

For information
on 10 April 2000

**Legislative Council Panel on
Information Technology and Broadcasting**

Film Development Fund : Report on Funding Allocation

INTRODUCTION

This paper briefs Members on the latest position of the funding allocation under the Film Development Fund.

BACKGROUND

2. In his Policy Address delivered in October 1998, the Chief Executive proposed the setting up of a \$100 million Film Development Fund (the Fund). On 9 November 1998, the Information Technology and Broadcasting Bureau (ITBB) consulted Members on the mode of operation of the Fund, including the scope of the Fund, the mechanism and criteria for vetting applications and the monitoring mechanism. On 27 November 1999, the Finance Committee of the Legislative Council approved the establishment of the \$100 million Fund. The Fund, administered by the Television and Entertainment Licensing Authority (TELA), started to operate in 1999.

LATEST POSITION OF FUNDING ALLOCATION

3. In January 1999, a Projects Vetting Committee (PVC) was set up under the Film Services Advisory Committee (FSAC) by the ITBB to scrutinize funding applications. The scope of the Fund and the criteria for approving applications are set out in Annexes I and II respectively. The Film Services Office (FSO) under the TELA is responsible for providing secretariat support to the PVC, processing applications and monitoring the implementation of approved projects. The PVC received 60 applications during the four application quarters of 1999, of which 10 were approved. Altogether, about \$16.4 million were allocated to these 10 projects.

4. Of the ten projects approved, two have been completed. A brief description of the ten projects is set out below –

- (i) “Forum on the Co-production of Motion Pictures and Exchanges of Creative Experience with Mainland Film Production Studios” organized by the Hong Kong Film Awards Association. The purpose of the Forum is to provide opportunities for local film companies to exchange views with Mainland film production studios and to explore possibilities of co-operation, with a view to promoting Hong Kong film business in the Mainland. The approved funding is about \$200,000 and the project was completed in April 1999;

- (ii) “Hong Kong Film Directory” published by the Hong Kong, Kowloon and New Territories Motion Picture Industry Association. The purpose of the film directory is to help promote Hong Kong films both locally and overseas. The approved funding is about \$300,000 and the project was completed in December 1999;

- (iii) “Training Programme for Film Art-work Professionals” organized by the Hong Kong Film Arts Association. The purpose of the programme is to enhance the technical competence of film art-work professionals. The approved funding is about \$1 million;

- (iv) “Hong Kong-Asia Film Financing Forum” jointly organized by the Hong Kong Film Directors’ Guild, the Hong Kong Arts Centre and the Hong Kong Trade Development Council. The Forum, to be held from 13 to 17 April, aims at creating opportunities for joint investment in and production of films by Hong Kong and Asian countries, thus promoting Hong Kong as a film production and film financing centre in Asia. The approved funding is about \$3.5 million;

- (v) “Training Programme for Stuntmen” organized by the Hong Kong Stuntman Association. The purpose of the project is to provide comprehensive and practical training for practising stuntmen and those interested in joining this profession. The approved funding is about \$1.1 million;

- (vi) “Consultancy Study on the Financing of the Hong Kong Film Industry” commissioned by the FSO. The purpose of the project is to study the possibility of introducing a film financing system in Hong Kong so as to assist the industry in tackling difficulties in film financing. The approved funding is \$1 million;

- (vii) “Theme Development and Adaptation” organised by the Film Scriptwriters’ Training Programme Limited. The purpose of the project is to provide training for practising scriptwriters and those interested in joining this profession. The approved funding is about \$600,000;

- (viii) “Hong Kong Film Industry Information and Copyright Database”, a web site to be established by the Hong Kong, Kowloon and New Territories Motion Picture Industry Association. The web site will provide a copyright database on local films and an image database on the designs of VCDs/DVDs of films. These databases will

help the industry, law enforcement agencies and the public to verify copyright information. The web site will also contain information on the box office receipts of local films. The approved funding is about \$1.2 million;

(ix) “The Hong Kong Millennium Film Awards Presentation Ceremony” organized by the Hong Kong Film Awards Association. The Association plans to expand the scale of the event, enrich its content and take the opportunity to pay tribute to distinguished members of the local film industry. Arrangements will be made for the presentation ceremony to be broadcast by local and overseas television stations so as to bring Hong Kong films to the attention of overseas media and film industries. The approved funding is about \$2.3 million; and

(x) “Assistance Scheme for Script Writing” organized by the Hong Kong Screen Writers’ Guild. The organiser will set up a fund to provide financial assistance to local scriptwriters to encourage the production of quality scripts. In so doing, the organiser seeks to raise the standard of Hong Kong films. The organiser expects to provide financial assistance to 40 scripts in two years, and will market the scripts on the scriptwriters’ behalf. If the scripts are sold for film production, the organiser will return to the Government the financial assistance provided

to the production of those scripts. The approved funding is about \$4.8 million.

5. The remaining 50 applications were not approved because they either fell outside the ambit of the Fund or failed to meet the vetting criteria. Examples of unsuccessful applications included those projects that would benefit only individual private companies instead of the film industry as a whole, projects which would duplicate the ongoing work of other organisations, and those that would involve recurrent expenditure and would not be able to become self-financing after a certain period of time.

THE MONITORING MECHANISM

6. To ensure the proper use of the Fund, the TELA has established a mechanism to monitor the implementation progress of the approved projects. Following the approval of the funding applications by the PVC, the applicants have to sign an undertaking and proceed with the projects in accordance with the conditions laid down by the PVC as well as the budget, scope and implementation schedule of the projects approved by the PVC. The organizations receiving funding support from the Fund are required to submit progress reports to the FSO at regular intervals and a final report after the projects are completed for the scrutiny of the PVC. During the implementation period, the FSO will closely monitor the progress of the projects. If necessary, the staff of the FSO will conduct inspections to ensure that the projects are carried out as scheduled. In

general, the funds are disbursed by instalments. After the disbursement of the first instalment, the Commissioner for Television and Entertainment Licensing (CTEL) will disburse the next instalment only after the PVC has been consulted on the progress and the financial position of the projects and has found the progress satisfactory. Furthermore, prior permissions have to be sought from the PVC for any significant changes to the budget, project scope and implementation schedule already approved. The CTETL will submit an assessment report to the PVC on each completed project and make regular reports to the FSAC.

WAY FORWARD

7. The FSO will keep in close contact with the film industry, so as to deepen their understanding of the ambit and vetting criteria of the Film Development Fund, and encourage them to draw up further project proposals which will foster the development of Hong Kong's film industry.

Information Technology and Broadcasting Bureau

April 2000

Film Development Fund
Scope of the Fund

Government's objective of setting up the Fund is to achieve the following major goals through funding of projects :

- (i) to enhance the professional and technological capabilities of the local film industry;
- (ii) to improve the professional skills of the industry's workforce;
- (iii) to encourage the production of more creative and diversified films;
- (iv) to facilitate the industry in the mastering and application of advanced technology so as to enhance the audio and visual effects of films;
- (v) to stimulate further improvement in the quality of local film production and services; and
- (vi) to improve the production and operation environment of the industry.

Funds would only be granted to projects that can achieve the aforesaid goals.

Film Development Fund
Criteria for Approving Applications

1. An applicant should normally be a locally registered institution/organisation engaged in film business or a related body. The FSO can also apply for funding.
2. Projects under application must be beneficial to the overall development of the local film industry, such as enhancing the competitiveness of the local film industry.
3. Benefits accrued from the projects must serve the interests of the entire film industry, and not just an individual private company or a consortium of private companies.
4. Projects should mainly be non-profit making by nature. Special consideration could be given for projects that can ultimately be self-financing.
5. Funds approved cannot be used to create any civil service posts.
6. In examining an application, the following must be taken into consideration:
 - (i) the benefits that a project may bring to the local film industry;
 - (ii) the need for such a project;
 - (iii) the technical and project management capabilities of the applicant institution/organisation;
 - (iv) whether the implementation schedule of the proposed project is well planned and whether the time required for implementation is reasonable;
 - (v) whether the proposed budget is reasonable and realistic;

- (vi) whether there is/will be any duplication in terms of the work carried out by other institutions; and
- (vii) for a project involving recurrent expenditures (such as salaries and other administrative expenses), the period required for such expenditures and whether the project can be self-financing after a certain period of time.