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# Panel on Information Technology and Broadcasting Meeting on 10 April 2017

#### Updated background brief on facilitating cinema development

#### **Purpose**

This paper provides updated background information on the Administration's efforts in facilitating cinema development and summarizes views and concerns expressed by the Panel on Information Technology and Broadcasting ("the Panel") on the matter.

### Background

2. The film industry is the flagship of the creative industries in Hong Kong. It contributes significantly to the development of local services industries as well as tourism, and enhances the international and cultural image of Hong Kong. The Administration adopts a four-pronged strategy to promote the development of the film sector, i.e. encouraging more local film production, nurturing film production talent, promoting film appreciation among students and young people to build up audiences, and showcasing and promoting the brand of "Hong Kong Films".

## Supporting the film industry in Hong Kong

- 3. The Administration has introduced numerous supportive measures to provide a favourable environment conducive to the long-term and healthy development of the Hong Kong film industry. These include:
  - (a) establishing the Film Development Fund ("FDF") in April 1999 to support a wide range of projects such as training of film personnel, overseas promotion of local films, etc.;

- (b) introducing a Grant Scheme under FDF in May 2015 to subsidize small-budget film productions, and establishing the Film Guarantee Fund by redeployment of funds from FDF to provide a revolving loan guarantee facility; and
- (c) setting up the Hong Kong Film Development Council in April 2007 to advise the Administration on the policy, strategy and institutional arrangement for the promotion and development of the film industry.
- 4. In nurturing film production talents, the Administration launched the First Feature Film Initiative ("FFFI") in 2013 on a pilot basis to groom new film directors by fully subsidising the production of their first feature-length commercial films. FFFI also serves the purposes of identifying and nurturing new film talents through a competition on screenplay and production proposals. The initiative was re-launched in March 2015 as a regular project and three rounds of competitions for FFFI have been held.
- 5. To cultivate audience, the Administration provides funding support for the annual Hong Kong International Film Festival. Discount tickets for admission to film festival screenings and "Film Plus" programmes are organized to encourage young people to watch films and to participate in post-screening discussions with film professionals.
- 6. The Administration also provides subsidies for local films to compete or participate in international film festivals, and provides funding support to the Hong Kong Asia Film Financing Forum --- a widely recognized significant film financing platform in Asia which brings filmmakers with upcoming projects from Asia and beyond to Hong Kong for co-production ventures with top financiers, producers, bankers, distributors and buyers.

#### Facilitating cinema development

7. According to the Administration, increasing the supply of cinema will facilitate movie-watching by the community and support movie audience-building, and is conducive to the long-term development of Hong Kong's film industry. In the 2015 and 2016 Policy Addresses, the Chief Executive announced that the Administration would consider reserving space for cinemas in major cultural and entertainment development areas, and would explore ways to facilitate cinema development through land sale and planning, as well as requiring developers to include cinemas in their development projects as appropriate in the terms and conditions of the land lease ("land-lease option")<sup>1</sup>.

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The Administration announced on 13 March 2017 that a cinema requirement would be included in the land lease of two commercial sites in Kai Tak and Shatin that are planned for sale. The requirement would specify a minimum number of cinema seats to be provided, as well as other technical specifications being worked out among relevant government departments.

8. Meanwhile, the Administration has also implemented other measures to facilitate movie-watching by members of the public, including installing movie screening facilities at the Auditorium of the North District Town Hall to make it convenient for residents of the North District to watch movies in their own district.

#### **Previous discussions**

9. At the Panel meetings held on 2 February 2016 and 7 February 2017 on the major initiatives relating to the Commerce and Economic Development Bureau under the Policy Addresses of 2016 and 2017, respectively, the Administration outlined the initiatives on, among other matters, supporting the local film industry, including facilitating cinema development. Members' views are summarized in the ensuing paragraphs.

#### <u>Increasing the number of cinemas</u>

- 10. During the discussion, members noted that the number of cinemas in Hong Kong had continued to decline in recent years, and commented that cinemas in Hong Kong required more assistance from the Government in order to maintain a continued presence in community. Some members noted the objective and initiatives of encouraging provision of cinemas in shopping malls was not highlighted in the 2017 Policy Address. They expressed concerns whether the Administration was committed to implementing the policy. Members suggested that the Administration should provide a clear timetable regarding the land-lease option.
- 11. The Administration informed the Panel that discussions were being held among relevant departments to explore the land-lease option. A policy study on the land-lease option had been completed, and the Administration was drawing up relevant supporting arrangements. Certain structural requirements, such as high ceilings and extended space, would have to be imposed for buildings if cinemas were to be included in the leases.

#### Ticket price

12. Some members commented that surging ticket price had dampened people's desire to watch films in cinemas. The Administration responded that ticket prices were set by cinema operators on commercial consideration and were beyond the Administration's control. However, the Administration had introduced incentive measures such as offering discounts for students in the Hong Kong International Film Festival to encourage movie audience building. Individual cinemas had provided special discounts for elderly and student patrons in certain show periods during the day.

#### Latest position

13. The Administration will brief the Panel on 10 April 2017 on the policy in facilitating cinema development.

#### **Relevant papers**

14. A list of the relevant papers with their hyperlinks is at:

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