

立法會

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Panel on Home Affairs

Background brief prepared by the Legislative Council Secretariat for the meeting on 19 June 2012

Funding mechanism for major performing arts groups

Purpose

This paper summarizes the concerns of members of the Panel on Home Affairs ("the Panel") on issues relating to the funding mechanism for major performing arts groups ("MPAGs").

Background

Funding mechanism for MPAGs

2. The Committee on Performing Arts ("CPA") was established by the Home Affairs Bureau ("HAB") in November 2004 to advise HAB on the provision of performing arts services. Following the recommendations of the 2006 Recommendation Report (I) of CPA, HAB has, since 1 April 2007, assumed the funding responsibility for the then Big 10, namely, the Hong Kong Philharmonic Orchestra, the Hong Kong Chinese Orchestra, the Hong Kong Repertory Theatre, the Hong Kong Dance Company (the four organizations formerly subvented by the Leisure and Cultural Services Department), the Hong Kong Sinfonietta, the Hong Kong Ballet, the City Contemporary Dance Company, the Chung Ying Theatre Company, Zuni Icosahedron and Theatre Ensemble (the six former Hong Kong Arts Development Council three-year grantees). The number of MPAGs has been reduced to nine upon the voluntary departure of the Theatre Ensemble from the Government subvention system on 1 April 2008 to take on new development direction under the name of PIP of Cultural Industries Ltd.

3. All MPAGs receive an annual consolidated grant from the Government. The size of the consolidated grant is based on the groups' submissions on their

staff costs (artistic and otherwise), administration costs, programme production costs as well as venue rental, ticketing, publicity and related costs, funding availability from the Government and the performance outturn of the groups in the preceding year. The total funding support for the nine MPAGs increased from \$219 million in 2007-2008 to \$263 million in 2009-2010. In 2010-2011, the total amount of funding was around \$264 million.

Establishment of the Advisory Committee on Arts Development

4. The Finance Committee of the Legislative Council approved in July 2010 the injection of \$3 billion into the Arts and Sports Development Fund ("ASDF"), of which \$1.5 billion was injected into the arts portion of ASDF. The Advisory Committee on Arts Development ("the Advisory Committee"), established under HAB on 1 November 2010, is responsible for advising the Secretary for Home Affairs on matters relating to local arts development including the funding policies for the performing arts groups and the use of the arts portion of ASDF. It also examines funding applications from MPAGs. The Advisory Committee has commissioned a consultant to conduct a review on the objectives of public funding for the performing arts in Hong Kong and to draw up a sustainable funding mechanism to facilitate the flexible development of the sector. The consultancy study was scheduled for completion in 2011.

Deliberations of the Panel

5. The Panel discussed issues relating to the arts development in Hong Kong at a number of meetings between 2008 and 2011. The major views and concerns of members relating to the funding mechanism for MPAGs are summarized below.

Funding to MPAGs

6. Noting the relatively high staff and administration costs of one of the MPAGs, members urged the Administration to regulate the administrative expenses of MPAGs, such as imposing a cap to avoid their over-reliance on government funding. MPAGs should also be encouraged to seek sponsorship to increase their incomes. There was a suggestion of introducing an adjustment mechanism to regulate the level of annual subvention to MPAGs by taking into account the sum of the respective MPAGs' ticket proceeds and donations.

7. Concern was raised as to whether the Administration would introduce an "entry and exit mechanism" to enable other arts groups to become MPAGs. According to the Administration, it would be a future direction to implement an "entry and exit mechanism" to enhance the competitiveness among MPAGs.

Review of the funding mechanism

8. Members generally took the view that the distribution of funding resources among the various arts groups should be fair and reasonable and the Administration should examine the effectiveness of the current funding policy in achieving the policy goal of encouraging diversified and balanced development of the arts and culture. Members also considered it necessary to review the existing mode of subsidy for MPAGs to avoid stifling the development of non-subsided arts groups. Some members suggested that stakeholders of the arts community should be engaged to propose improvements to the existing funding mechanism.

9. According to the Administration, to promote the healthy development of performing arts groups and ensure the prudent use of public funds in a sustainable manner, a consultancy study had been commissioned to develop a new set of assessment criteria and funding mechanism for MPAGs in early 2010. The study would examine the introduction of an "entry and exit" mechanism and provision of a progression ladder for the performing arts sector for its flexible development; recommend what performing arts forms should fall within the subvention mechanism by making reference to overseas practices; and study the feasibility of introducing a matching fund to encourage private sponsorship. Members were also advised that the arts community would be consulted in the course of the study.

Composition of the Advisory Committee on Arts Development

10. Some members expressed concern on the under-representation of the arts sector on the Advisory Committee. They pointed out that of the 12 non-official members of the Advisory Committee appointed by the Administration, only two were from the arts sector and the others were mainly from the business sector. As the Advisory Committee was tasked to advise on matters relating to, among others, the allocation of resources to the arts sector, these members urged the Administration to enhance the representation of the arts sector on the Advisory Committee.

11. The Administration disagreed with the view that the arts sector was under-represented on the Advisory Committee. It stressed that the Advisory Committee comprised not only the arts professionals but also representatives with profound experiences in the management of arts groups. In the Administration's view, the composition of the Advisory Committee had reflected a wide spectrum of views on the arts development of Hong Kong. A pool of expert advisers would also be engaged to provide inputs in the assessment of funding applications.

Recent developments

12. The Financial Secretary announced in his 2012-2013 Budget Speech that the Government expenditure on arts and culture would exceed \$3 billion in 2012-2013. The Administration would provide a total of \$40 million additional funds for the nine MPAGs, bringing the total amount of funding to over \$300 million.

Relevant papers

13. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2
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**Relevant papers on the funding mechanism for
major performing arts groups**

Committee	Date of meeting	Paper
Panel on Home Affairs	30.6.2008 (Item I)	Agenda Minutes
Panel on Home Affairs	8.5.2009 (Item IV)	Agenda Minutes
Panel on Home Affairs	12.6.2009 (Item IV)	Agenda Minutes
Panel on Home Affairs	14.5.2010 (Item V)	Agenda Minutes
Panel on Home Affairs	14.1.2011	CB(2)615/10-11(02)
Panel on Home Affairs	18.3.2011 (Item IV)	Agenda Minutes