

# **立法會**

## ***Legislative Council***

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### **Panel on Information Technology and Broadcasting**

**Meeting on 11 November 2024**

### **Background brief on the work of the Cultural and Creative Industries Development Agency**

#### **Purpose**

This paper provides background information on the work of the Cultural and Creative Industries Development Agency (“CCIDA”). It also summarizes the views and concerns expressed by Members during discussions on related subjects at the meetings of the Panel on Information Technology and Broadcasting (“the Panel”) in recent years.

#### **Background**

2. Cultural and creative industries<sup>1</sup> (“CCI”) serve as an important driving force for Hong Kong’s progression towards a high-value and diversified economy. In 2022, the added value of CCI was around \$122.1 billion, accounting for 4.5% of the Gross Domestic Product. The number of persons engaged by these industries was around 221 280, representing 6.1% of the total employment in Hong Kong.

#### **Cultural and Creative Industries Development Agency**

3. Create Hong Kong (“CreateHK”) was established in 2009 to support the upstream development of creative industries in the city. Its responsibilities and strategic foci centred around nurturing creative talent and start-ups, enhancing Hong Kong’s creative image as a whole, fostering a creative atmosphere in the community, and promoting cross-sectoral and

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<sup>1</sup> Creative industries include film, advertising, architecture, design, digital entertainment, music, printing and publishing, and television.

cross-genre collaboration. **In June 2024, CreateHK was restructured as CCIDA to further promote the development of arts, culture and creative sectors as industries under the industry-oriented principle.** The restructured CCIDA will drive a minimum of 60 Mainland and overseas delegations, exhibitions and showcases annually to support the market expansion of Hong Kong's cultural and creative industries.

4. CCIDA has been **subsidizing initiatives and activities advocated and organized by the industries**, including fashion weeks, film festivals, art expos, etc. held around the world, **for the development of Hong Kong's creative industries** through the **CreateSmart Initiative ("CSI")** and the **Film Development Fund ("FDF")**. Efforts will be made by CCIDA to identify suitable and promising projects in different cultural and creative sectors for promoting the application of cross-sectoral and cross-genre content. Support to the industries for content distribution will be strengthened, while facilitating creation and production of cultural intellectual property ("IP"). CCIDA is also tasked with **facilitating cultural IP transactions**, exploring business and commercialization opportunities to enhance economic benefits.

#### CreateSmart Initiative

5. CSI was launched in 2009 to promote and facilitate the development of Hong Kong's creative industries along four strategic foci, including **nurturing talent and promoting the development of start-ups; exploring markets; fostering a creative atmosphere; and promoting cross-sectoral and cross-genre collaboration.** As at June 2024, there has been a commitment totalling \$3.094 billion under CSI, benefiting 22 450 small and medium-sized enterprises and providing more than 90 700 nurturing opportunities. In fact, a real growth has been witnessed in Hong Kong's creative industries.

#### Promoting further development of the film industry

6. FDF was re-launched in 2005 to support the development of the film industry in Hong Kong through **nurturing talent, enhancing local production, expanding markets and building audience.** As at June 2024, a total of around \$1.17 billion was committed under FDF to support various film productions and other film-related projects. Over 100 emerging directors and producers were engaged in some 100 approved films, which resulted in the winning of more than 180 local and international awards.

Development of the Guangdong-Hong Kong-Macao Greater Bay Area and Belt and Road Initiative

7. To assist the creative industries in seizing the new opportunities brought about by the development of the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”) and the Belt and Road (“B&R”) Initiative, CreateHK organized and supported a number of activities to promote the development of the creative industries in relevant countries, regions or cities. For example, there were organizations of Film Production Investment and Trade Fair, architecture exhibitions and fashion shows in various Mainland cities of GBA; and participations in film festivals and related exhibitions in Italy, Malaysia and Thailand, etc. The objective was to promote Hong Kong’s creative industries and open up local markets.

New initiatives to promote the development of arts, culture and creative sectors as industries

8. In the 2023 Policy Address, the Chief Executive unveiled a number of initiatives to promote the development of arts, culture and creative sectors as industries, such as the **injection of around \$1.4 billion and \$2.9 billion (around \$4.3 billion in total) into FDF and CSI respectively in 2024-2025** to support the development of the film industry and the cultural and creative industries. The proposed funding injection was approved by the Legislative Council (“LegCo”) in the context of the Appropriation Bill 2024.

9. As regards the film industry, the Administration will earmark around \$840 million from the injection of around \$1.4 billion for enhancing Hong Kong film production, including launching the **Film Financing Scheme for Mainland Market** and the **Hong Kong-Europe-Asian Film Collaboration Funding Scheme (“the Funding Scheme”)** under FDF. The remaining amount of about \$580 million will be reserved for the work related to nurturing talent, expanding markets and building audience.

10. Insofar as the development of the non-film sectors of creative industries is concerned, the Administration will inject \$2.9 billion into CSI, of which about \$1.72 billion will be earmarked to **promote and fund projects organized by the cultural and creative sectors** for nurturing talent, facilitating industry development, exploring markets, fostering a creative atmosphere in the community and promoting more cross-sectoral and cross-genre collaboration. The remainder of about \$1.18 billion will be earmarked for providing **funding support to the Hong Kong Design Centre (“HKDC”)** for continuously **implementing projects related to the creative industries and the nurturing of design/creative talent**, including the operating and event costs of Sham Shui Po Design and Fashion Project, and the organization of activities in collaboration with the Hong Kong Trade

Development Council to promote cultural IP transactions, thereby fostering the commercialization of arts, cultural and creative industries.

#### Blueprint for Arts and Culture and Creative Industries Development

11. In the 2024 Policy Address, the Chief Executive indicated that the Administration had consulted the arts and cultural community in 2023 on the formulation of the **Blueprint for Arts and Culture and Creative Industries Development (“the Blueprint”)**. The Blueprint will cover four major development directions: promoting the development of diverse arts and culture with an international perspective, promoting Chinese culture, fostering arts and cultural exchange between China and the rest of the world, and driving industry development. The Administration will consult the Culture Commission shortly and **promulgate** the Blueprint **within 2024**.

#### **Deliberations of the Panel on Information Technology and Broadcasting**

12. At the meeting on 5 February 2024, the Administration briefed the Panel on the work of CreateHK relating to the eight creative industries (including HKDC). The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

#### Promoting the development of the cultural and creative industries and the demand and supply of talent

13. Raising questions on the Administration’s **strategies and performance indicators for promoting CCI**, Members suggested that the Administration should step up its publicity efforts for CCI. Members noted that CCIDA would formulate corresponding development and promotional strategies for different industries, together with initiatives to expand markets for the cultural and creative institutions through various media channels.

14. Members noted that there was a high staff turnover rate in HKDC and that 20% of its vacancies remained unfilled. Members suggested that **HKDC should review and adjust its manpower policy**. The Administration advised that it had commenced a review jointly with HKDC on its manpower strategies, and would explore with HKDC the manpower requirements for the Sham Shui Po Design and Fashion Project with a view to improving the manpower situation. In addition, CCIDA would conduct a study on the **manpower requirements of CCI**, etc.

### Supporting the development of the film sector

15. Members were of the view that the Administration should **give priority to financing films with a better box office guarantee** when vetting applications under FDF. Members also suggested that the **Cinema Day should be organized more often** to cultivate the community's interest in watching movies at cinemas. The Administration responded that the objective of FDF was to promote the development of the film industry in Hong Kong and provide training and job opportunities for members of the industry, instead of placing a focus on profits.

### Film Financing Scheme for Mainland Market

16. Members enquired about the **financing arrangements and conditions of the Film Financing Scheme for Mainland Market**. In response, the Administration advised that the objective of the Scheme was to support Hong Kong film companies and the Mainland cultural enterprises to invest in the productions of Hong Kong directors. To this end, the Administration would require that the producer and the director, as well as any two of the leading/supporting actors/actresses of the approved film projects, must be Hong Kong permanent residents. Funding support for eligible film projects would be provided in phases, with the final instalment of the funding to be disbursed to the applicant only after the film was publicly exhibited and the necessary documents and reports were submitted. The Administration would be entitled to a share of the net film revenue according to the percentage of government financing to the overall production budget of the film project.

### Hong Kong-Europe-Asian Film Collaboration Funding Scheme

17. Members suggested that the Administration should **subsidize at least one co-production film project from the Middle East each year under the Funding Scheme**. According to the Administration, factors such as the quality, feasibility and content of the projects would be taken into account when vetting applications under the Funding Scheme, and it would make its best endeavours to strike a balance in financing projects from different places. Also, the Administration would explore cooperation opportunities with film makers in the Middle East to further open up the local film market.

### Application of generative artificial intelligence in creative industries

18. Members expressed concern about the **application of generative artificial intelligence ("AI") in the creative industries and the associated legal issues such as IP rights**. The Administration responded that more

time was needed to explore the relevant issues and a decision had yet to be made on the direction for funding AI-related projects under CSI.

19. At the meeting of the Panel on Commerce, Industry, Innovation and Technology on 16 July 2024, the Administration informed the Panel that a two-month public consultation on the enhancement of the Copyright Ordinance (Cap. 528) regarding the protection for AI technology development was launched on 8 July 2024, while exchanging views with Members. Members noted that generally speaking, the existing Copyright Ordinance would cover AI-generated original artistic works, as well as works created by human authors with the use of AI systems as assistive tools. Expressing concern about the potential liability for copyright infringement arising from the creation and use of works generated by generative AI, Members suggested that **users should be exempted from liability for copyright infringement.**

### **Questions raised at Council and Finance Committee meetings**

20. During the examination of the Estimates of Expenditure 2024-2025, Members had raised questions about CCIDA's work plan, CSI, FDF and the Blueprint. Members had also raised questions in relation to promoting the development of the creative industries at Council meetings. Details of the questions and the Administration's replies are given in the hyperlinks in **Appendix.**

### **Latest development**

21. The Administration will report to the Panel on 11 November 2024 on the work and future work plan of CCIDA.

### **Relevant papers**

22. A list of relevant papers is set out in the **Appendix.**

# Work of the Cultural and Creative Industries Development Agency

## List of relevant papers

Committee	Date of meeting	Papers
Panel on Information Technology and Broadcasting	13 February 2023	<a href="#">Agenda</a> Item IV: Work of the Create Hong Kong and the Hong Kong Design Centre <a href="#">Minutes of meeting</a> <a href="#">Follow-up paper</a>
	5 February 2024	<a href="#">Agenda</a> Item IV: Report on the work of Create Hong Kong <a href="#">Minutes of meeting</a>
Special meetings of the Finance Committee to examine the Estimates of Expenditure 2024-2025	18 April 2024	<a href="#">Written replies to initial questions raised by Members in examining the Estimates of Expenditure 2024-2025</a> (Reply Serial Nos.: CSTB002, 005, 022, 023, 024, 025, 031, 035, 038, 042, 043, 044, 060, 061, 064, 066, 067, 077, 078, 099, 107, 108, 109, 119, 120, 133, 144, 169, 176, 184, 192, 213, 214, 215, 216, 217, 218, 220, 224 and 243) <a href="#">Verbatim record</a>

Council meeting	Papers
26 October 2022	<a href="#">Question 11</a> : Sham Shui Po Design and Fashion Project
16 November 2022	<a href="#">Question 5</a> : Strengthening the support for fashion design development
11 January 2023	<a href="#">Question 21</a> : Telling China's stories well through Hong Kong films

Council meeting	Papers
13 December 2023	<a href="#">Question 2</a> : Hong Kong Fashion Design Week  <a href="#">Question 5</a> : Promoting the development of the cultural and creative industries
29 May 2024	<a href="#">Question 15</a> : Promoting tourism through movies and television dramas
12 June 2024	<a href="#">Question 3</a> : Promoting the development of the film industry
26 June 2024	<a href="#">Question 16</a> : UNESCO Creative Cities Network