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**Panel on Information Technology and Broadcasting**

**Meeting on 4 February 2013**

**Updated background brief on the work of the Create Hong Kong in  
promoting the development of creative industries**

**Purpose**

This paper provides the background to the establishment of the Create Hong Kong ("CreateHK") and also a summary of views and concerns expressed by the Panel on Information Technology and Broadcasting ("the Panel") in previous discussions on promoting the development of creative industries in Hong Kong.

**Background**

2. Apart from the four traditional pillar industries, the former Chief Executive announced in his 2009-2010 Policy Address the promotion of the development of creative industries, among the six major industries, to propel Hong Kong towards a knowledge-based economy.

3. Following the approval of the Finance Committee ("FC") on 22 May 2009, CreateHK was set up under the Communications and Technology Branch of the Commerce and Economic Development Bureau ("CEDB") in June 2009 to spearhead Government's efforts in driving the development of creative industries and to provide one-stop services for the promotion of creative industries. With the vision to build Hong Kong into a regional creative capital and the mission to foster a conducive environment to facilitate the development of creative industries in Hong Kong, the Government drew up a development strategy covering seven strategic directions (**Appendix I**) based on the consultation with the Legislative

Council and industries representatives. To enhance synergy and ensure better coordination and cost-effective deployment of various funding resources, the existing funds and schemes, which have been scattered among different agencies and departments for the development of creative industries, are centralized under the management of CreateHK. This is to enable CreateHK to have a better focus on the industries' needs, and develop initiatives which best suit their needs.

4. To further strengthen the Government's support to the creative industries, the Financial Secretary announced in the 2009-2010 Budget the setting aside of \$300 million to provide financial support to creative industries. Following the approval of FC on 22 May 2009, the CreateSmart Initiative ("CSI") was established in June 2009 to provide funding support for projects conducive to the development of creative industries, particularly projects initiated by the creative industry sectors (including architecture, comics, digital entertainment, advertising, music and publication, etc), CreateHK and other government departments. Other than the CSI, CreateHK also administers the \$250 million DesignSmart Initiative ("DSI")<sup>1</sup>, and the \$320 million Film Development Fund ("FDF").

5. According to the Administration's paper on policy initiatives of Communications and Technology Branch, CEDB featuring in the Chief Executive's 2013 Policy Address (LC Paper No. CB(4)310/12-13(01)), as at end December 2012, the CSI has committed funding support of close to \$240 million in total for 121 projects. To further underline its support for developing the creative industries, the Administration will inject an additional \$300 million to the CSI in 2013. Such injection will enable the CSI to provide sustained support for programmes that seek to nurture talents, expand the Mainland and overseas markets, build brands, and stage large-scale creative events to reinforce Hong Kong's position as Asia's creative capital.

6. Based on the statistics in 2012, Hong Kong has around 34 000 cultural and creative industries-related establishments with more than 189 000 practitioners. In 2010, cultural and creative industries contributed value added of nearly \$78 billion, or about 4.6% of Hong Kong's Gross Domestic Product ("GDP"). This represents a 22.8% increase in terms of value-added of GDP in 2010 over that of 2009.

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<sup>1</sup> In May 2011, the Administration issued an information paper on the consolidation of DSI and CSI (CB(1)2134/10-11(01) issued on 9 May 2011). The purpose of the consolidation was to rationalize funding arrangements for the creative sector and streamline processing. The Administration advised that with the exhaustion of funding under DSI, it would seek funding for the initiatives related to design to be considered under CSI.

## Previous discussions

7. At the Panel meeting on 13 February 2012, the Administration briefed members on the creation of a post of Senior Principal Executive Officer ("SPEO") (D2) under CreateHK and the work progress of CreateHK. The Panel supported the proposal to create a permanent post of SPEO under CreateHK to assist in formulating strategies, implementing various initiatives, and reviewing the effectiveness of such initiatives. Some Panel members urged the Administration to step up measures in promoting the work of CreateHK to the general public. Efforts should be made in matching the creative industry with the manufacturing industry in order to achieve synergy and bring maximum benefits to the local economy. Some other members suggested that CreateHK should participate in large scale events in Hong Kong's design scene such as the annual Hong Kong Footwear Design Competition. The relevant establishment proposal was subsequently approved by FC on 25 May 2012.

8. At the Panel meeting on 12 November 2012, the Administration briefed members on the proposal of the Administration to create a new civil service one-rank grade of Secretary-General of the Film Development Council ("SG(FDC)") to accommodate a permanent civil service post of SG(FDC)(D2) in CreateHK. The Panel supported in principle the Administration's establishment proposal, which was endorsed by the Establishment Subcommittee on 4 January 2013 and scheduled for consideration by FC on 8 February 2013.

9. Some Panel members opined that the Administration should formulate a long-term policy of the Government in support of the film industry. In this connection, some other members opined that the Administration should approve the FDF applications submitted by filmmakers who wished to explore certain experimental or taboo themes, such as equal rights for people of different sexual orientations. The Administration advised that it had been liaising with stakeholders in the film industry to gauge their views on the Government's long-term policy in support of the industry, including the nurturing of young talents and the expansion of markets outside Hong Kong. The latter would include facilitating the access of the film industry to the Cantonese film markets in Guangdong Province. Accordingly, the Film Development Council ("FDC")<sup>2</sup> introduced the "Sponsorship for Hong Kong

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<sup>2</sup> In his Policy Address in October 2006, the former Chief Executive announced that the Secretary for Commerce, Industry and Technology (retitled the Secretary for Commerce and Economic Development with effect from 1 July 2007) would co-ordinate the film-related policy, planning and activities, including manpower training, Mainland and overseas promotion, and filming support. In order to support the Secretary and ensure the policy was in line with the sustainable development of the film industry, the Government established the FDC on 15 April 2007.

Films (Cantonese Version) Distributed in Guangdong Province" scheme in July 2012. The Government and the FDC would continue to encourage the production of more quality films of new genres, and to help nurture talent for the local film sector through the FDF.

10. Some Panel members expressed concern that while the number of Hong Kong-Mainland co-production titles had grown in recent years, the number of Hong Kong personnel engaging in such co-productions, including front-stage, back-stage and post-production, had diminished. The Administration advised that Hong Kong-Mainland co-production titles constituted only a portion of the total film productions in Hong Kong. In recent years, the number of Hong Kong-Mainland co-production titles had been on a rising trend as Hong Kong filmmakers took advantage of the availability of funds, shooting locations and low-cost labour in the Mainland. More recently, as the cost of production in the Mainland had risen significantly, there had been signs that more and more small-to-medium budget films had reverted to being produced in Hong Kong, hence engaging more Hong Kong production personnel.

### **Recent developments**

11. At the policy briefing of the Panel on 18 January 2013, members noted the new and ongoing initiatives to support the development of creative industries under the 2013 Policy Address. Details of the initiatives are at **Appendix II**.

### **Latest position**

12. The Administration will update the Panel on the latest work of CreateHK in promoting the development of creative industries in Hong Kong since the last update in February 2012.

### **Relevant papers**

13. A list of the relevant papers with their hyperlinks is at: [http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb\\_g.htm](http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb_g.htm).

**Development of creative industries**

**Development strategy**

**Strategic Direction: Seven strategic areas**

- (a) nurturing a pool of creative human capital which forms the backbone of Hong Kong's creative economy;
- (b) facilitating start-ups and development of creative establishments;
- (c) generating demand for innovation and creativity and expanding local market size for creative industries;
- (d) promoting creative industries on the Mainland and overseas to help explore outside markets;
- (e) fostering a creative atmosphere within the community;
- (f) developing creative clusters in the territory to generate synergy and facilitate exchanges; and
- (g) promoting Hong Kong as Asia's creative capital.

### **New and ongoing initiatives to support the development of creative industries under the 2013 Policy Address**

#### **New Initiatives**

##### ***Topping up of CreateSmart Initiative***

The CreateSmart Initiative (CSI) with a \$300 million commitment was launched in June 2009 to provide financial support to projects conducive to the development of creative development. As at end December 2012, the CSI has committed funding support of close to \$240 million in total for 121 projects. To further underline the Administration's support for developing the creative industries, the Administration will inject an additional \$300 million to the CSI in 2013. Such injection enables the CSI to provide sustained support for programmes that seek to nurture talents, expand the Mainland and overseas markets, build brands, and stage large-scale creative events to reinforce Hong Kong's position as Asia's creative capital.

##### ***First Feature Film Initiative***

2. The Administration will leverage on the Film Development Fund (FDF) to groom talents for the local film industry. CreateHK plans to launch the First Feature Film Initiative in early 2013 to identify new filmmakers with no prior experience in directing commercial films and practitioners of the film industry through a competition on screenplay and creative proposals. Financial support from the FDF, in the form of a grant, will be made available to the three winning film production teams for implementing their winning film projects in 2013.

##### ***Development of Creative Clusters***

3. The revitalization of two buildings with historical significance into the Comix Home Base (CHB) and the PMQ will be completed in mid and end 2013 respectively. CreateHK will help the operators concerned to promote the facilities therein, with a view to building up local creative clusters and fostering a creative atmosphere within the community.

4. The CHB, formerly pre-war buildings located in Wan Chai, will be revitalised into an art community with comics and animation as the main themes to provide workshops, exhibition venues and space for holding activities. CreateHK will present the "Ani-Com Summer" (tentative title) in the summer of 2013 to tie in with the opening of the CHB, fund a series of animation and comics-related activities, and launch a promotional campaign in the Wan Chai District. The long-term goals are to establish the CHB as a new landmark for Hong Kong's animation and comics sector and provide a platform to facilitate collaboration and exchange among the practitioners and lovers of the animation and comics sectors.

5. The PMQ, formerly the Police Married Quarters at Hollywood Road, will be turned into a creative industries landmark with a focus on the design sector. It will provide about 130 studios for designers and practitioners of creative industries to create, display and sell their creative products. CreateHK will support the staging of the activities of the annual design-related mega events, "DETOUR" and "Business of Design Week" in the PMQ in end 2013. The Administration will also assist the PMQ in overseas marketing, with a view to attracting more organisations to hold their promotional and exchange activities in the PMQ. After the full commissioning of the PMQ in 2014, CreateHK will consider sponsoring the organisation of more activities through the CSI at the PMQ to develop the latter into a local creative cluster.

## **On-going Initiatives**

### ***Continued Efforts to Support the Film Industry***

6. In 2013, in addition to launching the First Feature Film Initiative (para 7 above), the Administration will continue to support the film industry. Since the injection of \$300 million in July 2007 up to end December 2012, the FDF has approved 28 film projects out of 65 applications received, with a total approved funding of \$77.85 million for co-financing the production of low to medium budget films by Hong Kong companies. The FDF has also approved 90 film-related programmes with a total funding of \$158.8 million. These projects cover, among others, the "Entertainment Expo Hong Kong", "Hong Kong-Asia Film Financing Forum", and the "Hong Kong Film Awards Presentation Ceremony".

### ***Strengthened Support to the Design Sector***

7. The Hong Kong Design Centre (HKDC) is Government's main partner in promoting the development of the local design sector and in nurturing design talent. The Administration will continue to support the HKDC in organising design promotional programmes for the benefit of the design sector, the business sector and the general public. In the coming year, it will also continue to monitor the progress of the government-funded programmes, including the two annual signature events namely "Business of Design Week" and "HKDC Awards" as well as the Design Incubation Programme which nurtures design start-ups.

### ***Mega Events to Promote Creativity***

8. The organization of mega creative events in Hong Kong helps reinforce Hong Kong's position as Asia's creative capital. The Administration will continue to sponsor a series of mega promotional events through the CSI. Those events which have been confirmed to be held in 2013 include SIGGRAPH Asia 2013, the International Comics Artist Conference, the Hong Kong Shenzhen Bi-City Biennale of Urbanism/Architecture, etc. The CSI will also continue to provide funding support for the design sector to organise design competitions, large-scale exhibitions, seminars and workshops, etc., with a view to consolidating the status of Hong Kong as Asia's design hub.

### ***Regional and Overseas Exchange***

9. To facilitate exchange between the local creative industries and their Mainland and Taiwan counterparts, the Administration will continue to provide funding support to such exchange activities. Subsequent to sponsoring a creative industry delegation comprising more than 40 members to attend the "Second Hong Kong – Taiwan Cultural Co-operation Forum" in Taipei in September 2012, CreateHK has sponsored the Hong Kong publishing and printing sector to set up a Hong Kong pavilion at the Taipei International Book Exhibition to be held in January to February 2013 to showcase Hong Kong's creativity and achievements in publishing and printing.



10. On the design front, the CSI has supported two designer exchange programmes in mid 2012 for local young designers to participate in the International Design Festival Berlin held in Germany and the Roskilde Festival held in Denmark for exchange and collaboration. In February 2013, another CSI-supported fashion guerilla tour will bring a group of local young fashion designers to Paris to promote Hong Kong brand fashion.

***Continued Efforts to Facilitate Development of Mainland China Market***

11. CreateHK also sponsors promotional and business matching activities to encourage the creative industries to tap the Mainland market. These include the "Creativity in Business" Seminar to be held in Chengdu for promoting Hong Kong's design and branding services to the Mainland customers.

12. The Administration also encourage the access of the Cantonese version of Hong Kong films in Guangdong and the release of these films in synchrony in Hong Kong and Guangdong. To help Hong Kong film productions develop the Guangdong market, the FDF will provide not more than \$250,000 to each approved film as subsidies for the publicity and distribution costs incurred for the release of the film in Guangdong.