

立法會
Legislative Council

LC Paper No. CB(4)667/12-13(07)

Ref. : CB4/PL/ITB

Panel on Information Technology and Broadcasting

Meeting on 27 May 2013

**Background brief on the Film Development Fund in supporting
the development of film industry**

Purpose

This paper provides background information on the Film Development Fund ("FDF") in supporting the development of the film industry. It also summarizes the views and concerns expressed by Members in previous discussions.

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. However, there has been a substantial decrease in the number of film productions, particularly small-to-medium budget films, as well as box office revenues in recent years. With a shrinking film market and decreasing number of local productions, the film industry is facing a difficult time, plagued with talent drought.

3. According to the Government, it is committed to providing a favourable environment conducive to the long-term and healthy development of the Hong Kong film industry. The Government first established the FDF in April 1999 with an approved commitment of \$100 million to support a wide range of projects such as training of film personnel, overseas promotion of local films, etc. In addition, the Film Guarantee Fund ("FGF"), a revolving loan guarantee facility with a

commitment of \$30 million, was established by redeployment of funds from the FDF. The Government further submitted a funding proposal seeking an injection of \$300 million into the FDF, which was approved by the Finance Committee ("FC") on 6 July 2007. The Government also established the new high-level Hong Kong Film Development Council ("FDC") in April 2007 to replace the Film Development Committee. Mainly comprising members from the film industry, the FDC is responsible for advising the Secretary for Commerce and Economic Development on the policy, strategy and institutional arrangement for the promotion and development of the film industry.

Previous discussions

4. At the meeting of the Panel on Information Technology and Broadcasting ("the Panel") on 12 November 2012, the Administration briefed members on the proposal to create a new civil service one-rank grade of Secretary-General of the FDC to accommodate a permanent civil service post of SG(FDC)(D2) in Create Hong Kong ("CreateHK"). The Panel supported in principle the Administration's establishment proposal¹.

5. When discussing the Government's long-term policy in support of the film industry, some members opined that the Administration should approve FDF applications submitted by filmmakers who wished to explore certain experimental or taboo themes. The Administration advised that having gauged the views of stakeholders in the film industry 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, FDC launched the "Sponsorship for Hong Kong Films (Cantonese Version) Distributed in Guangdong Province" scheme in July 2012. The scheme aimed at funding the distribution and publicity costs of Hong Kong films distributed in Guangdong Province in their Cantonese version on an accountable and reimbursable basis, and the maximum sponsorship for each film was \$250,000.

6. Regarding vetting of FDF applications, the Administration advised that FDC was assisted by its Fund Vetting Committee ("FVC") and experts drawn from a Panel of Examiners who were professionals in Hong Kong with experience in film production, financing, distribution, etc. The Administration would consider whether or not to approve an application by taking into account the recommendations of the FDC. Starting from December 2012, the FVC would include "creativity of the script" as one of

¹ The Administration's establishment proposal was subsequently endorsed by the Establishment Subcommittee on 4 January 2013 and approved by FC on 8 February 2013.

the approval criteria to be assessed by the Panel of Examiners for reference by the FVC.

7. Some Panel members opined that the number of Hong Kong-Mainland co-production titles had grown in recent years, and the number of Hong Kong personnel engaging in such co-productions had diminished. Hong Kong films had also become too market-oriented towards the Mainland. The Administration advised that Hong Kong-Mainland co-production titles constituted only a portion of the total film productions in Hong Kong. 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, engaging more Hong Kong production personnel. 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.

8. The Panel also discussed the concern of the film industry that location shooting in Hong Kong had been a very difficult task for local film production companies, but relatively easy for overseas film production companies. The Administration advised that the duties of the Film Services Office ("FSO") headed by SG(FDC) included facilitating film production and location shooting of films in Hong Kong. FSO gave equal treatment to local and international film production companies when facilitating their applications for location shooting in Hong Kong. At the request of the Panel, the Administration subsequently provided information on the total number of requests for assistance in location shooting in Hong Kong made by local vis-à-vis overseas film production companies, and a breakdown of the results of such requests, details of which are in **Appendix I**.

Recent developments

9. At the policy briefing for the Panel on 18 January 2013, members noted that the Chief Executive had announced in his 2013 Policy Address the launching of the First Feature Film Initiative ("FFFI") as the Government's latest support measure for the film industry. CreateHK would launch the FFFI in early 2013 to identify new filmmakers either from students or practitioners of the film industry with no prior experience in directing commercial films through a competition on screenplay and production proposals. Financial support from the FDF, in the form of a grant, would be made available to the three winning film production teams to implement their winning film projects.

10. The Audit Commission has recently conducted a review of the Government's financial support to the film industry. The review focused on the strategic review of FDF, administration of FDF film-production projects, income of FDF film-related projects, and monitoring of FDF projects. The executive summary provided by the Audit Commission is in **Appendix II**. The summary of follow-up actions taken by the Public Accounts Committee is in **Appendix III**.

11. At the special FC meeting to examine the Estimates of Expenditure 2013-2014 on 10 April 2013, Hon WONG Ting-kwong enquired about the policies and measures for supporting the development of the film industry. Hon CHAN Chi-chuen and Hon Martin LIAO also raised questions on the reasons for the few applications received under the FGF in recent years. They urged the Administration to implement improvement measures to encourage the industry to make use of the FGF. The Administration's replies are in **Appendix IV**.

Latest position

12. The Administration will brief the Panel on 27 May 2013 on the FFFI.

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

Council Business Division 4
Legislative Council Secretariat
21 May 2013

商務及經濟發展局
通訊及科技科

香港添馬添美道二號
政府總部西翼二十一樓



COMMUNICATIONS
AND TECHNOLOGY BRANCH
COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU

21/F, West Wing
Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong

本局編號 OUR REF :
來函編號 YOUR REF :
電話 TEL. NO. : (852) 2810 2713
傳真 FAXLINE : (852) 2511 1458
電子郵件 E-mail Address: ichchang@cedb.gov.hk

10 December 2012

Ms YUE Tin-Po
Clerk, Panel on
Information Technology and Broadcasting
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2840 0269)

Dear Ms Yue,

**Proposed creation of a permanent civil service post of
Secretary-General of the Film Development Council in
Create Hong Kong**

The Legislative Council Panel on Information Technology and Broadcasting discussed the proposed creation of a permanent civil service post of Secretary-General of the Film Development Council in Create Hong Kong at its meeting on 12 November 2012. At the meeting, Members requested the Administration to provide information on the total number of requests for assistance in location shooting in Hong Kong made by local vis-à-vis overseas film production companies, and the breakdown of such requests by those which were successfully facilitated and those which were not. I write to provide the information as requested.

The Film Services Office (FSO) of Create Hong Kong (CreateHK) is responsible for facilitating film production and location filming in Hong Kong. The FSO was transferred to CreateHK upon the latter's establishment on 1 June 2009. From 1 June 2009 to 31 October 2012, the FSO received 2 163 enquiries about location shooting in relation to matters such as contact information and application procedures, and 1 948 requests for assistance in location shooting. The FSO had promptly responded to the 2 163 enquiries received. As for the 1 948 requests for assistance, 1 559 requests were made by local film production crews and the remaining 389 by non-local ones. Such requests are more complicated in nature and require FSO's closer facilitation with the organisations or authorities concerned.

The FSO treated local and overseas production crews in the same manner in accordance with the established mechanism when handling requests for assistance in location shooting. The FSO plays a facilitating role and liaises with the production crews and the owners/management agents of the venues at which the location shooting is proposed to take place. The FSO also helps to liaise with the Government authorities concerned such as the Police or Transport Department in relation to matters such as traffic management. Should the locations proposed be considered not feasible, the FSO will suggest alternative locations to the production crews where appropriate. The decision as to whether to accede to the location shooting requests rests with the owners/management agents of the venues concerned, which may take into account, inter alia, the following factors –

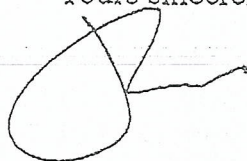
- (a) impact on the operation and users of the venue;
- (b) safety and security issues;
- (c) nature, scale and duration of the filming activities;
- (d) track record of the production company; and
- (e) promotional benefits for the venue.

The FSO have fully processed all the 1 948 requests with the following outcomes –

- (a) the venue owners/management agents concerned acceded to the filming requests and locating shooting was carried out;
- (b) the venue owners/management agents concerned acceded to the filming requests but the production crews concerned decided not to go ahead with the location shooting due to a change to location requirements;
- (c) the locations concerned were not available for filming and, subject to the film production crews' agreement, the FSO proceeded to liaise with the venue owners/management agents of alternative locations; or
- (d) the concerned filming requests were withdrawn by film production crews in the course of FSO's co-ordination with the venue owners/management agents.

In fact, it is not uncommon that the locations requested are no longer required mid-way through the FSO's processing, or even after the FSO has successfully secured the required locations, due to changes to film production plans or the fact that the film production crews concerned manage to identify another location on their own accord.

Yours sincerely,



(Ivanhoe CHANG)

for Secretary for Commerce and Economic Development

c.c. Head of Create Hong Kong

(Fax: 3101 0863)

Examination of Estimates of Expenditure 2013-14

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CT)034

Question Serial No

1224

Head: 55 – Government Secretariat : Subhead (No. & title):
Commerce and Economic
Development Bureau
(Communications and
Technology Branch)

Programme: (1) Broadcasting and Creative Industries

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Communications and Technology)

Director of Bureau: Secretary for Commerce and Economic Development

Question: The film “Life of Pi”, shot with the assistance of Taiwan, has won a number of Oscar awards and its shooting location will become a major tourist attraction in Taiwan. It is stated in the Budget that the development of creative industries is to be pursued. However, no mention has been made of any measures to support the film industry. Why is that? What policies for supporting the development of the film industry does the SAR Government have?

Asked by: Hon. WONG Ting-kwong

Reply: The Government is committed to providing a favourable environment for the long-term and healthy development of the film industry in Hong Kong. We established the Film Development Council (FDC) in April 2007 to advise the Secretary for Commerce and Economic Development on the policy, strategy and institutional arrangement for the promotion and development of the film industry. Besides, the Finance Committee of the Legislative Council (FC) has approved an injection of \$300 million into the Film Development Fund (FDF) and the expansion of its scope of application in order to support the sustained development of the local film industry. Moreover, the Film Services Office (FSO) under the Create Hong Kong of the Commerce and Economic Development Bureau (CEDB) was set up in 1998 (it was under the former Television and Entertainment Licensing Authority before June 2009) and has since its establishment dedicated itself to providing support services to the local film industry, including promoting Hong Kong as an ideal place for location shooting, encouraging film crews to make use of the FSO's one-stop services aimed at facilitating location filming, and coordinating various application procedures associated with location shooting to maintain the status of Hong Kong as a major production base in the Asia-Pacific Region.

Since 2007 (up to the end of February 2013), the FDF has granted a total funding of \$247 million, of which some \$78 million helps finance 28 film production projects and some \$169 million provides funding support for 92 film-related projects. The latter range from the organisation of mega film events like the Entertainment Expo Hong Kong, the Asian Film Awards, the Hong Kong-Asian Film Financing Forums and the Hong Kong Film Awards Presentation Ceremony, to the running of film professionals training programme and production of film and animation art teaching kits, etc.

Various films financed by the FDF have won a total of 11 awards in local film festivals and 24 awards in overseas festivals. Among them, the film “Echoes of the Rainbow” (歲月神偷) won the Crystal Bear Award in Generation at the 60th Berlinale 2010.

Besides, with a view to expanding the Mainland market, reviving the market for Hong Kong films in Southeast Asia and promoting the new generation film directors of Hong Kong, the FDC has launched a project entitled “Hong Kong Film New Action” since December 2008. Over the past few years, a series of symposiums, seminars, talks, exhibitions and workshops on different topics were held under this project during the Hong Kong International Film & TV Market. These publicity and promotional activities have attracted over 24 000 participants.

Apart from promoting the utilisation of the FDF for part-financing the production of small-to-medium budget films and financially supporting projects beneficial to the long-term and healthy development of the film industry in Hong Kong, the Government also attaches importance to nurturing talents in film production.

Under the FDF Scheme for Financing Film Productions, to encourage the nurturing of local new directors to start film projects, a film project directed by a new director (one who directs a commercial film for the first or second time) with the assistance of a veteran producer (one who has produced two or more feature films for commercial theatrical release in Hong Kong) will, if approved, enjoy a maximum financing ratio of 40% of the production budget of the film project (compared with the maximum financing ratio of 35% of the production budget under normal circumstances); the production budget being capped at \$10 million.

Moreover, it has been announced in this year’s Policy Address that the CreateHK will launch the First Feature Film Initiative (FFFI) early this year to identify talents from among new directors and film industry employees with no prior experience in directing commercial films through a competition on screenplay and production proposals. The FDF will make available \$9.95 million for the winning teams to make their first commercial films. The aim of the FFFI is to, within two years, support three new directors and their production teams to make their first feature films on a commercial basis. This enables the nurturing and identification of talents for the film industry and encourages more talents with zest for films to join the ranks of filmmakers in Hong Kong.

Name in block letters: _____ Miss Susie HO
Post Title: _____ Permanent Secretary for Commerce and Economic
Development (Communications and Technology)
Date: _____ 8.4.2013

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CT)001

Question Serial No

2773

Head: 55 – Government Secretariat : Subhead (No. & title):
Commerce and Economic
Development Bureau
(Communications and
Technology Branch)

Programme: (1) Broadcasting and Creative Industries

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Communications and Technology)

Director of Bureau: Secretary for Commerce and Economic Development

Question: In recent years, the number of applications received and processed by the Film Guarantee Fund (FGF) stands at single-digit figure. Can the Government tell this Committee how it will review FGF's application method, procedures, and assessment process and criteria? In addition, how is the Government going to provide more film workers with support through simplifying FGF's application procedures?

Asked by: Hon. CHAN Chi-chuen

Reply: The Film Guarantee Fund (FGF) Scheme is set up with the purpose of assisting local film production companies in obtaining loans from local participating lending institutions for producing films.

After the Government launched the Scheme for Financing Film Production (the Finance Scheme) under the Film Development Fund (FDF), the number of enquiries and applications in connection with the FGF has dropped significantly. We believe this is due to the fact that the trade has generally turned to the FDF for financing the film production, and bears no direct relationship with the application method, procedures as well as assessment process and criteria of the FGF.

In view of the low utilisation of the FGF in recent years, we reviewed the operation and effectiveness of the FGF in September 2010. A questionnaire survey was conducted on 72 participating institutions/individuals and local film companies/organisations. The results of the survey showed that the trade generally found the FGF effective in assisting local film production companies in obtaining loan financing for film production. A majority of the trade agreed to or did not object to the view of keeping the operation of the FGF in its existing mode.

In the light of the feedback from the trade, we submitted a review report to the Film Development Council (FDC) in September 2011. The FDC agreed that the FGF should maintain its status quo to provide the film industry with an alternative financing option to the Finance Scheme.

We will review the FDF in the second half of this year, and will take that opportunity to also review the effectiveness of the FGF.

Name in block letters: Miss Susie HO
Post Title: Permanent Secretary for Commerce and Economic
Development (Communications and Technology)
Date: 8.4.2013

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CT)015

Question Serial No

2259

Head: 55 – Government Secretariat : Subhead (No. & title):
Commerce and Economic
Development Bureau
(Communications and
Technology Branch)

Programme: (1) Broadcasting and Creative Industries

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Communications and Technology)

Director of Bureau: Secretary for Commerce and Economic Development

Question: Why did the Film Guarantee Fund (FGF) receive not even a single application in 2011 and 2012? For 2013, only one application is expected. Why are there so few applications? Is the threshold for application too high? Does FGF sort of exist in name only? Will the Bureau introduce improvement measures to encourage the industry to make applications to FGF?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply: The Film Guarantee Fund (FGF) Scheme is set up with the purpose of assisting local film production companies in obtaining loans from local participating lending institutions for producing films.

After the Government launched the Scheme for Financing Film Production (the Finance Scheme) under the Film Development Fund (FDF), the number of enquiries and applications in connection with the FGF has dropped significantly. We believe this is due to the fact that the trade has generally turned to the FDF for financing the film production, and bears no direct relationship with the application method, procedures, as well as assessment process and criteria of the FGF.

In view of the low utilisation of the FGF in recent years, we reviewed the operation and effectiveness of the FGF in September 2010. A questionnaire survey was conducted on 72 participating institutions/individuals and local film companies/organisations. The results of the survey showed that the trade generally found the FGF effective in assisting local film production companies in obtaining loan financing for film production. A majority of the trade agreed to or did not object to the view of keeping the operation of the FGF in its existing mode.

In the light of the feedback from the trade, we submitted a review report to the Film Development Council (FDC) in September 2011. The FDC agreed that the FGF should maintain its status quo to provide the film industry with an alternative financing option to the Finance Scheme.

We will review the FDF in the second half of this year, and will take that opportunity to also review the effectiveness of the FGF.

Name in block letters: Miss Susie HO
Post Title: Permanent Secretary for Commerce and Economic
Development (Communications and Technology)
Date: 8.4.2013

The Audit Commission ("Audit") conducted a review of the Government's financial support to film industry.

2. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to its enquiries.

3. Regarding the funding of film production projects under the Film Development Fund ("FDF"), the Committee considered that the principle(s) and objective(s) of the FDF should be made clear, and how well a proposed film could recover the contributions from the FDF should not be one of the considerations in deciding whether or not a funding application under the FDF should be approved.

4. In his letter of 12 December 2012 (in *Appendix 37*), the **Secretary for Commerce and Economic Development** replied that:

- the FDF was intended to assist the film industry in revitalizing and developing further, rather than deriving financial return from the funding support given to the industry. Hence, how well a proposed film could recover the contributions from the FDF had not been one of the eligibility nor assessment parameters;
- as an ongoing process of improving the operation of the FDF, some revisions to the eligibility criteria would be introduced early next year covering the following:
 - (a) reasonableness of the production budget;
 - (b) marketability of the film (i.e. commercial viability);
 - (c) creativity of the film; and
 - (d) local production elements of the film;
- the aforementioned criteria would be promulgated to the film industry and specified clearly in the relevant guide and documents concerned; and

- an overall review of the FDF would be conducted in 2013 to consider the way forward, including the need for further funding injection. The review would cover the question of recovery of the Government contribution.

5. The Committee noted from paragraph 3.2(e) of the Director of Audit's Report that one of the major requirements for FDF funding was that the project was shown to be commercially viable. A project was regarded as commercially viable if the applicant had secured third-party financing to the satisfaction of the Government. The Committee considered that there was a need for the Administration to review the existing practice of using the applicant's ability to secure third-party financing as a measure of the commercial viability of a film.

6. The **Secretary for Commerce and Economic Development** replied in the same letter that in conducting the review on the use of the FDF, the Administration would consider the existing practice of using an applicant's ability to secure third-party financing as a measure of the commercial viability of a film. The Film Development Council and stakeholders would also be consulted.

7. On the suggestion of establishing a separate fund to finance film promotion and distribution expenses, the **Secretary for Commerce and Economic Development** stated in his letter that the Administration agreed with the recommendation of the Director of Audit that a strategic review be conducted on the use of the FDF. The Administration would take into account the views on the financing of film promotion and distribution expenses in the future review.

8. The Committee notes the above replies of the Secretary for Commerce and Economic Development and wishes to be kept informed of the progress of the review of the FDF to be conducted in 2013.

商務及經濟發展局
通訊及科技科

香港添馬添美道二號
政府總部西翼二十一樓



COMMUNICATIONS
AND TECHNOLOGY BRANCH
COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU

21/F, West Wing
Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong

本函檔號 Our Ref. : CTB(CR)7/28/18

來函檔號 Your Ref. :

Tel No.: (852) 2810 2722

Fax No: (852) 2519 9780

12 December 2012

Miss Mary So
Clerk to the Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2840 0716)

Dear Miss So,

Public Accounts Committee
Consideration of Chapter 5 of the Director of Audit's Report No. 59
Government's Financial Support to Film Industry

I refer to your letter dated 29 November 2012 to Head of Create Hong Kong. I set out this Bureau's response to the views raised in relation to Chapter 5 of the Director of Audit's Report No. 59.

- (a) The FDF is intended to assist the film industry in revitalising and developing further, rather than deriving financial return from the funding support given to the industry. When the Finance Committee considered the proposal to increase the commitment of the FDF by \$300 million in July 2007 vide FCR(2007-08)30, the objectives of the Film Development Fund (FDF) as set out in the paper are to provide limited funding support to small-to-medium budget productions, enhance efforts to promote Hong Kong films in the Mainland and overseas, enhance

initiatives to train talents in the various aspects of the film production and distribution, and enhance the interest and appreciation of Hong Kong films by the local audience.

FCR(2007-08)30 also sets out the broad eligibility parameters for the film production projects to be funded under the FDF. These parameters include:

- (i) the films are small-to-medium budget productions;
- (ii) at least 50% of the main cast and film crew are Hong Kong permanent residents;
- (iii) films should be for commercial theatrical release;
- (iv) there will also be assessment in relation to the commercial viability of the project (e.g. at least 50% undertaking of budget by third-party financier(s));
- (v) objective assessment on whether the film is for mass appeal rather than for the niche market only;
- (vi) track-record and aptitude of the applicant; and
- (vii) reasonableness of the proposed budget.

We have all along set out these broad eligibility and assessment parameters in the application forms and relevant documents available on the website of the Film Services Office of Create Hong Kong.

As an ongoing process of improving the operation of the FDF, we will introduce early next year some revisions to the eligibility criteria which cover –

- (i) reasonableness of the production budget;
- (ii) marketability of the film (i.e. commercial viability);
- (iii) creativity of the film; and
- (iv) local production elements of the film.

We will promulgate the aforementioned criteria to the film industry and specify them clearly in the relevant guide and documents concerned.

From the above, it can be seen that how well a proposed film could recover the contributions from the FDF has not been one of the eligibility nor assessment parameters. In fact, for funding the small-to-medium budget film productions, although commercial viability is one of the vetting criteria, the Government did acknowledge in FCR(2007-08)30 that “there is a chance of the Government not recouping all or part of the contribution if the proceeds from all revenues for the Government’s share of contribution cannot cover the contribution.” Given the highly unpredictable market response to a film before its screening, it is not possible for the Government to specify an expected return from its contribution to the film production projects.

In any event, we will conduct an overall review of the FDF in 2013 to consider the way forward, including the need for further funding injection. The review will cover the question of recovery of the Government contribution.

- (b) In conducting the review on the use of the FDF, we will consider the existing practice of using an applicant’s ability to secure third-party financing as a measure of the commercial viability of a film. The FDC and stakeholders will also be consulted.
- (c) As mentioned, we agree with the recommendation of the Director of Audit that a strategic review be conducted on the use of the FDF. We will take into account the views on the financing of film promotion and distribution expenses in the future review.

Yours sincerely,



(Susie HO)

for Secretary for Commerce and Economic Development

c.c. Head of Create Hong Kong (Fax: 3101 0863)

Examination of Estimates of Expenditure 2013-14

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CT)034

Question Serial No

1224

Head: 55 – Government Secretariat : Subhead (No. & title):
Commerce and Economic
Development Bureau
(Communications and
Technology Branch)

Programme: (1) Broadcasting and Creative Industries

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Communications and Technology)

Director of Bureau: Secretary for Commerce and Economic Development

Question: The film “Life of Pi”, shot with the assistance of Taiwan, has won a number of Oscar awards and its shooting location will become a major tourist attraction in Taiwan. It is stated in the Budget that the development of creative industries is to be pursued. However, no mention has been made of any measures to support the film industry. Why is that? What policies for supporting the development of the film industry does the SAR Government have?

Asked by: Hon. WONG Ting-kwong

Reply: The Government is committed to providing a favourable environment for the long-term and healthy development of the film industry in Hong Kong. We established the Film Development Council (FDC) in April 2007 to advise the Secretary for Commerce and Economic Development on the policy, strategy and institutional arrangement for the promotion and development of the film industry. Besides, the Finance Committee of the Legislative Council (FC) has approved an injection of \$300 million into the Film Development Fund (FDF) and the expansion of its scope of application in order to support the sustained development of the local film industry. Moreover, the Film Services Office (FSO) under the Create Hong Kong of the Commerce and Economic Development Bureau (CEDB) was set up in 1998 (it was under the former Television and Entertainment Licensing Authority before June 2009) and has since its establishment dedicated itself to providing support services to the local film industry, including promoting Hong Kong as an ideal place for location shooting, encouraging film crews to make use of the FSO's one-stop services aimed at facilitating location filming, and coordinating various application procedures associated with location shooting to maintain the status of Hong Kong as a major production base in the Asia-Pacific Region.

Since 2007 (up to the end of February 2013), the FDF has granted a total funding of \$247 million, of which some \$78 million helps finance 28 film production projects and some \$169 million provides funding support for 92 film-related projects. The latter range from the organisation of mega film events like the Entertainment Expo Hong Kong, the Asian Film Awards, the Hong Kong-Asian Film Financing Forums and the Hong Kong Film Awards Presentation Ceremony, to the running of film professionals training programme and production of film and animation art teaching kits, etc.

Various films financed by the FDF have won a total of 11 awards in local film festivals and 24 awards in overseas festivals. Among them, the film “Echoes of the Rainbow” (歲月神偷) won the Crystal Bear Award in Generation at the 60th Berlinale 2010.

Besides, with a view to expanding the Mainland market, reviving the market for Hong Kong films in Southeast Asia and promoting the new generation film directors of Hong Kong, the FDC has launched a project entitled “Hong Kong Film New Action” since December 2008. Over the past few years, a series of symposiums, seminars, talks, exhibitions and workshops on different topics were held under this project during the Hong Kong International Film & TV Market. These publicity and promotional activities have attracted over 24 000 participants.

Apart from promoting the utilisation of the FDF for part-financing the production of small-to-medium budget films and financially supporting projects beneficial to the long-term and healthy development of the film industry in Hong Kong, the Government also attaches importance to nurturing talents in film production.

Under the FDF Scheme for Financing Film Productions, to encourage the nurturing of local new directors to start film projects, a film project directed by a new director (one who directs a commercial film for the first or second time) with the assistance of a veteran producer (one who has produced two or more feature films for commercial theatrical release in Hong Kong) will, if approved, enjoy a maximum financing ratio of 40% of the production budget of the film project (compared with the maximum financing ratio of 35% of the production budget under normal circumstances); the production budget being capped at \$10 million.

Moreover, it has been announced in this year’s Policy Address that the CreateHK will launch the First Feature Film Initiative (FFFI) early this year to identify talents from among new directors and film industry employees with no prior experience in directing commercial films through a competition on screenplay and production proposals. The FDF will make available \$9.95 million for the winning teams to make their first commercial films. The aim of the FFFI is to, within two years, support three new directors and their production teams to make their first feature films on a commercial basis. This enables the nurturing and identification of talents for the film industry and encourages more talents with zest for films to join the ranks of filmmakers in Hong Kong.

Name in block letters: Miss Susie HO
Post Title: Permanent Secretary for Commerce and Economic
Development (Communications and Technology)
Date: 8.4.2013

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CT)001

Question Serial No

2773

Head: 55 – Government Secretariat : Subhead (No. & title):
Commerce and Economic
Development Bureau
(Communications and
Technology Branch)

Programme: (1) Broadcasting and Creative Industries

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Communications and Technology)

Director of Bureau: Secretary for Commerce and Economic Development

Question: In recent years, the number of applications received and processed by the Film Guarantee Fund (FGF) stands at single-digit figure. Can the Government tell this Committee how it will review FGF's application method, procedures, and assessment process and criteria? In addition, how is the Government going to provide more film workers with support through simplifying FGF's application procedures?

Asked by: Hon. CHAN Chi-chuen

Reply: The Film Guarantee Fund (FGF) Scheme is set up with the purpose of assisting local film production companies in obtaining loans from local participating lending institutions for producing films.

After the Government launched the Scheme for Financing Film Production (the Finance Scheme) under the Film Development Fund (FDF), the number of enquiries and applications in connection with the FGF has dropped significantly. We believe this is due to the fact that the trade has generally turned to the FDF for financing the film production, and bears no direct relationship with the application method, procedures as well as assessment process and criteria of the FGF.

In view of the low utilisation of the FGF in recent years, we reviewed the operation and effectiveness of the FGF in September 2010. A questionnaire survey was conducted on 72 participating institutions/individuals and local film companies/organisations. The results of the survey showed that the trade generally found the FGF effective in assisting local film production companies in obtaining loan financing for film production. A majority of the trade agreed to or did not object to the view of keeping the operation of the FGF in its existing mode.

In the light of the feedback from the trade, we submitted a review report to the Film Development Council (FDC) in September 2011. The FDC agreed that the FGF should maintain its status quo to provide the film industry with an alternative financing option to the Finance Scheme.

We will review the FDF in the second half of this year, and will take that opportunity to also review the effectiveness of the FGF.

Name in block letters: Miss Susie HO
Post Title: Permanent Secretary for Commerce and Economic
Development (Communications and Technology)
Date: 8.4.2013

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

CEDB(CT)015

Question Serial No

2259

Head: 55 – Government Secretariat : Subhead (No. & title):
Commerce and Economic
Development Bureau
(Communications and
Technology Branch)

Programme: (1) Broadcasting and Creative Industries

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Communications and Technology)

Director of Bureau: Secretary for Commerce and Economic Development

Question: Why did the Film Guarantee Fund (FGF) receive not even a single application in 2011 and 2012? For 2013, only one application is expected. Why are there so few applications? Is the threshold for application too high? Does FGF sort of exist in name only? Will the Bureau introduce improvement measures to encourage the industry to make applications to FGF?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply: The Film Guarantee Fund (FGF) Scheme is set up with the purpose of assisting local film production companies in obtaining loans from local participating lending institutions for producing films.

After the Government launched the Scheme for Financing Film Production (the Finance Scheme) under the Film Development Fund (FDF), the number of enquiries and applications in connection with the FGF has dropped significantly. We believe this is due to the fact that the trade has generally turned to the FDF for financing the film production, and bears no direct relationship with the application method, procedures, as well as assessment process and criteria of the FGF.

In view of the low utilisation of the FGF in recent years, we reviewed the operation and effectiveness of the FGF in September 2010. A questionnaire survey was conducted on 72 participating institutions/individuals and local film companies/organisations. The results of the survey showed that the trade generally found the FGF effective in assisting local film production companies in obtaining loan financing for film production. A majority of the trade agreed to or did not object to the view of keeping the operation of the FGF in its existing mode.

In the light of the feedback from the trade, we submitted a review report to the Film Development Council (FDC) in September 2011. The FDC agreed that the FGF should maintain its status quo to provide the film industry with an alternative financing option to the Finance Scheme.

We will review the FDF in the second half of this year, and will take that opportunity to also review the effectiveness of the FGF.

Name in block letters: Miss Susie HO
Post Title: Permanent Secretary for Commerce and Economic
Development (Communications and Technology)
Date: 8.4.2013