

# 立法會 *Legislative Council*

LC Paper No. CB(2)1497/09-10(09)

Ref: CB2/PL/HA

## **Panel on Home Affairs**

### **Background brief prepared by the Legislative Council Secretariat for the meeting on 14 May 2010**

#### **Proposed capital injection into the Arts and Sport Development Fund**

#### **Purpose**

This paper provides background information on the Arts and Sport Development Fund ("ASDF") and gives an account of views and concerns of Legislative Council ("LegCo") Members on the last injection of funds into ASDF in 2009.

#### **Background**

2. In January 1997, the Finance Committee ("FC") approved the setting up of ASDF as a sub-fund under the Sir David Trench Fund for Recreation<sup>1</sup> to provide funding for key initiatives of the Hong Kong Arts Development Council ("HKADC") and the then Hong Kong Sports Development Board in their respective five-year strategic plans. A sum of \$300 million was approved as a one-off injection to support the proposed activities. Of this injection, \$160 million and \$140 million were earmarked for the arts and sports portions of the ASDF respectively. Since then, the Administration had proposed further injections into ASDF, viz. an injection of \$80 million (of which \$40 million each was earmarked for the arts and sports portions) in 2007, and \$150 million (of which \$60 million was earmarked for the arts portion and \$90 million for the sports portion) in 2009, to provide continued support for the development of arts and sports in Hong Kong. These proposals were endorsed by FC at its meetings on 26 January 2007 and 20 February 2009 respectively.

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<sup>1</sup> Sir David Trench Fund for Recreation is a statutory fund established under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128) for the purpose of providing facilities for recreational, sporting, cultural and social activities and other objects ancillary or incidental to this purpose. It is held in trust by the Incorporation of Director of Accounting Services and administered by SHA.

### **Arts portion of the ASDF**

3. The Secretary for Home Affairs ("SHA") considers and approves applications to the arts portion of the ASDF submitted by the HKADC, including those initiated by the HKADC itself and those proposed by the arts sector and recommended by the HKADC. Established in June 1995, the HKADC is a statutory body set up under the Hong Kong Arts Development Council Ordinance (Cap. 472) to promote and develop culture and the arts in Hong Kong. HKADC has been supporting the development of local artists and arts groups mainly through its various grant schemes. Apart from the annual recurrent subvention (around \$84 million in 2008-2009) from the Government, the arts portion of the ASDF is the only other source of funding available to the HKADC to support other significant projects that contribute to the further development of the arts in the community.

4. To tie in with its re-focused mission to nurture budding artists and the small and medium-sized arts groups, HKADC has since 2007 used the new injection to support schemes and initiatives targeting at new and budding artists/arts groups, small and medium-sized arts organisations, arts education, arts promotion and community participation.

### **Sports portion of the ASDF**

5. Like the arts portion, SHA considers and approves applications for the sports portion of ASDF, which has been used for supporting projects in the following categories -

- (a) preparation for major games;
- (b) participation in major games;
- (c) hosting of major international events; and
- (d) other "one-off" activities which are of significant importance to the development and promotion of sports in Hong Kong.

6. According to the Administration, the sports portion of ASDF is an important source of funding to reinforce support for elite athletes, in particular to enhance their medal-winning chances in major games. Since the inception of ASDF, the sports portion has been the major source of support for local top athletes to have regular international training exposure and competition experience in the lead-up to major games.

### **Past discussions**

7. The major views and concerns raised by Members at different LegCo forums during the deliberation on the Administration's proposal for the injection of funds to

ASDF in 2009, including the meetings of the Panel on 9 January 2009 and 6 February 2009 and the meeting of the Finance Committee on 20 February 2009, are summarised in the ensuing paragraphs. Discussions in relation to the 2007 fund injection are summarised in LC Paper No. CB(2)580/08-09(07) issued to members on 7 January 2009.

#### Adequacy and allocation of the injected funds

8. Members in general supported the injection of funds for the promotion of arts and sports, but considered that the proposed funding of \$60 million for the arts sector and \$90 million for the sports sector were insufficient for the sustainable development of arts and sports. The Panel passed a motion at its meeting on 6 February 2009 requesting the Administration to increase the total amount of injection to ASDF to \$200 million, and allocate the Fund in a fair manner to enable greater participation by the public in arts and sports activities. Some members commented that the Administration investment on local arts development was insignificant when compared to the substantial investment on the West Kowloon Cultural District. Other members considered that the Administration should attach the same importance to arts and sports development, and ensure a balanced allocation of funds between the arts portion and the sports portion of ASDF.

9. The Administration took note of members' request for increasing the injection to the ASDF and for a more balanced distribution of funds for arts and sports development, and undertook that where appropriate, it would make further injections to ASDF in future. On the funding support for arts development, the Administration advised that the Government's expenditure on promoting arts development accounted for 1% of total public expenditure, which compared favourably with western countries such as France. It further explained that apart from one-off injections, financial support was provided to the arts group on an ongoing basis. In addition to the financial support for the arts sector provided by the Arts Development Fund which amounted to about \$86 million each year, the subvention for nine major performing arts groups amounted to about \$272 million, while the annual provision for the Hong Kong Academy for Performing Arts amounted to about \$227 million per annum.

10. As regards the sports sector, the Administration advised that the government subvention to the Hong Kong Sports Institute Limited was in the range of \$100-200 million per annum. For the development of young potential athletes, the Administration would initiate discussion with the relevant National Sports Associations on the establishment of a more extensive feeder system for the early identification of these athletes.

#### Support for small and medium-sized arts groups and young artists

11. Some members urged the Administration to review its funding policy and mechanism with a view to enhancing its support for the nurturing of young budding artists and small and medium-sized arts groups. These members also called for more Government efforts in formulating policies to support street performances and display of arts exhibits in public venues for the promotion of a more vibrant arts scene.

12. The Administration advised that it would commission a consultancy study to develop a new funding mechanism for the major performing arts groups. The study would also make recommendations on funding for non-major groups and complementary measures to support the non-subsidised groups to ensure the availability of an effective progression ladder for non-majors. The Administration further advised that it was in the course of reviewing the policy on street performance and display of arts exhibits in public venues, and would consult the District Councils and the Panel in due course.

#### Support for non-main stream arts groups

13. Some members considered that the Administration should increase funding provision to ASDF for the support of non-main stream art forms such as seal-carving, literary arts and arts criticism. The Administration took note of members' views and advised that it would bid for further funding support for the arts in accordance with the established resource allocation mechanism as needs arose.

14. As to members' concern about the Government support for arts programmes involved persons with disabilities ("PWDs") (such as inclusive arts), the Administration advised that the Leisure and Cultural Services Department would continue to conduct various promotional activities for inclusive arts. These included presentation or support for performing arts programmes involving disabled artists such as the works of "Theatre of the Silence", organisation of suitable activities for participation by students of special schools, collaboration with arts groups of PWDs to organise performances, workshops or exhibitions with a view to giving PWDs further opportunities to develop their artistic potentials, and offering half-price concessionary tickets to PWDs and their minders for performing arts programmes and fee-charging exhibitions and activities of museums.

#### Performing venues

15. On a member's suggestion to allow performing arts groups to use vacant school buildings/sites for staging performances, rehearsals or storage of their stage sets for the purpose of addressing the venue shortage problem, the Administration advised that the Education Bureau had an established mechanism to return vacant school sites which were no longer suitable for education use due to their sizes, locations and physical conditions to the relevant government department for disposal. The Administration would need to consider the matter carefully as the sites so returned were mostly remote and might not be suitable for use by the performing arts groups.

#### Public and corporate sponsorship

16. A member urged the Administration to step up its effort to garner public and corporate support and sponsorship for the development of arts and sports. The member also called for the setting up of a "fund-matching" scheme and arts development funds for the promotion of arts, acquiring/commissioning art works or organising art activities. The Administration replied that the sustainable

development of the arts and sports in Hong Kong would depend increasingly on a close partnership between the Government and corporate bodies. The HKADC, with the support of the Home Affairs Bureau, had set up the Hong Kong Arts Community Fund to garner public and corporate support for the arts.

### Policy on arts and sports development

17. Some members considered that the Administration should as a matter of priority, formulate a long-term policy for the sustainable development of the arts and sports.

18. As advised by the Administration, Hong Kong had adopted a descriptive approach in formulating its arts and cultural policy. Such an approach, which applied also to countries such as United Kingdom, Australia and Canada, encouraged creative expression and pluralistic participation in the arts, with the Government essentially playing the role as a facilitator for arts development. The Administration would endeavour to implement the recommendations of the Policy Recommendation Report of the Culture and Heritage Commission with a view to positioning Hong Kong as an arts and culture metropolis. Regarding sports development, the Administration's long-term strategy was to promote sport in the community, to help develop elite athletes, and to make Hong Kong a venue of sports event.

### **Latest development**

19. The Financial Secretary has proposed in the 2010-2011 Budget to inject \$3 billion into the ASDF as seed money and use the annual investment returns to subsidise the long term development of arts, culture and sports. A member raised a question on ASDF at the Council meeting on 17 March 2010. In particular, the member enquired about the persons to be responsible for managing the seed money, the mechanism to govern the investment of the seed money, and the role of the LegCo and the relevant sector in monitoring the operation of the seed money. The Administration's response is in **Appendix I**.

20. The Administration will consult members on the proposed injection of funds as described in the preceding paragraph in conjunction with the discussion on strengthening the arts and cultural software of Hong Kong at the meeting of the Panel on 14 May 2010.

### **Relevant papers**

21. A list of relevant papers with their hyperlinks at the LegCo website is in **Appendix II**.

Council Business Division 2  
Legislative Council Secretariat  
11 May 2010

LCQ7: Arts and Sport Development Fund

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Following is a question by the Hon Timothy Fok and a written reply by the Secretary for Home Affairs, Mr Tsang Tak-sing, in the Legislative Council today (March 17):

Question:

The Financial Secretary has proposed in the 2010-2011 Budget to inject \$3 billion into the Arts and Sport Development Fund as seed money and use the annual investment return of the Fund to subsidise the long-term development of sports, culture and arts. In this connection, will the Government inform this Council:

- (a) of the persons to be responsible for managing the aforesaid seed money;
- (b) how the items of investment of the seed money will be decided; and
- (c) whether the Legislative Council and the relevant sectors will participate in monitoring the operation of the seed money; if they will, of the mode of monitoring to be adopted as well as the scope of powers and responsibilities; if not, the reasons for that?

Reply:

President,

(a) The Arts and Sport Development Fund (ASDF) is a sub-fund under the Sir David Trench Fund for Recreation (set up under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128) (the Ordinance)). The Secretary for Home Affairs has been delegated by the Chief Executive to manage the use of the Fund. The Director of Accounting Services, as the statutory trustee of the Fund, is responsible for managing the investment and accounting work. As required by the Ordinance, the Government has set up the Sir David Trench Fund for Recreation Investment Advisory Committee (the Committee) which comprises non-official members. The Committee sets the investment strategies for the Fund and its various sub-funds and advises on matters in relation to investment.

(b) The investment guideline of the Fund is based on a prudent and conservative principle. The current investments of the ASDF include fixed deposits and bonds. The proposed injection of \$3 billion by the Government will be used as seed money. Through the annual investment return, the seed money will provide the ASDF with additional and sustainable resources to subsidise the long-term development of sports, culture and arts. Based on the forecast of the annual funding requirements after the injection prepared by the Home Affairs Bureau, the Director of Accounting Services will work out the required target rate of return and consult the Committee on the investment strategies and portfolio.

(c) As mentioned in (a) above, the Committee has the participation of non-official members. Besides, under Section 9 of the Ordinance, the Director of Accounting Services is required to submit a statement of accounts of the Fund together with the auditor's report to the Legislative Council each year.

Ends/Wednesday, March 17, 2010

Issued at HKT 14:55

## Appendix II

### Panel on Home Affairs

#### Relevant documents on Proposed injection of funds into the Arts and Sport Development Fund

Committee	Date of Meeting	Minutes/Paper/ Council question	LC Paper No./ website
Panel on Home Affairs	9.1.2009	Administration's paper on Proposed injection of funds into the Arts and Sport Development Fund	CB(2)580/08-09(06) <a href="http://www.legco.gov.hk/yr08-09/english/panels/ha/papers/ha0109cb2-580-6-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ha/papers/ha0109cb2-580-6-e.pdf</a>
		Background brief on Proposed injection of funds into the Arts and Sport Development Fund	CB(2)580/08-09(07) <a href="http://www.legco.gov.hk/yr08-09/english/panels/ha/papers/ha0109cb2-580-7-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ha/papers/ha0109cb2-580-7-e.pdf</a>
		Minutes of meeting	CB(2)1088/08-09 <a href="http://www.legco.gov.hk/yr08-09/english/panels/ha/minutes/ha20090109.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ha/minutes/ha20090109.pdf</a>
	6.2.2009	Minutes of meeting	CB(2)1605/08-09 <a href="http://www.legco.gov.hk/yr08-09/english/panels/ha/minutes/ha20090206.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ha/minutes/ha20090206.pdf</a>
		Administration's response to questions on the Arts and Sport Development Fund	CB(2)743/08-09(01) <a href="http://www.legco.gov.hk/yr08-09/english/panels/ha/papers/ha0206cb2-743-1-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/ha/papers/ha0206cb2-743-1-e.pdf</a>
	13.2.2009	Administration's response on funding support for the arts groups and manpower training for culture and the arts	CB(2)798/08-09(01) <a href="http://www.legco.gov.hk/yr07-08/english/panels/ha/papers/ha0630cb2-798-1-e.pdf">http://www.legco.gov.hk/yr07-08/english/panels/ha/papers/ha0630cb2-798-1-e.pdf</a>



<b>Committee</b>	<b>Date of Meeting</b>	<b>Minutes/Paper/ Council question</b>	<b>LC Paper No./ website</b>
Finance Committee	13.2.2009	HEAD 53 - GOVERNMENT SECRETARIAT : HOME AFFAIRS BUREAU Subhead 700 General non-recurrent New Item "Injection into the Arts and Sport Development Fund"	FCR(2008-09)65 <a href="http://www.legco.gov.hk/yr08-09/english/fc/fc/papers/f08-65e.pdf">http://www.legco.gov.hk/yr08-09/english/fc/fc/papers/f08-65e.pdf</a>
	20.2.2009	Minutes of meeting	FC145/08-09 <a href="http://www.legco.gov.hk/yr08-09/english/fc/fc/minutes/fc20090220a.pdf">http://www.legco.gov.hk/yr08-09/english/fc/fc/minutes/fc20090220a.pdf</a>
Council Meeting	17.3.2010	Hon Timothy FOK raised a written question on Arts and Sport Development Fund	<a href="http://www.legco.gov.hk/yr09-10/chinese/communmtg/floor/cm0317-confirm-ec.pdf">http://www.legco.gov.hk/yr09-10/chinese/communmtg/floor/cm0317-confirm-ec.pdf</a> (pages 52)

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