditions of cost recoupment and profit sharing. To avoid bogging down filmmakers with excessive administrative red tapes, the deputations urged the Administration to streamline the procedures and simplify the documentation requirement. They also called on the Government to increase the ceiling of the funding support to small-to-medium film producers from \$12 million to \$15 million per film, and to shorten the assessment time of the funding applications.

7. In view of the deputations' concerns, Panel members urged the Administration to streamline the application procedures and expedite the processing of the applications to provide greater flexibility and a favourable environment conducive to the long-term and healthy development of the Hong Kong film industry. They supported deputations' call of increasing the ceiling of the film production cost to \$15 million per film. They also supported some deputations' call to cut down on the amount of paper work and shorten the processing time. The Administration was also asked to take note of other suggestions raised by the deputations.

8. At the Panel meeting on 14 December 2009, the Administration briefed members on the review of the operation of the FDF and proposed measures to

improve the operation of the film production financing scheme in the following aspects:

- (i) to raise the upper limit of the production budget of a film project supported by the FDF from \$12 million to \$15 million;
- (ii) to raise the upper limit of Government's contribution per approved film project from 30% to 40%; and
- (iii) to remove the 10 years' time-limit for relevant film-making experience in respect of the applicant, the film director or producer.

9. Panel members welcomed the proposed measures drawn up to better meet the needs of the local film industry. The Panel noted that the film "Echoes of Rainbow" financed by the FDF had won the Crystal Bear award at the 2010 Berlin Film Festival. Members commended the Administration for the successful implementation of the FDF which had been effective in nurturing new directors and producers, as well as assisting small-to-medium companies in film production.

10. Referring to the golden era in the 60s and 70s when local films and artistes were well sought after by audiences in the Southeast Asian region, Panel members urged the Administration to put in more resources, in collaboration with training institutes, on nurturing new blood and successors so as to provide the new impetus to regain the popularity of Hong Kong films in the region. Some members held the view that apart from theoretical training at tertiary level for film producers and directors, practical skill training for other ancillary film-related trades (such as props men, mechanics, floor managers, and production assistants) were also important to cater for the industry's needs for talents at various skill levels. They also opined that knowledge about history and literature was a core element essential for the development of creative industries. More efforts should be made on the education front to help cultivate and enhance the cultural level and quality of production crew in the local film industry.

11. On the scope of the FDF, some Panel members suggested that the Administration should consider extending the FDF to also finance TV programme productions such as TV drama series. They called on the Administration to explore support measures to assist independent local production companies to produce and market TV programmes for the local and the Mainland TV stations. Some members opined that the current pay for script writing was too meager to attract people of the right calibre to engage in script writing. They suggested that the Administration should consider providing financial incentive similar to the subsidy scheme of Taiwan whereby

bonus would be awarded to successful film projects to encourage quality production. The Administration noted members' suggestion for consideration.

Recent developments

12. At the Panel meeting on 10 January 2011, the Administration briefed members on the work of the Create Hong Kong (CreateHK). Panel members noted that in 2010, CreateHK collaborated with the FDC in organizing the "Hong Kong Film Retrospective" in Guangzhou and Shanghai to enhance the understanding and appreciation of Mainland audience about Hong Kong films. CreateHK also participated in the first "Guangdong – Hong Kong – Macao Youth Film Festival", held in the three cities from November 2010 to January 2011, to encourage film exchange and collaboration amongst the younger generation filmmakers, and establish a wide film financing network for film projects initiated by young filmmakers. On Overseas Promotion, CreateHK participated in the Venice Film Festival held in September 2010 in collaboration with the FDC to promote Hong Kong films to the international audience. CreateHK was planning to support Hong Kong filmmakers to participate in the 2011 Berlinale in February to enhance exchanges between Hong Kong filmmakers and their European counterparts. The Administration was also working on a Chinese film festival in Dublin, Ireland, during the Dublin Chinese New Year Festival in view of the increasing interest of Irish audience in Chinese and Hong Kong films. These projects would help promote Hong Kong films as well as local film talents in the European market.

13. Panel members noted that local film productions had increased from around 50 per year in 2008 to more than 70 each in 2009 and 2010. Some Panel members opined that the current number of film productions per year was still low as compared to the peak period. They also expressed concern about the low salary of film practitioners and insufficient supply of actors in Hong Kong to meet the vast demand of the Mainland market. They opined that to encourage local talents and promote Hong Kong's creative industries, the Administration should be more proactive in giving recognition to local film animators, such as introducing a mechanism to sponsor local creative talents to attend award presentations overseas.

14. The Administration advised that as there were numerous overseas competitions in various creative industry sectors, it was necessary, in collaboration with the industries concerned, to gather information about the competitions and to draw up criteria for sponsoring participation in international competitions and award presentation ceremonies.

15. At the special FC meeting on 21 March 2011, Mr LEE Wing-tat noted

that there was a substantial uncommitted balance of over \$260 million of the FDF. He urged the Administration to lower the threshold for approving funding support so that more film productions could benefit from the FDF. The Administration advised that so far, 18 films had received funding support from the FDF, adding up to a total funding of over \$45 million. The Administration agreed to relay Mr LEE's view to the FDC for consideration.

Latest position

16. The Administration will brief the Panel on 9 May 2011 on the progress of the implementation of the FDF and the proposal to retain the non-civil service position of Secretary-General of the FDC for a period of two years after the expiry of the current term in November 2011.

Relevant papers

Information paper provided by the Administration for the Finance Committee meeting on 6 July 2007

<http://www.legco.gov.hk/yr06-07/english/fc/fc/papers/f07-30e.pdf>

Minutes of the Finance Committee meeting on 6 July 2007

<http://www.legco.gov.hk/yr06-07/english/fc/fc/minutes/fc070706a.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 14 April 2008

<http://www.legco.gov.hk/yr07-08/english/panels/itb/papers/itb0414cb1-1200-5-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 14 April 2008

<http://www.legco.gov.hk/yr07-08/english/panels/itb/minutes/itb080414.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 7 April 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0407cb1-1191-3-e.pdf>

Background brief prepared by the Legislative Council Secretariat for the Information Technology and Broadcasting Panel meeting on 7 April 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0407cb1-1191-4-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 7 April 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/minutes/itb20090407.pdf>

Submissions from deputations for the Information Technology and Broadcasting Panel meeting on 7 April 2009 (Please refer to the agenda)

<http://www.legco.gov.hk/yr08-09/english/panels/itb/agenda/itb20090407.htm>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 14 December 2009

<http://www.legco.gov.hk/yr09-10/english/panels/itb/papers/itb1214cb1-602-8-e.pdf>

Background brief prepared by the Legislative Council Secretariat for the Information Technology and Broadcasting Panel meeting on 14 December 2009

<http://www.legco.gov.hk/yr09-10/english/panels/itb/papers/itb1214cb1-602-9-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 14 December 2009

<http://www.legco.gov.hk/yr09-10/english/panels/itb/minutes/itb20091214.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 10 January 2011

<http://www.legco.gov.hk/yr10-11/english/panels/itb/papers/itb0110cb1-932-5-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 10 January 2011

<http://www.legco.gov.hk/yr10-11/english/panels/itb/minutes/itb20110110.pdf>

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Eligibility and Assessment Criteria for Financing Film Productions under the Expanded Film Development Fund

The Film Development Fund with an expanded scope will adopt the following eligibility and assessment criteria for financing film productions –

- (a) The applicant should be a film production company formed and registered under the Companies Ordinance (Cap. 32) that should normally have produced at least two films in the past ten years for commercial theatrical release in Hong Kong. For companies without such track record, the producer or director of the film project in question should normally have produced or directed at least two films in the past ten years for commercial theatrical release in Hong Kong;
- (b) Generally, an applicant is allowed to receive funding for not more than two film projects at any one time. For this purpose, if a producer is currently involved in two approved film projects which are under production, any applications involving this producer will not be considered. However, if a film director is currently involved in one approved film project which is under production, any applications involving this director will not be considered;
- (c) The film project must –
 - (i) be in the form of a full script to produce a feature film intended for commercial theatrical exhibition in Hong Kong with a production budget of not more than \$12 million;
 - (ii) be identifiable as commercially viable and have secured some form of third-party financing of, for example, 50% of production budget; and
 - (iii) constitute at least 50% of the main cast and film crew with Hong Kong permanent residents.
