



1. Introduction

1.1 Globally, private museums have been thriving and they now account for one-third of the aggregate number of museums, with more visible increase witnessed in the segment of arts museums.¹ While most of private museums rely heavily on philanthropy of collectors and donors in financing and daily operation, supportive measures of governments (e.g. tax concessions and accreditation schemes) also play a role in enriching cultural diversity. For Hong Kong, the number of private museums is estimated to exceed 35 in 2019, broadly on par with that of public museums.² Yet local private museums face more operational challenges than their overseas counterparts (e.g. space constraint, high rentals and inadequate publicity) and most of them do not receive any support from the Government.³ While some private museums are reportedly struggling for survival, Hong Kong Trams Station at the Peak was shut down in August 2018. There is thus advocacy in society to enhance government support for private museums, with a view to promoting Hong Kong as a cultural hub in Asian region.⁴

1.2 At the request of Hon MA Fung-kwok, the Research Office has studied overseas policy support for private museums. The United States ("US") and the United Kingdom ("UK") are selected for further study because (a) private museums proliferate in these two places, taking up more than three-fifths of the total number of museums; (b) their museum accreditation schemes for quality assurance are well-established; and (c) their governments

¹ Private museums in this study refer to those public exhibitions of collections owned by private entities (e.g. individual collectors, private enterprises, charitable organizations, foundations and universities). Such exhibitions are non-profit making, excluding galleries aiming at sales of collections. They also exclude those government-owned museums or museums set up by arm's length institutions of the Government. See United Nations Educational, Scientific and Cultural Organization (2019).

² As the Government does not compile statistics on private museums, this is a preliminary count of the Research Office based on scattered information available. See Chan, K. (2017).

³ Few private museums operated by local universities may obtain indirect government funding through the universities. Such funding is not covered in this study.

⁴ 香港 01 (2017), GovHK (2017) and 思考香港 (2019).

offer financial support to operators and donors of private collections. This information note begins with an overview of global trend development and social benefits of private museums, followed by respective development in Hong Kong. It will then discuss the policy measures to support development of private museums in the two selected places.

2. Recent global development of private museums

2.1 ***Private museums have been booming across the globe in recent decades especially in the segment of arts museums.*** According to a survey on 56 places conducted by the United Nations, private museums took up 34% of all museums in September 2018.⁵ The rise is particularly visible in the segment of arts museums, as more private arts collectors have come forward to share their acquisitions with the public.⁶ Reportedly, over 70% of world's private art museums were founded after the new millennium, with South Korea, the US, Germany and China as the top four destinations.⁷ Apart from altruism, rapid wealth accumulation especially in emerging economies makes it more affordable for private collectors to share their exhibits with the public.⁸ Taking China as an example, the number of private museums quintupled during 2008-2018, from 319 to over 1 600.⁹ Besides, tax benefits offered to donors also contributed to this growth, which will be further discussed below.

2.2 ***Private museums help widen the cultural landscape of a society, with a number of social benefits.*** ***First***, unlike the public ones, private museums enjoy a greater degree of freedom in acquisition and curation of valuable collections, facilitating cultural preservation. For example, 57% of private art museums around the world keep over 500 artworks each, some of which may not be the targets of public museums due to budget constraints or rigid procurement procedures.¹⁰ ***Secondly***, many private museums play a role in educating the public and developing their appreciation capability. As an illustration, two-thirds of global private art museums offer museum tours and lectures to deepen visitors' understanding of the collections. ***Thirdly***, proliferation of private museums could boost cultural tourism and local

⁵ This survey covered only 57% of the 55 000 worldwide museums in 2019. See United Nations Educational, Scientific and Cultural Organization (2019) and De Gruyter Saur (2019).

⁶ There are many types of museums, such as (a) archaeology museums; (b) history museums; (c) science and technology museums; and (d) art museums. Amongst them, arts museums exhibited faster growth in recent years. See Zarobell, J. (2017) and Zorloni, A. (2016).

⁷ Larry's List (2016).

⁸ Global Citizen (2016) and McCafferty, G. (2016).

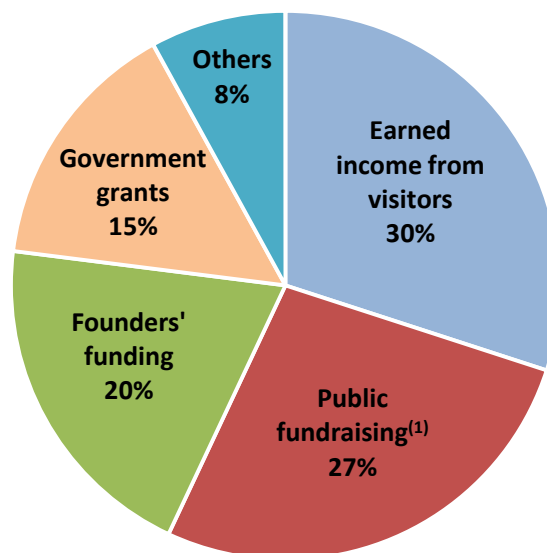
⁹ 國家文物局 (2019).

¹⁰ Larry's List (2016).

employment, with beneficial impact on local economy. Taking the Metropolitan Museum of Art in the US as an example, it helped generate US\$946 million (HK\$7.3 billion) of tourist spending to the New York City in summer 2015, representing 1.5% of overall tourist spending in that year. **Fourthly**, increasing donation to private museums due in part to tax benefits could promote philanthropy and altruism in the society.¹¹

2.3 Yet **most of private museums across the globe are facing significant funding challenges, as their business models cannot be self-financing and must rely on philanthropy of donors for sustainable operation.** By and large, most of global private museums are very small in scale, with 65% of private arts museums having fewer than 20 000 visitors annually (or just 55 visitors daily). This contrasts against millions of visitors to reputed national public arts museums. Taking the income stream of private museums in London as an illustration, visitor receipts (e.g. admission fees, receipts from museum stores and restaurants) took up just 30% of average annual income in 2011 (**Figure 1**). While government support contributed 15% to annual income, the majority (47%) of income came from various sorts of donations from the private sector, particularly from the founders (20%) and public (27%).

Figure 1 — Annual income of private museums by source in London



Note: (1) It also includes fund raised from members of museums.

Source: NCVO Research (2012).

2.4 **Government support facilitates continued survival of private museums in some places.** These include introduction and promotion of accreditation schemes (sometimes in collaboration with reputed organizations

¹¹ Baumgardner, J. (2015) and Zorloni, A. (2016).

in the museum sector) to strengthen visitor confidence in both the quality of exhibits and management of private museums. This can be seen in France and various states of Australia (e.g. Victoria and Queensland). Alongside accreditation, some places have also introduced a more stringent regulatory framework such as **dedicated museum legislation** to ensure that governance and operation of both private and public museums meet the statutory standard.¹² For instance, such legislation was enacted in Japan and Taiwan in 1951 and 2015 respectively. On **financial support**, direct funding from various levels of government (i.e. national, provincial and local) is quite common, though the amount of subsidy is usually small relative to the total income of museums, as discussed above. Last but not the least, donations of cash and collections to museums are **tax deductible** (e.g. income tax or profit tax).¹³ Taking the US as an example, wealthy collectors can deduct "the full market value of the art, cash, and stocks they donate" from taxable income, usually to the private museums or foundations under their control.¹⁴ As such, these collectors can keep the collections and enjoy tax exemptions at the same time. Philanthropic endeavours and tax benefits are thus intertwined in donations to private museums.

2.5 The Singaporean government has also introduced similar measures to support private museums. Since 1996, the National Heritage Board ("NHB") has initiated a Museum Roundtable, providing a mutual platform to private and public museums for training, networking and outreaching. During 2008-2018, the number of participating museums in this platform has risen from 52 to 57, within which 16 are private ones. While NHB set up an "Approved Museum Scheme" in 2003 to accredit quality museums, 250% tax reduction are offered to donors of artwork to nine approved museums. Heritage grants are also provided to private museums as direct funding.

3. Recent developments of private museums in Hong Kong

3.1 While there are no statistics on private museums in Hong Kong, a crude estimation based on scattered information available puts its number to over 35 (**Figure 2**). It is broadly on par with the 37 public museums.¹⁵ By and large, private museums in early years were mostly founded by universities

¹² A dedicated museum legislation can prevent a profit-making company from using the name of "museum" in business registration but engaging in commercial activities unrelated to the functions of museum. See Audit Commission (2006).

¹³ Quick, E. et al. (2014).

¹⁴ Neuendorf, H. (2016).

¹⁵ Chan, K. (2017).

(e.g. University of Hong Kong and Chinese University of Hong Kong) and renowned charitable organizations (e.g. Tung Wah Group of Hospitals and Po Leung Kuk). For those established in the more recent decade, they were usually founded by private collectors or family foundations on their own premises, with more diversified exhibition themes. In line with global trend, arts museums are the most visible driver of growth in local private museums.

Figure 2 — Examples of private museums in Hong Kong

	Name	Founding Year	Theme	Area (m ²)	Collection
1.	University Museum and Art Gallery, HKU	1953	Art	1 500	2 992
2.	Tung Wah Museum	1970	History	700	27 600
3.	Art Museum, CUHK	1971	Art	3 200	15 000
4.	Hong Kong Museum of Medical Sciences	1996	Science	995	2 000
5.	Hong Kong Racing Museum	1996	History	557	-
6.	Scout Gallery	1996	History	-	-
7.	Po Leung Kuk Museum	1998	History	333	-
8.	Madame Tussauds Hong Kong	2000	Wax figure	-	100
9.	Fans Museum	2005	Fan	17	400
10.	Hong Kong Maritime Museum	2005	History	4 400	1 200
11.	Tao Heung Museum of Food Culture	2005	Food	465	1 200
12.	Farm Museum	2006	History	-	-
13.	The BNP Paribas Museum of Bethanie	2006	History	-	-
14.	Dr. & Mrs. Hung Hin Shiu Museum of Chinese Medicine, HKBU	2007	Science	472	-
15.	Peak Tram Historical Gallery	2007	History	650	200
16.	St. Stephen's College Heritage Gallery	2008	History	372	-
17.	Hong Kong Museum of Education, EdUHK	2009	Education	130	25 000
18.	Sai Kung Cultural Museum	2009	History	-	-
19.	Stephen Hui Geological Museum, HKU	2009	Science	500	10 000
20.	Imperial Museum Limited	2012	Art	300	200 000
21.	Jao Tsung I Academy - The Gallery	2012	Art	282	90
22.	Solar Tower	2012	Science	1 500	-
23.	Heritage of Mei Ho House museum	2013	History	400	1 200
24.	Jockey Club Museum of Climate Change, CUHK	2013	Science	800	100
25.	University Gallery, CUHK	2013	History	557	-
26.	F11 Foto Museum	2014	Art	279	-
27.	June 4 th Museum	2014	History	102	-
28.	Liang Yi Museum	2014	Art	1 860	6 700
29.	Asia Society Museum	2015	Art	631	-
30.	Sam the Record Man - The Record Museum	2015	Music	78	20 000
31.	Sun Museum	2015	Art	1 161	48
32.	Hong Kong Chinese Writing Brush Pen Museum	2016	Art	178	1 061
33.	A' Museum	2017	Art	250	200
34.	Centre for Heritage, Arts & Textile ("CHAT")	2018	Art	1 879	100
35.	Hong Kong News-Expo	2018	News	1 108	1 502

Note : Data obtained from respective museums and the Internet.

3.2 **Local private museums are facing more financial and operational challenges than their overseas counterparts.** In spite of its upsurge in number in recent years, most of private museums in Hong Kong are small in scale, with an average area of just around 860 m² (Figure 2). While there is no aggregate statistics on annual attendances at private museums, it is believed that they attract far fewer visitors than public museums.¹⁶ As most of local private museums do not receive any direct government support, they are facing the following challenges in operation:

- (a) **High operating cost:** Space limitation and hefty rentals are the biggest challenges facing local museums. For instance, a museum with an average area of some 860 m² needed to incur an annual accommodation cost of some HK\$13 million in 2019, based on an assessment methodology in a journal article published by the Leisure and Cultural Services Department ("LCSD") in 2017.¹⁷ Coupled with other expenses (e.g. exhibit maintenance, staff cost and utility fees), annual operational costs for museum would be even higher. The author of journal article concluded that "Hong Kong is probably the most difficult place in the world to establish private museums".¹⁸

As such, the Hong Kong Trams Station at the Peak was forced to shut down in August 2018, because it could not afford the two-fold increase in rentals after mall renovation.¹⁹ Reportedly, few private museums are also on the brink of closure;²⁰

- (b) **No tax benefit to arts donors:** Similar to overseas counterparts, local private museums rely heavily on philanthropy of founders and cash donors for continued operation. While tax deduction for cash donation to charitable private museums is allowed in the local tax system, it is not so for donation of artefacts and collections.²¹ Moreover, tax incentive is "not very effective" in

¹⁶ In 2018-2019, there were altogether 5.5 million visitors to the 16 public museums operated by the Leisure and Cultural Services Department.

¹⁷ The former study adopted a very tiny size of 20 m² in calculation. This study uses a larger size of 860 m², which is the average size based on data obtained from 35 private museums in Figure 2. See Chan, K. (2017).

¹⁸ Chan, K. (2017).

¹⁹ 香港 01 (2018).

²⁰ 香港 01 (2017).

²¹ Based on the Inland Revenue Ordinance (Cap. 112), cash donation not less than HK\$100 from donors to private museums is counted as charitable donations and is tax deductible, subject to a maximum of 35% of assessable profits or income after adjustment for allowances.

stimulating donation of collections under a low tax environment in Hong Kong;²²

- (c) **No museum accreditation in Hong Kong:** The existing Museums Regulation (Cap. 132AT) regulates public museums only. While private museums are not subject to any regulation, there is no museum accreditation scheme run either by the Government or local museums association.²³ Without accreditation schemes, visitors may cast doubt on the quality of local private museums;
- (d) **Limited publicity:** In face of budget constraint, it is not easy for private museum to attract local visitors and overseas tourists. Taking Hong Kong Maritime Museum ("HKMM") as an illustration, it is amongst the biggest private museums in Hong Kong. Yet its annual visitor number declined by 3% over the past year to 129 900 in 2018-2019, with a daily average of 356 visitors only;²⁴ and
- (e) **Collection management and indemnification:** Unlike public museums with more resources and professional expertise, smaller private museums face more challenges in maintaining their collections. Also, there is no indemnification framework in Hong Kong to provide low-cost insurance for collections on loan at present, hindering collections sharing amongst private museums and other collection owners.²⁵

3.3 Government support for local private museums is highly selective and on a case-by-case basis. At least five local private museums are now receiving government subsidy in the form of nominal annual rent of just HK\$1 for their occupancy of Government-owned monumental buildings, such as the Hong Kong Museum of Medical Sciences located at the Old Pathological Institute in Sheung Wan and HKMM in Central.²⁶ More specifically for HKMM

²² Committee on Museums (2007).

²³ Without a dedicated museum legislation and registration, the Hong Kong Curators Association suggested it might "hinder the future development of the museums in Hong Kong". See Audit Commission (2006).

²⁴ Hong Kong Maritime Museum (2020).

²⁵ Without indemnification framework in place, premiums purchased for temporary exhibition would be "costly and prohibitive". See Lord Cultural Resources Planning & Management (2003).

²⁶ Other three private museums enjoying nominal rents are Jao Tsung-I Academy, Heritage of Mei Ho House and Hong Kong News-Expo. They are all granted under the "Revitalising Historic Buildings Through Partnership Scheme".

entrusted and run by the local shipping industry, not only does it pay nominal rent of HK\$1, it is also the only private museum receiving recurrent subvention directly from the Government, amounting to HK\$6 million or 25% of its total income in 2018-2019.²⁷ This rare exception originated from a formal request of HKMM in its relocation to the Central Pier prior to the expiry of its previous lease at the Murray House in Stanley in February 2012. The Government gave exceptional funding approval to HKMM on the grounds of (a) historical significance of Hong Kong as a port city and its maritime background; (b) professional track records of HKMM; and (c) HKMM fitting well into the new waterfront facilities.²⁸ With HKMM as a precedent, there are increased calls for enhanced government support to facilitate further development of private museums.²⁹

4. Policy support for private museums in the United States

4.1 The US has the largest number of museums in the world, doubling from 17 500 in the 1990s to over 35 100 in 2014.³⁰ The overall museum sector attracts 850 million visits annually, providing 726 200 jobs and generating tax revenue of US\$12 billion (HK\$93 billion) in 2016.³¹ More specifically on the segment of private museums, it took up a lion share of 71% of the museum population, partly boosted by tax benefits in donations. Metropolitan Museum of Art ("the Met") in New York and the Museum of Contemporary Art in Los Angeles are amongst the most famous private museums in the US.³²

4.2 To better assist museums to perform social functions in education and cultural preservation, the Office of Museum Services ("OMS") under the

²⁷ In 2018-2019, total income of HKMM was HK\$24 million, with the largest income contribution from the endowment trust (with a share of 29%), followed by government grant (25%), receipts from events and rentals (19%), public programme (10%), fundraising (9%) and admission (8%).

²⁸ In January 2010, the Government set out five parameters to assess financial request from private museums on a case by case basis. They include (a) contribution to cultural ecology; (b) showcasing Hong Kong's unique development; (c) enhancement to creative economy; (d) partnership with government and community; and (e) professional management.

²⁹ 香港 01 (2017), GovHK (2017) and 思考香港 (2019).

³⁰ In the US, historical sites took up the largest share of 48.0% in museum population, followed by general museums (33.1%) and history museums (7.5%). See Institute of Museum and Library Services (2014).

³¹ Oxford Economics (2017).

³² Although the Met is located at premises owned by the City of New York, it is governed by its own Board of Trustees with full ownership to its collection. It is widely regarded as a private museum. See Metropolitan Museum of Art (2010) and Home Affairs Bureau (2010).

Institute of Museum and Library Services ("IMLS") of the US federal Government has been supporting development of the museum sector (including both private and public ones) through grants and other policies since its establishment in 1996.³³ In January 2018, IMLS published a strategic plan to help museums to achieve goals like promotion of lifelong learning and serving local communities.³⁴ Here are some of the major support measures:

- (a) **Museum and Library Services ("MLS") Act:** The MLS Act was first passed in September 1996 to channel public funds to private and public museums through various grant programmes of OMS. However, unlike museum legislation in other places, there is no provision under the MLS Act for direct regulation of private museums in the US. In other words, private museums in the US are operating on self-regulating basis;
- (b) **Accreditation and quality assurance programmes:** Since 1971, the American Alliance of Museums ("AAM") has launched the peer-based museum accreditation on a voluntary basis, as well as other quality assurance programmes (e.g. Pledge of Excellence and Museum Assessment Program). Some of these programmes are run in collaboration with IMLS.³⁵ Over 4 800 or 14% of American museums participated in these programmes by March 2020, about four-fifths of these accredited museums were private museums;³⁶
- (c) **Direct public funding:** The US Government has been providing competitive funding to the museum sector at various administrative levels. To obtain such funding, museums must submit proposal in line with the specified project categories and submit performance report annually.³⁷ Based on an IMLS study completed in 2006, the Federal Government distributed about

³³ IMLS is an independent agency of the US federal Government which aims to advance, support, and empower American museums through grant making, research and policy development.

³⁴ Institute of Museum and Library Services (2018).

³⁵ Accreditation refers to a peer-based validation of operations and impacts of museums. It usually takes 8-16 months to complete the accreditation and it lasts for 10 years. Pledge of Excellence requires museums to operate according to a set of core standards issued by AAM, whereas Museums Assessment Program is a year-long process of self-assessment and peer review with funding support from IMLS under a cooperative agreement signed in March 2019.

³⁶ American Alliance of Museums (2020).

³⁷ For example, there are four project categories within the "Museums Empowered" programme, namely (a) digital technology; (b) diversity and inclusion; (c) evaluation; and (d) organization management.

US\$150 million (HK\$1.2 billion) to both private and public museums through five sources such as OMS, National Endowment for Humanities ("NEH") and National Endowment for the Arts ("NEA"). Yet the aggregate public funds accounted for just 7-24% of annual revenue of private museums;³⁸

- (d) **Tax deduction for donation to museums:** Prevalence of private museums in the US can be attributed in part to the tax deduction enjoyed by their donors. Individuals in the US are entitled to itemized tax deduction for cash donation up to 60% of taxable income. More importantly, their donation of artefacts and collections are also tax deductible at full market value on the basis of independent appraisal.³⁹ According to the Art Appraisal Panel of the Inland Revenue Service ("IRS"), the average value of the artwork donated was US\$1.18 million (HK\$9.3 million) in 2018. With the marginal tax rate of personal income tax as high as 37% in the US, the tax saving can be quite attractive to donors. It was estimated that over 90% of art collections held in public trust of art museums were donated by individuals.

Some critics commented that artefact donations merely reflect tax avoidance by collection owners.⁴⁰ In June 2016, US Senate Committee on Finance chaired by Orrin Hatch noted that weekly opening hours of some private museums were just 20 hours, while some required advanced reservation for months.⁴¹ These findings cast doubt on justifications on tax advantages accorded to both non-profit private museums and their donors. Yet IRS has not adjusted its tax policy or responded to this complaint over the past four years; and

- (e) **Collection care assessment and indemnity:** OMS collaborated with industry body to provide advice on collection care to 236 small or medium-sized museums in over 40 states under the Collections Assessment for Preservation ("CAP"). Besides, NEA provides insurance coverage up to US\$1 billion (HK\$7.8 billion) to

³⁸ Institute of Museum and Library Services (2008).

³⁹ To enjoy full deduction, the artwork to be donated to museums must be owned by art collector for more than one year beforehand and be kept by the charity for at least three years afterwards. Also, the appraisal requirement only applies to artworks valued at over US\$5,000 (HK\$38,830).

⁴⁰ Cohen, P. (2015) and Neuendorf, H. (2016).

⁴¹ United States Senate Committee on Finance (2016).

private museums under the Arts and Artifacts Indemnity Program from 1975 onwards. As at end-2012, a total of 1 100 exhibitions and 111 200 objects were indemnified, the museum sector thus saved an average of US\$9.9 million (HK\$76.9 million) of insurance premiums a year.

4.3 The aforementioned policies seem to be able to bolster the growth of private museums in the US, especially the tax incentives to donors. Charitable giving now accounts for about one-third of operating funds and 80% of collections for all museums in the US. With 71% of museum population as private museums in 2014, the ratio in the US is the highest in the world.

5. Policy support for private museums in the United Kingdom

5.1 The UK is renowned for its world-class public museums, with four of the 10 most visited museums in 2018 located in London (i.e. British Museum, Tate Modern, National Gallery and Natural History Museum). As regards private museums (named as "independent museums" in the UK), they have witnessed significant growth of 45% in three decades, from some 1 100 in the 1990s to over 1 600 nowadays. Private museums thus constitute a share of 60% in total museum population, 43% of employment and 26% of economic output from the entire museum sector.⁴² Over 24 million visitors paid visit to UK private museums in 2019, spending some £439 million (HK\$4.49 billion).⁴³ Some private art museums located in London, such as Saatchi Gallery founded in 1985 and Zabłudowicz Collection founded in 2007, are amongst the finest in the world.

5.2 Department for Digital, Culture, Media and Sport ("DCMS") oversees museum policy in the England, sponsoring 15 public museums and galleries. While DCMS does not provide direct funding to private museums, their operators could seek funding support from arm's length bodies ("ALBs") of the UK government, including Arts Council England ("ACE") and Heritage Lottery Fund ("HLF").

⁴² In 2013, these museums employed over 16 400 staffs and created £370 million (HK\$4.5 billion) of economic output in England alone. A more recent study focusing on the entire UK in 2019 indicated that private museums had generated as much as £487 million (HK\$4.9 billion) of gross direct economic output. See TBR (2015) and Association of Independent Museums (2019).

⁴³ Amongst the 24 million visitors, 57% were local visitors while the rest of 43% were national and international visitors. See Association of Independent Museums (2019).

5.3 As an integral part of the renowned cultural industry in the UK, the UK Government creates a favourable environment for museums to carry out social functions of learning support, community cohesion and economic regeneration. In June 2016, DCMS published an overall policy paper on museums and galleries for a five-year period till 2020, covering measures such as tax incentives, funding and collection indemnity. After an independent review (i.e. the "Mendoza Review") in November 2017, the UK Government published an action plan on museums in October 2018, with 27 recommendations straddling nine priority areas (e.g. funding, audiences, collection and digitalization).⁴⁴ Here are the key policy measures with respect to private museums in the UK:

- (a) **Self-regulation of private museum:** The existing museum legislation in the UK (e.g. British Museum Act 1963 and Public Libraries and Museums Act 1964) covers public museums only.⁴⁵ Similar to the US, private museums in the UK are subject to self-regulation;
- (b) **Museum Accreditation Scheme ("MAS"):** As such, accreditation plays an important role in the UK. ACE introduced MAS in 1988 to help all museums to reach quality standard in corporate governance, collection management and user experience. After the amendment in November 2018, the validity period under MAS was extended from three to five years. By September 2019, a total of 1 744 or 64% of UK museums participated in MAS. Within this total, 1 060 were accredited private museums, taking up 66% of total private museums in the UK;
- (c) **Public funding:** Various government departments in the UK have been supporting museums through regular funding or project-based grants, sometimes using accreditation as a key approval benchmark.⁴⁶ In 2016-2017, public funding support from 11 sources to the entire museum sector in England stood at £839 million (HK\$8.4 billion).⁴⁷ It was estimated that for every

⁴⁴ Mendoza, N. (2017) and Department for Digital, Culture, Media and Sport (2018).

⁴⁵ Taking British Museum as an illustration, it is regulated by the British Museum Act of 1963.

⁴⁶ During 2017-2019, over £54 million (HK\$427 million) was awarded to 95 accredited museums through different public grant programmes.

⁴⁷ Public funding to museums is sourced mainly from (a) DCMS; (b) ACE; (c) HLF; (d) Ministry of Defence; (e) local government; (f) Higher Education Funding Council for England; (g) National Heritage Memorial Fund; and (h) Historic England. See Mendoza, N. (2017).

£1 of public sector grant given to museum, it would generate £3 of income from investment and donations. More specifically on museum funding from ACE and HLF, the combined annual amount of funding support was £134 million (HK\$1.3 billion), within which about two-fifths went to private museums;

- (d) **Tax deduction to donors:** Individual or corporate taxpayers could also enjoy tax deduction from donating important artwork or heritage objects to museums under both Acceptance in Lieu ("AIL") and Cultural Gifts Scheme ("CGS").⁴⁸ During 2009-2019, museums accepted a total of 374 objects valued at £378 million (HK\$3.8 billion) from these two schemes, settling £235 million (HK\$2.4 billion) of inheritance, income and profit taxes; and
- (e) **Collection sharing and indemnity:** There is collection sharing between private and public museums in the UK. During 2017-2018, public museums lent out some 20 000 objects in 490 loans to private museums. Besides, under the Government Indemnity Scheme ("GIS") launched in 1980, it provides cost-free indemnity cover for loss or damage of items arising from short to long-term loan for public display or study purpose. As an alternative to commercial insurance, GIS achieves cost savings of the all museums in the region of £15 million (HK\$150 million) annually and enables private museums to hold some important exhibitions.

5.4 The above policies seem to propel development of private museums in the UK, as manifested in 45% growth over the past three decades. That said, at least 64 museums were closed since 2010, partly due to the 13% cut in public funding to the entire museum sector in real term during 2007-2017. There are calls in the UK for enhanced government support to the museum sector.

⁴⁸ While AIL enables successor to offset inheritance tax when the original owners of collection passed away, CGS encourages lifetime donations of cultural objects by deducting 20-30% of object value from income or profit tax.

6. Concluding remarks

6.1 In **Hong Kong**, only few private museums received financial support from the Government in the form of notional rent of HK\$1 for their occupancy of government-owned monumental buildings, whereas HKMM also receive annual recurrent funding of some HK\$6 million. However, for the majority of private museums, they mostly rely on philanthropy of donors for continued existence in the absence of Government support. Reportedly, few private museums are on the brink of shut-down.

6.2 For **the US and the UK**, the governments are providing more support to the museum sector (including private ones) for enriching cultural diversity. These measures include (a) museum accreditation schemes run mainly by the respective museum associations; (b) direct government funding to those private museums with accreditation benchmark; (c) tax deduction to donors of artefact and collection; and (d) technical advice on collection management and sharing of indemnity cost.

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