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Clerk to Panel
Legislative Council Secretariat
(Attn : Ms Alice Leung)
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Ms LEUNG,

I refer to your letter dated 29 January to the Secretary for Home Affairs.

On the issues relating to the Hong Kong Chinese Orchestra (HKCO) raised in the letter from Dr Hon Kenneth CHAN attached to your letter, our response is set out below.

Subvention Policy for the Major Performing Arts Groups

At present, the Home Affairs Bureau (HAB) provides recurrent subvention to the nine major performing arts groups (MPAGs) (including The Hong Kong Philharmonic Orchestra, the HKCO, the Hong Kong Repertory Theatre, the Hong Kong Dance Company, the

Hong Kong Sinfonietta, the Hong Kong Ballet, the City Contemporary Dance Company, the Chung Ying Theatre Company and the Zuni Icosahedron) for them to develop quality programmes, enhance audience building, cultivate artistic and arts administrative talents and organise cultural exchange activities.

The nine MPAGs have all along been the key partners of the Government in promoting the development of arts and culture in Hong Kong. In line with our policy on artistic autonomy and freedom of artistic creation, the HAB will not interfere with the artistic decisions of the arts groups. However, we have certain requirements for the MPAGs in respect of promoting arts development and arts education, audience building, providing quality cultural programmes and maintaining sound governance and management. As such, we have put in place a mechanism to monitor the performance of the MPAGs, and we will consult the Advisory Committee on Arts Development (ACAD) on these matters, in order to ensure that the roles and attainments of the MPAGs are in line with Government's expectation. The Government's expectation of the MPAGs' roles and attainments (as set out at the Annex) was drawn up in the light of a recommendation in the Research Study on the Funding Mechanism for Major Performing Arts Groups in Hong Kong which was commissioned by the HAB in 2010. The Government's expectation has been conveyed to the MPAGs and reported to the Panel on Home Affairs in June 2012.

Starting from the 2013-14 financial year, the MPAGs have formulated their own sets of Comprehensive Performance Portfolio Framework based on the above, and submit a year-end comprehensive performance report, an audited annual financial statement, an annual financial report and an annual report to the HAB at the end of each financial year to facilitate the Government's monitoring of their performance. The Sub-committee on Funding for the Performing Arts under the ACAD will also consider such reports submitted by the MPAGs to the Government and advise HAB in respect of the MPAGs' performance. Furthermore, all MPAGs are required to publicize their annual financial statements, annual financial reports and annual reports for public information.

In addition, the HAB has entered into a Funding and Services Agreement (FSA) with each of the MPAGs since 2007, the FSAs clearly define the nature of service to be provided and the obligations expected to be carried out by the MPAGs, as well as setting out a number of requirements on corporate governance. To respect the autonomy of the arts groups, the boards/councils of the MPAGs are responsible for governing and monitoring the operation and performance of the MPAGs. The artistic and administration decisions of the MPAGs (including financial management and daily operation, as well as arrangements on the contracts, recruitment, remunerations, terms of office and contract renewal of the artistic and administration staff) should be implemented by the arts groups in accordance with the policy and guidelines as formulated by the boards/councils and in compliance with the relevant requirements stipulated in the FSAs. We have been closely monitoring the MPAGs' performance in complying with the requirements of the FSAs, representatives of HAB attend meetings of the boards/councils of the MPAGs as observers to understand the aspects on arts promotion and management of the groups.

The Government does not interfere with the artistic autonomy of arts groups. In handling subvention matters for the arts groups, provided that the MPAGs act in compliance with the requirements of the FSAs, they can manage the groups based on their professional knowledge and judgment having regard to their respective artistic and business development needs. The HAB has been consulting the ACAD on the enhancement of funding mechanism for the MPAGs and maintaining close communication with stakeholders in implementing the relevant recommendations in the research study.

Complaint against the HKCO

Regarding the complaint on HKCO's internal management lodged by some of its musicians, the HAB has conveyed to the Council of the HKCO the complainants' views on staff management and appointment as well as their comments on the artistic performance of individual musicians. Although changes in the artistic staff establishment and the appointment of artistic staff are matters within the artistic autonomy of the arts groups, we have asked the Council of the HKCO to provide us with detailed information on the issues, and we have also replied to the complainants.

We understand that the Council of the HKCO has set up a special committee to handle the complaint lodged by the three musicians. A meeting between the two parties are being arranged to communicate on the concerns raised by the musicians. The Council of the HKCO will also reply to the Secretariat of the Panel on Home Affairs on the letter from Dr Hon Kenneth CHAN separately.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Elaine Mak', written in a cursive style.

(Ms Elaine MAK)
for Secretary for Home Affairs

Government's Expectation of the Roles and Attainments of the Major Performing Arts Groups (MPAGs)

The Government expects that each MPAG should fulfill the roles and meet the requirements set out below in order to continue to maintain its status as a MPAG :

Aspect	Expectation
Achieving artistic excellence and maintaining a reasonably high level of programmes/ activities	<ul style="list-style-type: none"> - Regularly producing high quality work. - Having a strong artistic reputation amongst peers in and outside Hong Kong and being recognized as of high standard. - Having a solid and growing audience base. - Regularly producing new work independently or in collaboration with other artists/ arts groups and its innovativeness is recognised by peers.
Contributing to the grooming of local artistic talents	<ul style="list-style-type: none"> - Providing professional development opportunities to local artists and creative practitioners including through employment, training, internship, mentoring and commissioning their work. - Participating in collaboration initiatives with other community partners/ institutions such as HKAPA, educational/training institutions or arts organisations to groom local artistic talents. - Making appropriate budget provision for training and staff development.
Promoting industry development	<ul style="list-style-type: none"> - Working with other MPAGs and non-MPAGs to : <ul style="list-style-type: none"> ○ share best practices; ○ collaborate to develop new work that utilize the strengths and characteristics of different arts groups and art forms; and ○ make the most efficient and effective use of resources such as through sharing and other forms of collaboration.

Aspect	Expectation
Actively engaging in audience building	<ul style="list-style-type: none"> - Making use of diverse modes and channels as well as exploring new ways of organizing activities to cultivate new audience's interest in the art form. - Outreaching to audience in various locations across the districts, including more remote locations (e.g. Yuen Long and Tuen Mun, etc.). - Developing new ways of presenting the art form (e.g. by cross-disciplinary collaboration and making use of new technology, etc.) to attract new audience.
Actively supporting arts education	<ul style="list-style-type: none"> - Organising or participating in a range of arts education activities independently or in collaboration with other bodies such as schools and arts organisations, etc. to enhance students' knowledge and interest in arts and abilities of arts appreciation.
Promoting cultural exchange and cooperation	<ul style="list-style-type: none"> - Participating in and supporting cultural exchange and cooperation with other places to promote Hong Kong's position as an international arts hub.
Maintaining sound governance and management	<ul style="list-style-type: none"> - Maintaining a well-balanced composition of governing board to include people with the necessary knowledge and experience. - Putting in place proper governance and management rules, procedures and mechanisms. - Monitoring regularly to ensure compliance. - Putting in place a sound human resources management system. - Complying with relevant legal and regulatory requirements. - Providing management staff with continuing development opportunities to upkeep management capability. - Striving for institutional development.
Achieving effective financial management and financial sustainability	<ul style="list-style-type: none"> - Making efficient and effective use of public funding. - Maintaining a healthy financial condition. - Continuing to broaden sources of financing to build up a solid financial base.