

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 55 – GOVERNMENT SECRETARIAT : COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMUNICATIONS AND TECHNOLOGY BRANCH)

Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the following proposals with effect from 16 November 2013 –

- (a) the creation of the following new grade and rank –

Secretary-General of the Film Development Council
(D2) (\$133,150 - \$145,650); and

- (b) the creation of the following permanent post under Head 55 –

1 Secretary-General of the Film Development Council
(D2) (\$133,150 - \$145,650)

PROBLEM

The time-limited non-civil service (NCS) position of Secretary-General of the Film Development Council (SG(FDC)) will lapse on 16 November 2013. We need to provide sustained support at the directorate

/level

level, upon the lapse of the position, to assist the Head of Create Hong Kong (CreateHK) in formulating policies and strategies in support of the local film industry, steer the work of the Film Services Office (FSO) of CreateHK in implementing related initiatives and support services, and assisting Hong Kong's film industry to tap the Mainland and overseas markets.

PROPOSAL

2. We propose to create a permanent civil service post, to be designated as Assistant Head (2) of CreateHK (AH(2)), in the new one-rank grade of SG(FDC) (D2) in CreateHK of the Communications and Technology Branch (CTB) of the Commerce and Economic Development Bureau (CEDB) with effect from 16 November 2013.

JUSTIFICATION

Formulation of policies and strategies in support of the local film industry

3. The film industry is the flagship of Hong Kong's creative industries. We have seen an increase in the economic activities of the local film industry in recent years. The number of film productions increased steadily from 53 (including 23 Hong Kong-Mainland co-productions) in 2008 to more than 60 (of which 37 were Hong Kong-Mainland co-productions) in 2011. Hong Kong box office receipts of local productions increased from about HK\$250 million in 2009 to about HK\$300 million in 2011. Hong Kong-Mainland co-productions have also been gaining ground in the box office in the Mainland, with box office receipts increasing from about RMB 1.9 billion in 2009 to about RMB 4.4 billion in 2011.

4. It has been the Government's long-term policy and one of CreateHK's priorities to revitalise the film industry of Hong Kong and support its long-term development. In pursuance of such a policy, CreateHK will continue to provide a full range of assistance to the local film industry and facilitate the efforts of filmmakers in tapping the markets in and outside Hong Kong, especially the Mainland.

5. Head of CreateHK is underpinned by two Assistant Heads at directorate level, one at the equivalent rank of D2 who occupies a NCS position to cover the film industry, and another at the rank of Senior Principal Executive Officer (SPEO) (D2) who covers all creative sectors save the film one. The time-limited NCS position will lapse on 16 November 2013.

6. Against this background, there is a need to continue to provide Head of CreateHK with dedicated directorate support for formulating policies and mapping out strategies in support of the film industry upon the lapse of the NCS position.

Steering the work of the Film Services Office

7. The proposed AH(2) will assist Head of CreateHK in overseeing the operation of the FSO, provide secretarial support to the Film Development Council (FDC), ensure efficient implementation of various support services for the film industry, co-ordinate with both public and private organisations to maximise the effectiveness of various government funding schemes and promotional activities, and promote the development of the film industry of Hong Kong.

Providing support to FDC

8. AH(2) will lead the FSO in providing secretarial, administrative and logistical support to the FDC and its committees¹. The FDC is a non-statutory advisory body appointed by the Chief Executive to advise the Government on the policy, strategy and institutional arrangement for the promotion and development of the film industry, as well as the use of public funds to support the industry. The FDC is chaired by a non-official and comprises mainly members of the film industry.

9. The FDC and its three committees hold meetings generally on a quarterly basis. AH(2) is required to attend all the meetings of the FDC and its committees to offer professional advice on the formulation of policies and strategies as well as resource management. AH(2) leads and supervises his staff to follow up on the various measures and initiatives formulated or proposed by the FDC and its committees. As the FDC will continue to play an important role in advising the Government on the related strategies, it is essential that FSO continues to have the necessary directorate leadership to ensure delivery of effective support to FDC.

/Managing

¹ To facilitate discussions and implementation of proposals and projects of specific aspects, three committees, namely the Fund Vetting Committee, Support Services Committee, and Market Development Committee are formed under the FDC.

Managing financial support to facilitate the further development of the film industry

10. As the head of the FSO, AH(2) is responsible for managing the Government's financial support to the film industry, viz. the Film Development Fund (FDF), the Film Guarantee Fund (FGF) and the funding support to the Hong Kong International Film Festival Society (HKIFFS), which are intended to support the film industry in relation to production and release of feature films. AH(2) will monitor the use of the Government's funding support to the film industry, liaise with the film industry to promote the use of the FDF and the FGF, and identify further areas of improvement.

11. The FDF was first set up in 1999 and subsequently revived in April 2005 to support film-related programmes which are beneficial to the long-term and healthy development of the Hong Kong film industry. The scope of FDF was expanded and its approved commitment increased to \$320 million in July 2007 to finance the production of small-to-medium budget films under the film production financing scheme. Since July 2007 and up to end October 2012, the FDF has approved 85 film-related programmes² and 26 film projects, involving funding of \$135.3 million and \$74.4 million respectively. Taking into account the 13 film-related programmes funded by the FDF between April 2005 and June 2007, which involved funding amounting to \$15 million, the uncommitted balance of the FDF now stands at \$95.3 million. The FSO provides managerial support to the FDC in vetting funding applications under the FDF. Upon approval of the funding applications, the Government will execute a set of financing contracts with the successful applicants. The FSO is also responsible for overseeing such administrative arrangements including preparation of contracts, disbursement of funding, monitoring the use of the funding, etc.

12. The FGF is a \$30 million loan guarantee facility set up in 2003 with the aim to help local film production companies obtain loans from lending institutions for producing films and to stimulate the development of a film-financing infrastructure in Hong Kong. Up to end October 2012, the FGF has provided loan guarantee of \$23.66 million in total for 11 films. The uncommitted balance of the FGF is now \$29 million. The FSO is responsible for vetting the loan applications under the FGF and executes a deed with the lending institutions. In the event of a default case, the FSO will, in consultation with the lending institution and the Department of Justice, engage in legal action for effecting guarantee payment to the lending institution and for recovering the debt from the borrower.

/13.

² These approved projects include 42 local films to participate in international film festivals or film financing forums; 11 major film promotional activities; ten major film awards presentation ceremonies; eight seminars to facilitate film production or financing; four projects on training courses/materials conducive to the long-term development of the Hong Kong film industry; six projects of compiling data or guidelines for the film industry; and four on research and development of new film-related technology.

13. As for the funding support to the HKIFFS, the Government provides an annual funding of \$10.91 million to the HKIFFS for organising the Hong Kong International Film Festival (HKIFF) and the related publicity and promotional activities to promote film culture in Hong Kong. The FSO monitors the progress and achievements of the HKIFF and related activities.

14. In view of the complexity and volume of the duties described above, there is a genuine need to provide the FSO staff with steer and supervision at the directorate level in performing their tasks so as to ensure value for money in the use of FDF and FGF as well as the funding support to the HKIFFS while adopting a facilitative approach. In response to the recommendations set out in Chapter 5 of Director of Audit's Report No. 59, the existing NCS SG(FDC), and subsequently the proposed AH(2), will take the lead in reviewing the Government's funding support to the film industry. With the anticipated exhaustion of the FDF by mid-2015, AH(2) will play a leading role in examining the way forward in respect of the FDF in consultation with the FDC.

Facilitating film production and location shooting in Hong Kong

15. AH(2) will steer the services provided by the FSO in facilitating film production and location shooting, and review at the macro level the effectiveness of such services. The FSO provides one-stop services to local and overseas film producers for location filming in Hong Kong. It maintains a database of locations available for location filming and provides suggestions and information on possible filming locations, helps filmmakers secure approval or permits to meet particular filming needs, and co-ordinates with various Government departments to facilitate filming which involves road closure and use of filming vehicles on public roads.

16. Over the years, the FSO has helped film producers obtain the support and permissions of Government departments and public organisations as well as many private owners for use of venues for location filming. From 1 June 2009 to 31 October 2012, the FSO handled some 4 100 general enquiries or requests for assistance on location filming.

Regulating the use of special effects materials

17. AH(2) will assist Head of CreateHK in discharging the latter's duties as the Entertainment Special Effects Licensing Authority under the Entertainment Special Effects Ordinance (ESELO) (Cap. 560). The Special Effects Licensing Unit (SELU) of the FSO exercises regulatory control on the use of special effects materials, which include pyrotechnic materials and other dangerous goods used in

/film

film shooting and other entertainment events, e.g. TV programmes, drama, musical and theatrical performances, theme park attractions and festive celebrations. The total number of licences and permits issued under the ESEO ranges from 2 100 to 3 000 per annum over the past five years. Apart from the ongoing duties to provide public service for the facilitation of the film and creative industries, SELU has also commissioned a consultancy study on the needs of the pyrotechnic industry and the developments of pyrotechnic technologies as well as the supply, storage, conveyance and use of pyrotechnic special effects materials for entertainment purposes in Hong Kong, with a view to identifying ways to address the needs of the industry.

Promoting the development of the film industry

18. AH(2) will play a key role in promoting the long-term development of Hong Kong's film industry and addressing the needs of the industry. Over the years, the FSO has pursued various initiatives conducive to the long-term development of the film industry through funding under the FDF including, amongst others, a programme to provide on-the-job training in different streams of the film industry, production of teaching kit on film and animation for secondary school students, establishment of digital platform for efficient, safe and reliable film content transfer. Under the leadership of AH(2), the FSO will continue to encourage the film industry and related parties to make use of the FDF in carrying out worthwhile initiatives for purposes such as training of talents, financing of research and development of new film-related technology, etc. AH(2) will oversee and direct review of the effectiveness of these programmes, draw up proposed improvements, and institute enhancement or safeguard measures.

19. AH(2) will also oversee the FSO's efforts in developing markets for Hong Kong films. He will, in consultation with the FDC, plan the overall strategy, oversee the co-ordination with the local film industry and partner organisations outside Hong Kong in organising such promotional efforts. For instance, FSO launches "Hong Kong Film New Action", which is a major promotional campaign rolled out since December 2008 with the aims of, among others, promoting the new generation film directors and producers of Hong Kong, and through such promotion to revitalise the market for Hong Kong films in Taiwan and Southeast Asia as well as the Mainland. Under this campaign, the FSO organises a series of forums, symposiums, workshops, exhibitions, business matching activities under a chosen theme each year. Over the years, the aforementioned events have attracted over 19 000 participants in total and led to over 370 business matching meetings for the new generation film directors and producers. Another example is the assistance rendered by the FSO to the Hong Kong Economic and Trade Offices in the Mainland and overseas in organising film festivals by procuring the relevant local films.

Assisting Hong Kong's film industry to tap the Mainland market

20. The planning and orchestrating roles of AH(2) will be of vital importance in helping the local filmmakers grasp the abundant opportunities in the Mainland, which offers strong growth potential. In fact, through the joint efforts of the Central People's Government (CPG) and the Hong Kong Special Administrative Region Government, the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) has created new opportunities for the Hong Kong film industry in that Hong Kong-Mainland co-productions are regarded as Mainland motion pictures for distribution in the Mainland. The number of co-production titles has grown from about 10 per year before 2004 to around 30 per year in 2010 and 2011. The Hong Kong-Mainland co-productions have enjoyed tremendous box office success in the Mainland in recent years. Six out of the top ten domestic box office films in the Mainland in 2011 are film projects co-produced by the Hong Kong and Mainland filmmakers. AH(2) will continue to lead the efforts in exploring with the Mainland authorities issues identified by the Hong Kong film industry to further improve on the CEPA measures.

21. Moreover, the 100 million Cantonese-speaking population in Guangdong Province represents a significant potential market for Hong Kong's small-to-medium budget films which are produced in Cantonese. CreateHK is striving to facilitate the release of Hong Kong films in synchrony in Hong Kong and Guangdong. In June 2012, the CPG announced specific measures including raising the ceiling of the revenue sharing ratio in favour of Hong Kong to further facilitate the access of Hong Kong films in Cantonese in Guangdong.

22. AH(2) will lead the FSO to champion the strengthened efforts to help the local film industry expand their markets in the Mainland. A recent example is that in order to facilitate the release of Hong Kong films in synchrony in Hong Kong and Guangdong under the CEPA, a pilot scheme to subsidise the distribution and exhibition of Cantonese version of Hong Kong films in Guangdong was launched for a trial period of one year with effect from 1 July 2012.

Need for a permanent directorate post

23. Given the Government's established policy of promoting the development of the film industry, Head of CreateHK will continue to require dedicated directorate support to map out the related strategies, and to co-ordinate and review the operation and effectiveness of various initiatives and support services for the film industry.

24. The Finance Committee approved in May 2012 the creation of a permanent SPEO post in CreateHK as AH(1) to assist Head of CreateHK in overseeing the key creative industries other than the film sector, having regard to the need for Head of CreateHK to have two deputies to share out his work on both the film and non-film sides. Taking into account the aforementioned workload and operational needs, we consider it necessary to create a permanent post at D2 level to assist Head of CreateHK in overseeing the promotion of the film sector, the effective operation of FSO and in turn the Government's support for the film industry in the long run.

25. The permanent civil service post of SG(FDC) is pitched at the same level of the current NCS position at D2. Despite the time-limited nature of the film-related funding schemes, we consider that there is a long-term need of the SG(FDC) post having regard to the long-term need for initiating measures and activities to promote and support the development of the film industry.

26. The duties and responsibilities of the proposed AH(2) post require a high level of analytical and organisational capability, good connections and experience with the film industry so that the post-holder will be better placed to appreciate and address the specific needs of the industry. There is currently no suitable grade within the civil service that can meet the unique requirements of the proposed AH(2) post. We therefore propose to create a new grade and rank for the post. To ensure that we can approach a wider pool of candidates and tap the expertise of the private sector, we plan to fill the proposed post, if approved, through open recruitment.

27. We also consider it more appropriate to create a permanent civil service post rather than a permanent NCS post because a permanent civil service post reflects the Government's commitment to driving the development of the film industry on a long-term basis and should be more attractive to potential candidates.

Encl. 1 28. The job description of the proposed AH(2) post is at Enclosure 1.
Encl. 2 The proposed organisation chart of CreateHK after the creation of the proposed post is at Enclosure 2.

/Non-directorate

Non-directorate Establishment under AH(2)

29. There are currently 26 non-directorate civil service officers and six NCS contract staff in FSO. Under the proposal, the FSO will continue to be put under the purview of AH(2).

ALTERNATIVES CONSIDERED

30. We have carefully examined the existing staffing at the directorate level of CTB (including CreateHK). Head of CreateHK is already fully stretched in overseeing the work of CreateHK which serves all the creative industries. He has no spare capacity to absorb the work of directly supervising the operation of the FSO. Another directorate officer in CreateHK, AH(1), is heavily engaged in supervising the industry support, design, digital entertainment sections under her purview, which support the non-film creative sectors in Hong Kong, as well as the administration section of CreateHK. She has no spare capacity for sharing out the work relating to the film sector.

31. Looking beyond CreateHK, CTB has two directorate officers at D2 level. Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology)A is fully committed to handling matters relating to broadcasting matters. Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology)B is heavily engaged in matters in respect of telecommunications. Having regard to the already stretched directorate staffing situation, as well as the service needs under the purview of CreateHK and CTB, it is operationally not possible for other officers of comparable ranks in CreateHK or CTB to take up the duties of AH(2).

FINANCIAL IMPLICATIONS

32. The proposed creation of a permanent SG(FDC) post will bring about an additional notional annual salary cost at mid-point of \$1,696,200. The full annual average staff cost, including salaries and staff on-cost, is \$2,427,000. Taking into account the cost of employing the current SG(FDC) at \$2,297,000 per annum (including salaries and contract-end gratuity payment), the net annual average staff cost of replacing the NCS position of SG(FDC) by a permanent civil service post is \$130,000. Adequate provision will be included in the relevant draft Estimates of 2013-14 and subsequent years to meet the additional cost of the proposal.

/PUBLIC

PUBLIC CONSULTATION

33. We consulted the Legislative Council Panel on Information Technology and Broadcasting on 12 November 2012. Members supported the proposal to create a permanent civil service post of SG(FDC) under CreateHK.

BACKGROUND

34. The time-limited NCS position of SG(FDC) was first created in November 2007 vide EC(2007-08)9, and was extended twice in 2009 and 2011 vide EC(2009-10)8 and EC(2011-12)4 respectively. It will lapse on 16 November 2013.

ESTABLISHMENT CHANGES

35. The establishment changes under Head 55 – Government Secretariat: CEDB(CTB) for the past two years are as follows –

Establishment (Note)	Number of Posts			
	Existing (as at 1 January 2013)	As at 1 April 2012	As at 1 April 2011	As at 1 April 2010 [#]
A	6*	5	5	5
B	23	22	22	22
C	76	72	71	70
Total	105	99	98	97

Note :

A – ranks in the directorate pay scale or equivalent.

B – non-directorate ranks the maximum pay point of which is above MPS point 33 or equivalent.

C – non-directorate ranks the maximum pay point of which is at or below MPS point 33 or equivalent.

– a permanent directorate post, Head of CreateHK (D3) was created upon the establishment of CreateHK on 1 June 2009. 38 non-directorate posts were redeployed from the Innovation and Technology Commission, the then Television and Entertainment Licensing Authority and the Office of the Government Chief Information Officer to CreateHK upon its establishment on 1 June 2009.

* – as at 1 January 2013, there was no unfilled directorate post in CEDB(CTB). The figure does not include the non-civil service position of SG(FDC).

/CIVIL

CIVIL SERVICE BUREAU COMMENTS

36. The Civil Service Bureau supports the proposed creation of the one-rank grade of SG(FDC), and of a permanent civil service post of SG(FDC) in CreateHK to assist the Head of CreateHK in formulating policies and strategies in support of the local film industry, steer the work of the FSO of CreateHK in implementing related initiatives and support services, and assisting Hong Kong's film industry to tap the Mainland market. The grading and ranking of the proposed post are considered appropriate having regard to the level and scope of responsibilities required.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

37. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the post would be appropriate if the proposal was to be implemented.

Commerce and Economic Development Bureau
December 2012

Job Description
Secretary-General of Film Development Council
(to be designated as the Assistant Head of Create Hong Kong (2))

Post title : Assistant Head of Create Hong Kong (2)/
Secretary-General of Film Development Council

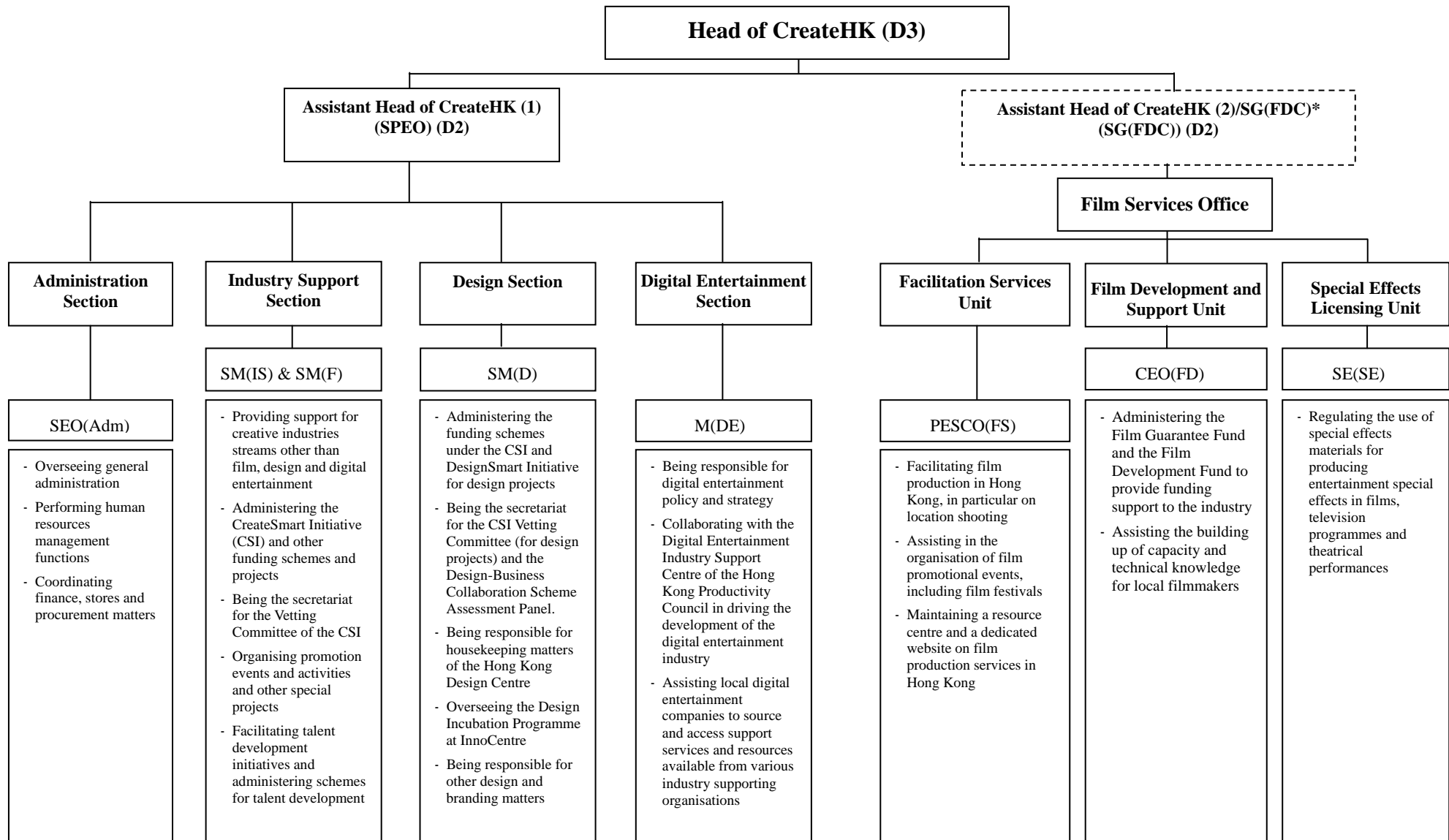
Rank : Secretary-General of Film Development Council (D2)

Responsible to : Head of CreateHK

Main Duties and Responsibilities –

1. To supervise the Secretariat of the Film Development Council (FDC), which advises the Government on the formulation of long-term, medium-term and short-term strategies for the development of the film industry.
2. To assist Head of CreateHK in overseeing the administration and management of all public funds (including the Film Development Fund, the Film Guarantee Fund, and other funds for the film sector as appropriate) established to promote the development of the film industry, and assist the FDC in formulating advice to the Government on the use of such funds.
3. To conduct film-related researches and commission external studies.
4. To implement government initiated measures to revitalise the Hong Kong film industry and support its long-term development, and to review the effectiveness of these measures.
5. To co-ordinate with the film industry and government/public organizations to ensure smooth implementation of all publicly funded film-related activities, and collaborate with them to promote the film industry.
6. To represent Hong Kong in marketing and promoting Hong Kong films internationally.
7. To liaise with relevant bureaux and departments on legislative measures (e.g. anti-piracy) to safeguard the interest of the film sector.
8. To oversee the day-to-day operation of the Film Services Office, including general management and personnel matters.

Proposed Organisation Chart of the Create Hong Kong (CreateHK), Communications and Technology Branch



Legend: * A permanent post of SG(FDC) (D2) is proposed to replace the existing D2-equivalent non-civil service position of SG(FDC).

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|-----------|---|----------|--|--------|-----------------------------------|
| CEO(FD) | Chief Executive Officer (Film Development) | SE(SE) | Senior Engineer (Special Effects) | SM(D) | Senior Manager (Design) |
| M(DE) | Manager (Digital Entertainment) | SEO(Adm) | Senior Executive Officer (Administration) | SM(F) | Senior Manager (Funding) |
| PESCO(FS) | Principal Entertainment Standards Control Officer (Film Services) | SG(FDC) | Secretary-General (Film Development Council) | SM(IS) | Senior Manager (Industry Support) |