

立法會 *Legislative Council*

LC Paper No. CB(2)1119/19-20(06)

Ref : CB2/PL/HA

Panel on Home Affairs

Background brief prepared by the Legislative Council Secretariat for the meeting on 8 June 2020

Art Development Matching Grants Scheme

Purpose

This paper provides background information on the Art Development Matching Grants Scheme ("ADMGS") and summarizes the past discussion of the Panel on Home Affairs ("the Panel") on the subject.

Background

2. ADMGS was launched as the Art Development Matching Grants Pilot Scheme ("the Pilot Scheme") in June 2016 to provide matching grants to eligible arts groups for the amount of private donations and sponsorships they raised, with a view to fostering a culture of donation for arts in the business sector and society as well as widening the financial sources of arts groups. The Pilot Scheme involved a funding commitment of \$300 million. In June 2018, the Pilot Scheme was renamed as ADMGS.

3. Arts groups eligible for ADMGS include Graduated Springboard Grantees which have completed two rounds of Springboard Grants under the Arts Capacity Development Funding Scheme, the major performing arts groups ("MPAGs")¹, the Hong Kong Arts Festival Society ("HKAFS") and the Hong Kong Arts Development Council ("HKADC"). In addition, HKADC launches its Matching Grants Scheme under the ADMGS for all small-/medium-sized arts groups to apply. According to the Administration, the permissible uses of matching grants include those which:

¹ The nine MPAGs include the Hong Kong Philharmonic Orchestra, the Hong Kong Chinese Orchestra, the Hong Kong Sinfonietta, the Hong Kong Repertory Theatre, the Chung Ying Theatre Company, the Zuni Icosahedron, the Hong Kong Dance Company, the Hong Kong Ballet and the City Contemporary Dance Company.

- (a) enhance the applicant's organizational capacity;
- (b) support the development of all arts forms;
- (c) support the development of the arts sector;
- (d) support the grooming of artistic talent and arts administrators;
- (e) promote audience building for the arts and culture;
- (f) promote arts education; or
- (g) support and promote cultural exchanges.

4. Following the additional provision of \$500 million to ADMGS by the Government in 2018-2019, the matching parameters of ADMGS have been relaxed since June 2018 so as to further encourage donations/sponsorships from the business sector and private organizations. The matching ratio of ADMGS has been raised from 1:1 to 1:1.5 and the annual funding ceiling for each of the Graduated Springboard Grantees has been increased from \$3 million to \$4 million following the relaxation of the matching parameters. According to the Administration, the Advisory Committee on Arts Development ("ACAD") would review ADMGS every year and would consider the need for adjusting the matching parameters as appropriate.

Panel's discussion

5. At its meeting on 12 June 2015, the Panel was consulted on the proposal of launching the Pilot Scheme. The major concerns expressed by members are set out below.

Eligibility criteria

6. Some members raised concern that the eligibility criteria for the Pilot Scheme were too stringent and unable to benefit non-subsided arts groups which were self-financed and not receiving any form of government subsidy, such as Jao Tsung-I Academy, the Hong Kong Arts Centre, the Fringe Club and the Jockey Club Creative Arts Centre. These members called on the Administration to consider expanding the scope of coverage of the Pilot Scheme.

7. The Administration explained that it was initially planned that the Pilot Scheme would target at those arts groups/organizations which had completed

two rounds of the Springboard Grants, with a view to encouraging the more established art groups/organizations to keep raising funds from various sectors to support their continuous growth and development. However, having considered the views of relevant stakeholders, the Administration had changed to broaden the eligibility criteria to cover the nine MPAGs, HKAFS and HKADC so as to motivate them to raise more private donations and further inculcate a donation culture in the private sector. The changes to the proposed eligibility criteria were supported by ACAD. With the adoption of the proposed eligibility criteria, it was anticipated that up to about 70 arts groups or organizations would benefit from the Pilot Scheme.

Support for budding artists as well as small and medium-sized arts groups

8. Some members expressed concern that the abilities of budding artists as well as small and medium-sized arts groups to raise private donations and sponsorships might be constrained and affected by their relatively limited business network. These members enquired whether these artists and arts groups would be at a less favourable position when compared to well-established arts groups/organizations in receiving matching grants under the Pilot Scheme. It was suggested that measures should be taken to ensure that budding artists as well as small and medium-sized arts groups could benefit from the Pilot Scheme.

9. The Administration advised that the experience gained from the Springboard Grants² suggested that providing Government subsidy to arts groups on a matching basis would help enhance the ability of these groups in raising private donations and sponsorships, thereby increasing funding and expanding their financial sources. Although the primary purpose of introducing the Pilot Scheme was to provide support for the more established arts groups or organizations through matching grants, the Administration hoped that the Pilot Scheme could benefit more small and medium-sized local arts groups and budding artists. Therefore, HKADC would be included as an eligible applicant of the Pilot Scheme, enabling it to receive matching grants by raising private donations and sponsorships through its own arts projects and programmes. The matching grants received by HKADC should be fully deployed to support local small and medium-sized arts groups or artists.

10. Some members pointed out that some other matching grant schemes (e.g. those for the post-secondary education sector) might require excessive involvement of administrative/supporting staff as well as attention and resources

² According to the Administration, the Springboard Grants included a matching element, allowing arts groups to receive matching grants for their income which included, among others, private donations and sponsorships.

of the institutions concerned to raise funds. These members considered that instead of implementing the Pilot Scheme, the Administration should directly provide subvention to budding artists as well as small and medium-sized arts groups with good potentials to support their development. These members further queried whether the Administration intended to discontinue the provision of recurrent subvention to arts groups/organizations by introducing the Pilot Scheme.

11. The Administration explained that in light of the situation of arts development in other places (e.g. London, New York and Japan), it considered that reliance on a single source of funding (i.e. the Government's funding as the major source of income in the context of Hong Kong) was not desirable. Moreover, it was recognized that providing assistance to arts groups for securing donations and sponsorships from other sectors of the community to expand their sources of funding was conducive to the sustainable growth and healthy development of the arts groups. The Administration advised that the Pilot Scheme could provide impetus for the generation of contributions from the private sector. This notwithstanding, the Administration would continue to provide support for arts groups or organizations through the Government's recurrent subvention.

Monitoring and review of the Pilot Scheme

12. Some members enquired whether quantifiable targets/indicators would be set for the grantees of the Pilot Scheme in respect of various permissible uses of matching grants (as set out in paragraph 3 above). These members also raised concern about the monitoring of the use of matching grants by successful applicants.

13. The Administration advised that in order to ensure a gainful use of the matching grants received by arts groups or organizations, and that they would benefit the development of the arts and cultural sector in the long term, it was suggested that the permissible uses of matching grants should fall within seven areas. To monitor the use of the matching grants, as an established mechanism was already in place for monitoring the income and expenditure of organizations receiving recurrent subvention from the Government, it was suggested that no time limit would be set for the nine MPAGs, HKAFS and HKADC in using the matching grants. Nevertheless, grantees would be required to submit reports on their use of matching grants, together with the relevant audited accounts, to ACAD.

Recent developments

14. In his 2020-2021 Budget, the Financial Secretary announced that additional \$900 million would be allocated to ADMGS to further promote sponsorship of culture and arts.

15. The Administration will consult the Panel on its proposal to provide an additional allocation of \$900 million for ADMGS at the next meeting on 8 June 2020.

Relevant papers

16. A list of the relevant papers available on the Legislative Council's website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
3 June 2020

Appendix

Relevant papers on Art Development Matching Grants Scheme

Committee	Date of meeting	Paper
Panel on Home Affairs	12.6.2015 (Item V)	Agenda Minutes
Finance Committee	7.4.2020	Agenda

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