

**For discussion  
on 12 November 2012**

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

**Proposed Creation of a Permanent Civil Service Post of  
Secretary-General of the Film Development Council  
in Create Hong Kong**

**PURPOSE**

We seek Members' support 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 Create Hong Kong (CreateHK).

**PROPOSAL**

2. We propose to create a permanent civil service post of SG(FDC) (designated as Assistant Head of Create Hong Kong (2) (AH(2))), to be filled by the proposed one-rank grade of the SG(FDC) ranked at D2, to underpin Head of Create Hong Kong (H of CHK) in overseeing the film sector and to meet the long-term service needs at directorate level to promote the film industry of Hong Kong.

3. The job description of the proposed post and the organisation chart of CreateHK subject to creation of the proposed post are at **Annex A** and **Annex B** respectively.

**CONSIDERATIONS**

**Government's policy in support of the film industry**

4. Government identified in 2009 cultural and creative industries as one of the six industries where Hong Kong enjoyed clear advantages. As the flagship of Hong Kong's creative industries, the film industry has been one of the priority areas of CreateHK's work.

5. The Chief Executive (CE) pledged in his Election Manifesto to provide policy support and resources for the development of local independent film making and post-filming/digital animation production. CE also pledged to leverage the Film Development Fund (FDF) (see paragraph 11 below) to promote the training of talents, optimise the film making environment and assist local producers to access the overseas markets. In pursuance of CE's pledges and to implement Government's policy in supporting the film industry, CreateHK will continue to provide a full range of assistance to the local film industry and facilitate the efforts of filmmakers in tapping the markets in and outside Hong Kong, especially the Mainland.

### **Long-term service needs of the post of SG(FDC)**

6. CreateHK at present has three directorate posts, namely H of CHK (a permanent civil service post ranked at D3), a new Assistant Head of Create Hong Kong (1) (AH(1)) (a permanent civil service post ranked at D2) and SG(FDC) (a non-civil service (NCS) position ranked at D2). H of CHK leads and directs the whole of CreateHK. AH(1) underpins H of CHK in supporting the development of the creative industries other than film industry. SG(FDC) underpins H of CHK and heads the Film Services Office (FSO) within CreateHK to support the local film industry and make Hong Kong an ideal location for film shooting and post-production. FSO's wide range of duties include -

- (a) serving as the secretariat to the Film Development Council (FDC);
- (b) administering the film-related funding schemes under CreateHK's purview, namely the FDF and the Film Guarantee Fund (FGF)<sup>1</sup>;
- (c) facilitating film production and location shooting of films in Hong Kong;
- (d) regulating the use of special effects materials for producing entertainment special effects in films, television programmes

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<sup>1</sup> A \$30 million FGF is administered by FSO with the aim to help local film production companies to obtain loans from lending institutions for producing films and to stimulate the development of a film-financing infrastructure in Hong Kong. It operates on a revolving basis, i.e. once discharged by lending institutions, the guaranteed commitment will be ploughed back into the FGF for other successful applications. Up to end October 2012, the FGF has provided guarantee for 11 films and has an uncommitted balance of \$29 million.

and theatrical performances; and

- (e) promoting Hong Kong films internationally.

7. SG(FDC) is at present a time-limited D2-equivalent NCS position created in November 2007. The position was extended twice in 2009 and 2011 with the approval of the Finance Committee (FC) of the Legislative Council (LegCo). The position will lapse on 16 November 2013.

8. When the NCS position of SG(FDC) was extended in 2011, Government undertook vide FCR(2011-12)29 to review the long-term need of the position. Having reviewed the needs of the industry and CreateHK's manpower situation, we consider that there are long-term needs for creating a one-rank grade to accommodate a permanent directorate post of SG(FDC). Major considerations are set out in the ensuing paragraphs.

### ***Providing support to the Film Development Council***

9. The FDC is a non-statutory advisory body appointed by CE to advise the Government on the policy, strategy and institutional arrangement for the promotion and development of the film industry, as well as the use of public funds to support the industry. FDC is chaired by a non-official and comprises mainly members of the film industry.

10. SG(FDC) leads the FSO in providing secretarial, administrative and logistical support to FDC and its committees<sup>2</sup>. Given Government's policy to continue to promote the development of Hong Kong's film industry, the FDC will continue to play an important role in advising the Government on the related strategies. It is essential that FSO continues to have the necessary directorate leadership to ensure continued effective support to FDC.

### ***Managing film-related funding schemes***

11. SG(FDC) assists H of CHK in overseeing the administration and management of the funds established to promote the development of the film industry. The FDF was first set up in 1999 and subsequently revived in April 2005 to support projects and activities which are beneficial to the

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<sup>2</sup> To facilitate discussions and implementation of proposals and projects of specific aspects, three committees, namely the Fund Vetting Committee, Support Services Committee, and Market Development Committee are formed under the FDC.

long-term and healthy development of the Hong Kong film industry (i.e. film-related programmes). Such projects cover, among others, film awards, initiatives to offer funding support for the industry to attend overseas film festivals, training programmes to help nurture film talents, publication of teaching kit on films and animation, etc. The FDF was expanded in scope in July 2007 to finance the production of small-to-medium budget films (i.e. film projects), with its approved commitment increased to \$320 million<sup>3</sup>. Since July 2007 and up to end October 2012, the FDF has approved 85 film-related programmes and 26 film projects, involving funding of \$135.3 million and \$74.4 million respectively. Taking into account the 13 film-related programmes funded by the FDF between April 2005 and June 2007, which involved funding amounting to \$15 million, the uncommitted balance of the \$320 million FDF now stands at \$95.3 million.

12. We see a need to continue to monitor the operation of the FDF, review its effectiveness, following the introduction of improvement measures to the film financing scheme in late March 2010. The improvement measures include, among other things, raising the upper limit of the production budget of a film project supported by the FDF from \$12 million to \$15 million, and raising the upper limit of Government's contribution per approved film project from 30% to 40%. There has since then been a significant increase in the number of applications received and the total amount of funding approved for the film projects<sup>4</sup>. Having regard to the need of the industry, we will review and consider the way forward for FDF.

### ***Promoting Hong Kong films outside Hong Kong***

13. The Mainland market offers strong growth potential for the Hong Kong film industry. CreateHK has been facilitating and, will continue to facilitate, the local film industry in grasping opportunities in the Mainland market. For instance, through the joint efforts of the Central People's

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<sup>3</sup> The FDF was first set up in 1999 with FC approved funding of \$100 million for five years from 1999-2000 to 2003-04 to support projects conducive to the long-term development of the film industry in Hong Kong. In 2005, FC approved \$20 million to revive the FDF. In 2007, FC approved an injection of \$300 million into the FDF and expansion of its scope to provide financial support for the production of small-to-medium budget films.

<sup>4</sup> For the period from April 2010 to October 2012, a total of 40 film production financing applications were received (i.e. an average of 1.29 applications per month), as compared with five applications received for the period from April 2009 to March 2010 (i.e. an average of 0.42 application per month). The total amounts of funding approved (excluding approved applications subsequently withdrawn) were \$48.2 million during the period from April 2010 to October 2012 while the corresponding figure for the period from April 2009 to March 2010 (before the implementation of improvement measures) was \$5.4 million.

Government (CPG) and the Hong Kong Special Administrative Region Government, the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) has created new opportunities for the Hong Kong film industry in that Hong Kong-Mainland co-productions are regarded as Mainland motion pictures for distribution in the Mainland. The number of co-production titles has grown from about 10 per year before 2004 to around 30 per year in 2010 and 2011. The Hong Kong-Mainland co-productions have enjoyed tremendous box office success in the Mainland in recent years. Six out of the top ten domestic box office films in the Mainland in 2011 are film projects co-produced by the Hong Kong and Mainland filmmakers.

14. Moreover, the 100 million Cantonese-speaking population in Guangdong Province also represents a significant potential market for Hong Kong's small-to-medium budget films which are produced in the Cantonese dialect. CreateHK will also need to strengthen efforts to facilitate the release of Hong Kong films in synchrony with Guangdong Province. For instance, in June 2012, the CPG announced specific measures including raising the ceiling of the revenue sharing ratio to further facilitate the access of Hong Kong films in Cantonese dialect in Guangdong.

15. The FSO also helps promote Hong Kong films in markets other than the Mainland. For instance, the FSO organised Hong Kong film festivals and supported Hong Kong film industry's participation in film festivals overseas.

#### ***Directorate support for CreateHK***

16. Given the Government's established policy of promoting the development of the film industry, H of CHK will continue to require dedicated directorate support from SG(FDC) to map out the related strategies, and to co-ordinate and review the operation and effectiveness of various initiatives and support services for the film industry. H of CHK is already fully stretched in overseeing the work of CreateHK which serves various creative industries. He has no spare capacity to absorb the work of SG(FDC).

17. When FC approved in May this year the creation of a permanent Senior Principal Executive Officer post in CreateHK as AH(1) to assist H of CHK in overseeing the key creative industries other than the film sector, FC noted the need to rationalise directorate support for H of CHK so that he can have two deputies to share out his work on both film and

non-film sides. We consider that the aforementioned workload and operational needs justify the creation of a permanent D2 post for the film sector. Without the dedicated support at directorate level to assist H of CHK in overseeing the promotion of the film sector, the effective operation of CreateHK and in turn the Government's support for the film industry in the long run will be affected.

### **Need for a permanent directorate post of SG(FDC)**

18. The incumbent SG(FDC) has been playing a key co-ordinating and orchestrating role in supporting the work of the FDC, steering the work of FSO, managing the funding schemes, promoting Hong Kong films, and helping the local film industry to grasp and explore the opportunities in the fast-expanding Mainland market. This is a full plate of work for which the continued oversight by SG(FDC) is essential.

19. We consider that the aforementioned workload and operational needs justify the creation of a permanent post of SG(FDC) at D2, which is the same as the current NCS position. The concern of the Establishment Sub-committee (ESC) in 2007 over the long-term need of the SG(FDC) position having regard to the time-limited nature of the film-related funding schemes could be well addressed by the long-term need in initiating measures and activities to promote and support the development of the film industry, in addition to the function of administering the film-related funding schemes which currently only takes up a relatively small part of SG(FDC)'s workload.

20. We plan to fill the permanent civil service post of SG(FDC), if approved to be created, through open recruitment based on merits of individual candidates.

### **Establishment under the proposed post of SG(FDC)**

21. There are currently 26 non-directorate civil service officers and six NCS contract staff in FSO. Under the proposal, the FSO will continue to be put under the purview of AH(2).

### **Alternatives considered**

22. We have carefully examined the existing staffing at the directorate level of Communications and Technology Branch (CTB) (including CreateHK). As mentioned above, H of CHK is already fully stretched in overseeing the work of CreateHK which serves various

creative industries. Another directorate officer in CreateHK, AH(1), will be heavily engaged in supervising the Industry Support, Design, Digital Entertainment sections under his purview, which support the non-film creative industries in Hong Kong, , as well as the Administration section under his purview. They have no spare capacity for sharing out the work of the film sector.

23. Looking beyond CreateHK, CTB has two directorate officers at D2 level. Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology)A is fully committed to handling matters relating to broadcasting matters. Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology)B is heavily engaged in matters in respect of telecommunications. Having regard to the already stretched directorate staffing and service needs under the purview of CreateHK and CTB, it is operationally not possible for other officers of comparable ranks in CreateHK or CTB to take up the duties of SG(FDC).

## **FINANCIAL IMPLICATIONS**

24. The proposed creation of the permanent SG(FDC) post will bring about an additional notional annual salary cost at mid-point of \$1,696,200. The additional full annual average staff cost, including salaries and staff on-cost, is \$2,427,000. CTB will absorb the additional expenditure from within its resources in 2013-14 and will include necessary provision in the Estimates of subsequent years to meet the cost of the proposal.

## **WAY FORWARD**

25. Subject to Members' views, we will consult the Standing Committee on Directorate Salaries and Conditions of Service and seek ESC's support of the proposed creation of a permanent SG(FDC) post in the proposed new civil service one-rank grade of SG(FDC) in CreateHK.

Communications and Technology Branch  
Commerce and Economic Development Bureau  
November 2012

**Job Description**  
**Secretary-General of Film Development Council**  
**(to be designated as the Assistant Head of Create Hong Kong (2))**

**Post title** : Assistant Head of Create Hong Kong (2) /  
Secretary-General of Film Development Council

**Rank** : Secretary-General of Film Development Council (D2)

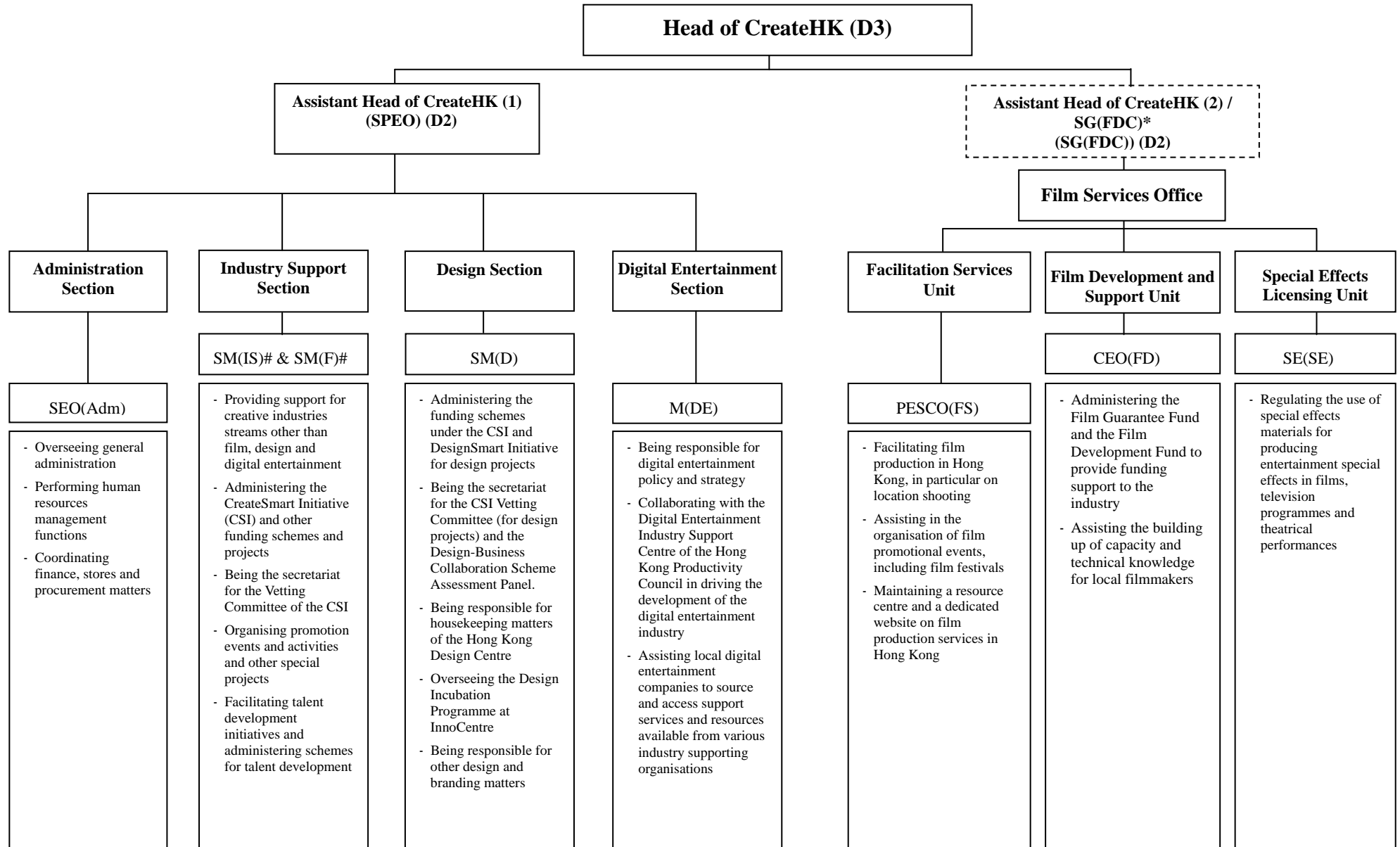
**Responsible to** : Head of CreateHK

**Main Duties and Responsibilities –**

1. To supervise the Secretariat of the Film Development Council (FDC), which advises the Government on the formulation of long-term, medium-term and short-term strategies for the development of the film industry.
2. To assist Head of CreateHK in overseeing the administration and management of all public funds (including the Film Development Fund, the Film Guarantee Fund, and other funds for the film sector as appropriate) established to promote the development of the film industry, and assist the FDC in formulating advice to the Government on the use of such funds.
3. To conduct film-related researches and commission external studies.
4. To implement government initiated measures to revitalise the Hong Kong film industry and support its long-term development, and to review the effectiveness of these measures.
5. To co-ordinate with the film industry and government/public organizations to ensure smooth implementation of all publicly funded film-related activities, and collaborate with them to promote the film industry.
6. To represent Hong Kong in marketing and promoting Hong Kong films internationally.
7. To liaise with relevant bureaux and departments on legislative measures (e.g. anti-piracy) to safeguard the interest of the film sector.
8. To oversee the day-to-day operation of the Film Services Office, including general management and personnel matters.



## Proposed Organisation Chart of the Create Hong Kong (CreateHK), Communications and Technology Branch



Legend: \* A permanent post of SG(FDC) (D2) is proposed to replace the existing D2-equivalent non-civil service position of SG(FDC).

Abbreviations: SG(FDC): Secretary-General (Film Development Council); SEO(Adm): Senior Executive Officer (Administration); SM(IS): Senior Manager (Industry Support); SM(F): Senior Manager (Funding); SM(D): Senior Manager (Design); M(DE): Manager (Digital Entertainment); PESCO(FS): Principal Entertainment Standards Control Officer (Film Services); CEO(FD): Chief Executive Officer (Film Development); SE(SE): Senior Engineer (Special Effects)