

LCQ5: Promoting the development of the cultural and creative industries

Following is a question by the Hon Ma Fung-kwok and a reply by the Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, in the Legislative Council today (December 13):

Question:

In the 2023 Policy Address, the Government has proposed to promote the development of the cultural and creative industries, including injecting a total of \$4.3 billion into the CreateSmart Initiative and the Film Development Fund (FDF). In this connection, will the Government inform this Council:

(1) given that the Government has proposed to inject \$2.9 billion into the CreateSmart Initiative to promote and fund projects organized by the creative industries for nurturing talents, exploring markets, etc, of the specific arrangements for these funds, and whether specific funding amounts will be set for different sectors;

(2) given that the Government provided a one-off injection of \$1 billion into FDF in 2019, which is almost double the total amount injected in the previous 12 years (including \$300 million in 2007, \$200 million in 2015 and \$20 million in 2016), and together with the injection of about \$1.4 billion as proposed in the Policy Address just delivered, the total amount of the Government's injection into FDF will be close to \$3 billion, of the use of the funds so far since the injection in 2019 and the return, as well as the authorities' specific plans or adjustments for the future operation of FDF to meet the expectations of the Hong Kong film industry in terms of the overall investment size in the market, training of practitioners, international status, etc; and

(3) as it is learnt that more than 50% of the Hong Kong films screened on the Mainland are co-productions between Hong Kong and the Mainland, of the specific mode and content of the Film Financing Scheme for Mainland Market, and whether the Scheme aims to encourage the industry to produce films on themes popular on the Mainland or Chinese-language films?

Reply:

President,

The Hong Kong Special Administrative Region Government is actively promoting the cultural and creative industries. As announced in the Chief Executive's 2023 Policy Address, the Government will inject a total of \$4.3 billion to the Film Development Fund (FDF) and the CreateSmart Initiative (CSI) to provide incentives for attracting private sector capital

and assist the industries in expanding new markets.

Our reply to the Hon Ma's question is as follows:

(1) The Government established the CSI in 2009 to promote the development of the seven major creative industries, generating economic impetus for the community while enhancing the cultural power. In the past, the CSI has provided funding support for numerous projects in the creative industries, such as:-

- the Venice Biennale International Architecture Exhibition (Hong Kong Exhibition and Response Exhibition);
- Hong Kong Game Enhancement and Promotion Scheme;
- Hong Kong Comics Development & Promotion Support Programme;
- Hong Kong Publishing Biennial Awards;
- Publishing 3.0 – HK Smart eBook-Hub Promotion Scheme;
- presenting local fashion designers' works in JUXTAPOSED fashion show and exhibition with cross-over of fashion and music as well as the use of arts technology;
- "FabriX", a pioneering digital fashion initiative; and
- leading local emerging designer brands to participate in Paris Fashion Week and Shanghai Fashion Week, etc.

We propose to inject \$2.9 billion into the CSI, of which, about \$1.72 billion will be earmarked to promote and fund projects organised by the creative industries for nurturing talents, 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 for projects related to the creative industries and the nurturing of design/creative talents, including the operating and event costs of Sham Shui Po Design and Fashion Project, and supporting the Hong Kong Trade Development Council to enhance the Asia IP Exchange portal.

Having Create Hong Kong restructured as the Cultural and Creative Industries Development Agency, we will commence a series of work, such as identifying and exploring business exhibition and showcase opportunities for the arts, cultural and creative industries, and providing funding support to their overseas exhibition and showcase projects. We will facilitate cross-sectoral exchanges and develop collaboration programmes to promote and fund more cross-sectoral and cross-genre projects. We will also revise the CSI to fund promising commercial projects and encourage injection of private sector capital. Meanwhile, we will lift up the existing funding ceiling of \$10 million of the CSI to fund or finance more large-scale and sustainable projects. However, we will not set specific funding amount for individual industry or project, so as to ensure the effective and flexible operation of the CSI. We welcome applications of proposals from the industry, which align with the four strategic foci of the CSI. We are confident that the existing resources will be able to provide appropriate support to the industry.

(2) & (3) The Government has been supporting projects conducive to the long-term and healthy development of the film industry in Hong Kong through the FDF along four strategic directions, namely nurturing talent, enhancing Hong Kong film production, expanding markets and building audience. The aim of the Government in setting up the FDF has never been to obtain financial gains by subsidising the industry, but to assist in the development of the local film industry and create more film activities and employment opportunities. Since 2005, the Government has injected a total of \$1.54 billion into the FDF. As at the end of October 2023, the FDF has approved about \$1.058 billion to support numerous film projects including:

- 61 projects under the Film Production Financing Scheme (about \$231 million);
- 10 projects under the Film Production Grant Scheme (about \$18 million);
- 9 projects under the Directors' Succession Scheme (DSS) (\$81 million);
- 24 projects under the First Feature Film Initiative (FFFI) (about \$124 million); and
- 284 Other Film-related Projects (about \$604 million).

Some of the Government financed films, for example "Chilli Laugh Story" and "Mama's Affair", have achieved outstanding box office. "A Guilty Conscience", which was theatrically released in 2023, became the highest-grossing Chinese film in Hong Kong, with a box office of over \$100 million. The Government's share of profit from financed films is around \$33 million.

The FFFI was launched in 2013 under the FDF to provide funding for new directors to make their first feature films to identify and nurture promising film production talents. Since its inception, a number of sponsored films have achieved considerable box office, including "Hong Kong Family", "Lost Love", "Mad World", "Still Human", "Hand Rolled Cigarette", etc. Amongst them, the box office of "Mad World" and "Still Human" reached a box office of \$17 million and \$19 million respectively. Moreover, the Government launched the DSS in 2020. Qualified directors are invited as producers to partner with young directors to co-produce local films in the spirit of mentorship, encouraging directors to groom young talents, and to enhance the quality and quantity of local film productions. As we can see, the FDF has actively launched a number of new schemes in recent years to promote the long-term development of the film industry.

Following the implementation of the Hong Kong-Asian Film Collaboration Funding Scheme and the Content Development Scheme for Streaming Platforms under the FDF in 2022, the FDF will further subsidise Hong Kong films to expand overseas markets by launching the Film Financing Scheme for Mainland Market and expanding the Hong Kong-Asian Film Collaboration Funding Scheme to Hong Kong's Europe-Asian Film Collaboration Funding Scheme.

The Film Financing Scheme for Mainland Market supports Hong Kong film companies and the Mainland cultural enterprises to invest in the productions of Hong Kong directors. The objective of the Scheme is to boost the chance of Hong Kong films for release in the Mainland film market, and at the same time

to nurture more Hong Kong directors and other film production staff to enter the Mainland film market. The production budget of the film project must be between \$25 million and \$150 million. Approved film projects will receive a maximum government finance of \$10 million. It is expected that the Scheme could provide a greater incentive for private investment and provide finance for 20 film projects in the next two to three years to bring a total investment of \$700 million to the film market.

We will also continue to support local and overseas training courses for different film production staff with a view to providing talents for different positions in film production, thereby enhancing the quality of films. We hope that by strengthening the support to the Hong Kong film industry, we can increase its exposure in the Mainland and global film market, facilitate exchanges between the Hong Kong film industry and its counterparts on the Mainland and in other countries, and help promising Hong Kong filmmakers to broaden their horizons on culture of different regions, bringing new paradigms for Hong Kong film.