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民政事務局

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**GOVERNMENT SECRETARIAT  
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OUR REF : (14) in 39/2015 to HAB/C/C 50/2084/07  
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14 October 2015

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 25 August addressed to the Secretary for Home Affairs.

In respect of the enquiry raised in the enclosed letter from Hon CHUNG Shu-kun, Christopher, regarding the Hong Kong Philharmonic Orchestra (HKPhil)'s performance given at a private event in Amsterdam, the Netherlands during its tour to Europe in March 2015, our reply is set out below.

**Subvention Policy for the Major Performing Arts Groups**

The Home Affairs Bureau (HAB) provides recurrent subvention to nine major performing arts groups (MPAGs) in Hong Kong. They include the HKPhil, 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. In 2013-14, government subvention accounts for an average of 62% of

the nine MPAGs' total income. Apart from Government funding, other sources of income of the MPAGs include box office income, events organised or sponsored by other organisations, donations/sponsorships, tuition fees, etc.

The nine MPAGs have all along been the Government's key partners in promoting arts and cultural development in Hong Kong. They support and promote local arts and cultural development through developing quality programmes, audience building, grooming artistic talents and arts administrators, as well as showcasing the unique art and cultural scene of Hong Kong to the international communities through cultural exchanges with their overseas and Mainland counterparts. In addition to organising various public performances, the MPAGs may also participate in other local or overseas events organised or sponsored by other organisations having regard to their audience building and fundraising strategies, so as to solicit support from various sectors of the community and expand their sources of funding.

#### Arrangements for MPAGs' participation in self-financing activities

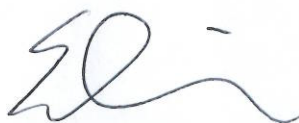
According to the Funding and Services Agreement (FSA) entered into by the Home Affairs Bureau (HAB) with each of the nine MPAGs, the groups shall not use Government subvention to cross-subsidise self-financing activities organised or sponsored by other organisations. The MPAGs have to submit their annual business plans and budgets, including plans for publicly-funded programmes for the coming year, to the HAB. The MPAGs are also required to submit to the HAB their year-end comprehensive performance reports, annual audited financial statements, financial reports and annual reports to facilitate the Government's work in monitoring their performance. As the purpose of the FSA is mainly to monitor the use of public funds, it does not require MPAGs to report on their self-financing activities. Nevertheless, MPAGs are required to comply with the guidelines on charging full costs for services provided on a self-financing basis to sponsoring organisations, and to keep a separate set of accounts for such programmes/activities.

Enquiry on a private performance given by the HK Phil in Amsterdam

On the enquiry raised by the Hon CHUNG Shu-kun, Christopher regarding a private performance given by the HKPhil in Amsterdam, the HKPhil responded that its Governing Board leadership was aware of the nature of the performance at the early stage of planning for the event. The HKPhil stated that in considering an invitation for performing in a private event, the management would take into account a number of factors, including the artistic merits, the nature of co-operation, financial income, the availability of the group, as well as the likely benefits from fostering a relationship with the organiser in order to expand the groups' network of sponsors etc. The HKPhil had taken the above factors into account in considering whether to accept the invitation to perform in Amsterdam. Moreover, the fees paid by the organiser of the performance in Amsterdam had already covered the costs, including the per diem allowance, accommodation and transportation for the musicians and instruments etc. The HKPhil did not subsidise the expenses of the performance by Government subvention, the arrangement is not in breach of the relevant requirement that Government subvention shall not be used to cross-subsidise the self-financing activities organised or sponsored by other organisations. After deducting the necessary expenses, the net proceeds had gone to the HK Phil's revenue. The musicians received no additional income other than the per diem allowances.

We note that the HK Phil has responded to the media's enquiries regarding the performance in the above private function. We also note that the Governing Board of the HK Phil attaches importance to the public's concerns over the matter and has taken follow up actions, including the provision of clearer guidelines for HK Phil to participate in such private performances in the future. The HAB will continue to monitor the arrangements for handling self-financing activities by the HKPhil and other MPAGs, and will provide advice and the necessary assistance when appropriate.

Yours sincerely



(Elaine MAK)

for Secretary for Home Affairs