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Panel on Information Technology and Broadcasting

Meeting on 11 January 2021

**Updated background brief on the work of Create Hong Kong and
Hong Kong Design Centre and the proposed injection into the
CreateSmart Initiative**

Purpose

This paper provides updated background information on the work of Create Hong Kong ("CreateHK") and Hong Kong Design Centre ("HKDC"), and summarizes the views and concerns expressed by members of the Panel on Information Technology and Broadcasting ("the Panel") on promoting the development of creative industries in Hong Kong and on the previous injection into the CreateSmart Initiative ("CSI").

Background

2. Creative industries are important economic drivers for Hong Kong. In 2018, Hong Kong had around 28 370 creative industry-related establishments in the eight creative industries under the purview of CreateHK,¹ with about 136 360 practitioners engaged. The value added by these sectors stood at about \$61 billion, representing around 2.2% of the Hong Kong's Gross Domestic Product.

Create Hong Kong

3. CreateHK was set up under the Commerce and Economic Development Bureau in June 2009 as an office dedicated to promoting the development of

¹ The eight creative industries under the purview of Create Hong Kong are: advertising, architecture, design, digital entertainment, film, music, printing and publishing, and television.

creative industries in Hong Kong through three strategic foci, namely, (a) nurturing talent and facilitating start-ups; (b) exploring markets; and (c) fostering a creative atmosphere. CreateHK is responsible for the administration and management of funding schemes related to creative industries, overseeing the infrastructure for promoting design, i.e. HKDC, and providing funding support for programmes nurturing design-entrepreneurs. It is also providing one-stop service for location filming in Hong Kong, for both local and overseas films, and is responsible for the regulatory control of special effects materials for film shooting and theatrical performances.

4. CreateHK administers and manages two funding schemes, namely the Film Development Fund ("FDF") and CSI, to support the local film industry and other seven creative sectors respectively. The respective injections into FDF and CSI to date had reached \$1.54 billion and \$2 billion.² FDF was set up to support projects conducive to the long-term development of the film industry in Hong Kong, whereas CSI was established to promote and speed up the development of local creative industries so as to build Hong Kong into Asia's creative capital.

5. In July 2020, the Administration announced that around \$260 million under FDF would be earmarked to implement five major measures³ to increase the number of local film productions, nurture young directors and scriptwriting talents and enhance professional training, with a view to adding value to the trade, helping the trade tide over the difficult period and re-energizing Hong Kong's film industry.

Hong Kong Design Centre

6. HKDC was established in 2001 by five designer associations⁴ with the missions of (a) undertaking publicity of and promoting Hong Kong's design works; (b) promoting design leadership and continuous learning; (c) promoting design excellence; (d) nurturing design-entrepreneurs; and (e) supporting the development of Hong Kong's fashion design industry. With \$300 million from

² Excluding the \$1-billion injection into the CreateSmart Initiative proposed in the Chief Executive's 2020 Policy Address

³ The five measures are: Directors' Succession Scheme, relaxation of the Film Production Financing Scheme, Scriptwriting Incubation Programme, sponsoring the trade to provide free short-term advanced training courses and enhancement of the First Feature Film Initiative.

⁴ The founding members of the Hong Kong Design Centre are: the Hong Kong Designers Association, the Chartered Society of Designers, Hong Kong, the Hong Kong Interior Design Association, the Hong Kong Fashion Designers Association and the Hong Kong Federation of Design Associations.

CSI, HKDC would implement, among other programmes between 2019 and 2022, its priority projects including three annual editions of the regional design event named Business of Design Week, as well as the latest phase of the Design Incubation Programme and the Fashion Incubation Programme respectively.

Previous discussions by the Panel on Information Technology and Broadcasting

7. At the Panel meeting held on 10 June 2019, the Administration briefed members on the work of CreateHK and HKDC from April 2018 up to end-March 2019 and HKDC's work plan in 2019-2020.

Measures to support the film industry

8. Members expressed concerns over the limited number of cinemas in Hong Kong for releasing local productions and the legal risks faced by the film industry when using props money, or uniforms, warrant cards and vehicles of disciplined services for filming purposes. The Administration advised that the number of cinemas had increased in recent years. Noting that small-to-medium budget local productions might sometimes be assigned secondary show time, the Hong Kong Film Development Council ("HKFDC") was considering whether it was feasible to subsidize or organize special screenings to promote selected small-to-medium budget films supported by FDF. As regards the use of props, the Hong Kong Monetary Authority and Hong Kong Police Force had been invited to meet with representatives of the film and television sectors to explain the application procedures and requirements of using props currency notes for filming purposes. Guidelines had also been issued on reproduction of Hong Kong currency notes as stage money.

9. Some members enquired about the implementation progress of the five measures stated in the Chief Executive's 2019 Policy Address which intended to facilitate the entry of Hong Kong's film industry into the Mainland market, thereby expanding the market space for local films and film practitioners in the Mainland. The Administration advised that it would follow up with the Mainland authorities under the Mainland and Hong Kong Closer Economic Partnership Arrangement for early implementation of the five relaxation measures; and would continue to work with the industry and liaise with the relevant authorities with a view to opening up more opportunities in the Greater Bay Area for Hong Kong films and stage performances.

The Film Development Fund

10. Some members questioned the methodology of assessing the commercial

viability of FDF applications, as there had been examples that films rejected by FDF for being commercially unviable turned out to be quite well received by the audience. According to the Administration, assessment of production-related FDF applications was based on the professional judgment of an assessment panel comprising practitioners of the film industry. The assessment panel would exercise its best endeavour in scrutinizing an application in terms of its creative elements, the scripts, production budget, marketing forecast and the quality of the production team. Nonetheless, the box office performance of a film might not be predictable. The Administration stressed that commercial viability would remain a major assessment criterion of FDF applications in order to reflect the Administration's policy to support the development of the film industry.

11. Members asked whether short films or dramas not intended for theatrical release, such as those released via over-the-top media services or online platforms, could be eligible for funding under FDF. Members also suggested that the First Feature Film Initiative under FDF should support local films for screening or promotion overseas. The Administration replied that the objective of FDF was to support the development of the film industry in Hong Kong. Having consulted HKFDC, the Administration considered it appropriate to maintain its policy to support local films intended for commercial theatrical release. The Administration would explore with the industry to introduce a new "Short Film Production Scheme" which would provide targeted training in scriptwriting, shooting, presentation skills, etc., for production of short films of less than 60 minutes in length. As to productions which fell outside FDF's scope of support such as microfilms, CSI funding could be sought.

Measures to support other creative industries

12. Members asked whether the administrative procedures for CSI applications could be streamlined. The Administration stressed that suitable auditing and monitoring were necessary to ensure that public money was properly used. Nonetheless, \$300 million had been earmarked under CSI for HKDC to take forward certain signature and annual projects without having to go through the usual vetting procedures. Upon a member's request, the Administration undertook to follow up with the publishing sector on the suggestion to streamline the vetting procedures for publishers' participation in international book fairs.

13. Members also enquired about the implementation details of the Sham Shui Po Design and Fashion Project ("the SSPD&F Project"), and asked whether the Administration would learn from South Korea in promoting the collaboration between local fashion industry and film industry.

14. According to the Administration, CreateHK had been coordinating with HKDC and the Tourism Commission in collaboration with the local communities to promote creative industries and tourism in Sham Shui Po and Wan Chai Districts, with a view to hosting associated activities in other districts subsequently. Promotion events with local elements had been organized at the district level to encourage community participation and promote tourism. Activities such as fashion parades would continue to be organized in the lead-up to the completion of the SSPD&F Project expected in 2023-2024. The Administration added that CSI had long supported cross-sectoral collaborations among different creative industries and it would continue to explore relevant opportunities. As "local film production elements" was one of the assessment criteria in some major schemes under FDF, the Administration would also explore the possibility of encouraging FDF applicants to engage local production designers.

Promoting the use of design thinking for innovation

15. Members noted that HKDC had conducted a series of workshops to instil the mindset of creativity and design thinking as a problem-solving capability into the mid-management and senior management in the civil service, and had a plan to promote design thinking across sectors to promote wider and strategic use of design for innovation. In addition to the activities currently organized for students, the Administration might consider organizing training sessions for teachers on how to promote design thinking among students.

16. While members supported the Administration's plan to further promote, especially among young people, the wider and strategic use of design thinking for innovation, they expressed concerns over the additional workload the suggested training sessions might bring to teachers. Members proposed that a dedicated team or community partners should be engaged instead to promote design thinking among students under a holistic approach. There were also suggestions for the Administration to set targets for the promotion of design thinking among all local schoolchildren and civil servants.

Previous injection into the CreateSmart Initiative

17. The last injection of \$1 billion into CSI was proposed in the 2017 Policy Address. At the Panel meeting held on 8 January 2018, the Administration sought the Panel's support on the funding proposal. While the Panel in general supported the Administration's recommendation, some members queried the justifications for the large scale of injection into CSI. The Administration explained that the proposed funding injection was a response to the creative industry sectors' growing demand for Government's support and the scale of

injection was considered appropriate in light of the past spending rate of CSI. The proposed injection of \$1 billion was approved by the Legislative Council on 10 May 2018 in the context of the passage of the Appropriation Bill.

Questions raised at Council and Finance Committee meetings

18. At the special FC meetings to examine the Estimates of Expenditure 2020-2021 held on 7 April 2020, a number of members raised questions about the work of CreateHK and HKDC. Hon MA Fung-kwok raised a question on the assistance available for the sectors of sports, performing arts, culture and publication at the Council meeting on 24 June 2020. Details of the questions and the Administration's replies are given in the hyperlinks in the **Appendix**.

Latest position

19. The Administration will brief the Panel on 11 January 2021 on the work of CreateHK and HKDC from 1 April 2019 to 31 March 2021, and seek members' views on the proposal to inject \$1 billion into CSI.

Council Business Division 1
Legislative Council Secretariat
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List of relevant papers

Issued by	Meeting date/ Issue date	Paper
Panel on Information Technology and Broadcasting	10 June 2019	Administration's paper on the work of Create Hong Kong and Hong Kong Design Centre (LC Paper No. CB(1)1135/18-19(05)) Minutes of meeting (LC Paper No. CB(1)1327/18-19)
Special Finance Committee	7 April 2020	Administration's replies to Members' initial written questions (Reply Serial Nos. CEDB(CCI)001, CEDB(CCI)003, CEDB(CCI)005, CEDB(CCI)006, CEDB(CCI)007, CEDB(CCI)008, CEDB(CCI)009, CEDB(CCI)012, CEDB(CCI)018, CEDB(CCI)020, CEDB(CCI)024, CEDB(CCI)025, CEDB(CCI)026, CEDB(CCI)028, CEDB(CCI)033, CEDB(CCI)035, CEDB(CCI)044, CEDB(CCI)046, CEDB(CCI)051 and CEDB(CCI)052) (https://www.legco.gov.hk/yr19- 20/english/fc/fc/w_q/cedb-cci-e.pdf)
Council	24 June 2020	Question No. 8 raised by Hon MA Fung-kwok Assistance for sectors of sports, performing arts, culture and publication