

政府總部  
民政事務局



香港添馬添美道二號  
政府總部西翼十二樓  
OUR REF : (15) in 26/2016 to HAB/C/C 50/2084/07  
TEL NO. : 3509 8125  
FAXLINE : 2802 4893

**GOVERNMENT SECRETARIAT  
HOME AFFAIRS BUREAU**

12TH FLOOR, WEST WING,  
CENTRAL GOVERNMENT OFFICES,  
2 TIM MEI AVENUE,  
TAMAR,  
HONG KONG.

17 June 2016

Clerk to Legislative Council Panel on Home Affairs  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong  
(Attn : Ms Joanne MAK)

Dear Ms MAK,

I refer to your letter dated 11 May addressed to the Secretary for Home Affairs.

We write to provide our reply to the enquiry raised in the letter from Hon CHAN Ka-lok, Kenneth attached to yours, regarding matters on the procurement of services by the Hong Kong Philharmonic Orchestra (HK Phil).

Subvention policy for major performing arts groups

The Home Affairs Bureau (HAB) has entered into a Funding and Services Agreement (FSA) with each of the nine major performing arts groups (MPAGs)<sup>1</sup>, which clearly defines the nature of services to be provided and the obligations to be fulfilled by the MPAGs, and sets out a number of requirements in respect of governance. Governance matters, as well as monitoring of the daily operation and performance of MPAGs, are the responsibilities of their respective governing boards/councils.

---

<sup>1</sup> The nine MPAGs receiving recurrent subvention from HAB include the HK Phil, the Hong Kong Chinese Orchestra, 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.

The artistic and administrative decisions, including those on financial management and daily operation, are made by the MPAGs in accordance with the policies and guidelines formulated by their respective governing board/council, which should also comply with the relevant requirements stipulated in the FSA.

In respect of procurement of goods and services, the FSA provides that MPAGs shall conduct such procurement activities on a fair, unbiased and competitive bidding basis. The governing boards/councils of MPAGs are also required to formulate relevant policies and guidelines according to the above principle, and to ensure that the day-to-day procurement activities are conducted in compliance with such requirements.

#### Matters relating to procurement of services by the HK Phil

The matters stated in your letter relate to the procedures adopted by the HK Phil in procuring services from a production company, and rased concerns over the involvement of HK Phil's Senior Director of Administration and Finance in the process. HAB has already requested the HK Phil to provide detailed information on the matter after noting the above complaint against the group.

According to the information provided by the HK Phil, Mad Music Ltd., the production company concerned, has been engaged for a total of four times to provide production services for the HK Phil's fundraising events and a season opening reception in 2012, 2014 and 2015 respectively. Among the above, another production company was originally engaged to organise the fundraising event in 2012. However, its service contract with the HK Phil was terminated about a month before the event for certain reason. According to the HK Phil, only Mad Music Ltd. was invited to provide a service quotation<sup>2</sup> for the event due to the tight schedule. As for the other three events, the HK Phil explained that it had invited quotations from other production companies in addition to Mad Music Ltd., and Mad Music Ltd. was finally awarded the contracts with a lower quoted price. The procurement exercises of the four events mentioned above were all handled by the staff of the Development Department<sup>3</sup> of the HK Phil, and approved by

---

<sup>2</sup> The quotation offered by Mad Music Ltd. was lower than that of the production company originally engaged to provide services.

<sup>3</sup> The Development Department and the Administration and Finance Department of the HK Phil are two separate departments.

the organising committees (including members of the HK Phil's Board of Governors) of the events or the Chief Executive of the HK Phil.

According to the relevant policies and guidelines on procurement of services, if the suppliers/contractors under consideration are family members or friends of any HK Phil staff involved in the selection process, a declaration of interest should be made by the staff member concerned accordingly. The HK Phil confirmed that its Senior Director of Administration and Finance was **not** involved in the procurement procedures in the four exercises mentioned above (including the selection of suppliers/contractors), hence the requirement for declaration of interest was not applicable<sup>4</sup>.

#### Follow-up actions

The HK Phil stated that, while the above-mentioned procurement exercises have been conducted in accordance with the policies and guidelines approved by its Board of Governors, the management and the Board attach great importance to the public's concerns in respect of this matter, and a review of the overall procurement policies and guidelines is being conducted. The HAB will also follow up on the review to ensure that HK Phil's procurement policies and guidelines can manifest the principle of a fair, unbiased and competitive bidding basis more clearly. The HAB will continue to keep abreast of the governance matters of the HK Phil and other MPAGs as well as their execution of the FSAs. We will also offer timely advice and assistance as and when necessary.

Yours sincerely



( Elaine MAK )

for Secretary for Home Affairs

---

<sup>4</sup> According to the HK Phil, a family member of the Senior Director of Administration and Finance has been employed to work for Mad Music Ltd. since August 2015. As soon as the Senior Director of Administration and Finance learnt that her family member would be involved in the fundraising event held in December 2015 handled by Mad Music Ltd., she made a declaration to the Chief Executive of the HK Phil and the Event Organising Committee in November 2015.