

**For discussion
on 13 November 2017**

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

Film Development Fund Review

Purpose

This paper briefs Members on the background to and the details of the review of the operation of the Film Development Fund (FDF) by the Government.

Background

2. The Government is committed to providing a favourable environment which is conducive to the long-term development of the Hong Kong film industry. To this end, the FDF was first set up in 1999 with a view to providing funding support for projects which would benefit the long-term and healthy development of the film industry. The Government has since 2005 injected a total of \$540 million into the FDF.

3. The Hong Kong Film Development Council (FDC), comprising key players of the film industry, was set up in 2007 to advise the Government on policy, strategy and institutional arrangement for the promotion and development of the film industry as well as the use and allocation of public funds in support of the film industry. FDC and its Fund Vetting Committee are responsible for vetting the funding applications submitted to the FDF¹.

4. With the support of FDF and FDC, the Government promotes the development of the film industry through a four-pronged strategy –

¹ Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) is the Controlling Officer of the Film Development Fund.

- (a) encouraging more local film production;
- (b) nurturing production talent;
- (c) promoting film appreciation among students and young people to build up audiences; and
- (d) showcasing and promoting the brand of “Hong Kong Films” in the Mainland, Taiwan and overseas markets; facilitate the participation of local films in international film festivals, and help drive Hong Kong’s development as a film financing platform in Asia.

FDF and its Funding Schemes

Funding Schemes for Local Films Production

5. The FDF was first established with a primary scope of financing projects conducive to the long-term development of film industry. Over the years, various funding schemes under the FDF have been implemented. One of the earliest schemes is the “Subsidy Scheme for Hong Kong Films to participate in International Film Festivals” launched in early 2000s. It subsidises films that take part in the competition and non-competition parts of international film festivals. As at September 2017, the FDF has financed a total of 119 films to take part in 41 international film festivals.

6. To encourage more local film production for commercial release, the scope of FDF was expanded. The “Film Production Financing Scheme” was introduced in 2007 to provide part financing of up to \$6 million to small-to-medium budget films (viz. those with a production budget of not more than \$25 million each). As at September 2017, the Scheme has financed the production of a total of 31 film projects.

7. In 2013, the “First Feature Film Initiative” (FFFI) was further established under the FDF as an initiative on talent nurture, having regard to the fact that talents are an important asset of the local film sector. The FFFI identifies new filmmakers from among tertiary students and practitioners of the film industry through a competition on screenplay and production proposals. The winning teams receive a subsidy of \$3.25 million for the student winner and \$5.5 million for the professional winner to produce their first commercial feature films. Thus far, the FFFI has supported a total of seven film projects.

8. To encourage investment in local film projects for theatrical release, particularly those developed by younger and/or less experienced filmmakers, a pilot scheme “Film Production Grant Scheme” was introduced in 2015 to provide subsidy of at most 20% of the approved production budget or actual production budget (whichever is the lower) or \$2 million (whichever is less) to low-budget films (viz. those with a production budget of not more than \$13 million each). As at September 2017, six film projects have been funded under the scheme

Other Film-related Projects

9. Apart from supporting local film productions, the FDF also funds a variety of projects/activities that are conducive to the overall development of the film industry through the “Scheme on Subsidising Other Film-related Projects”. One of FDF-funded projects, The Entertainment Expo Hong Kong (which includes in its programme the commonly known Hong Kong International Film & TV Market (FILMART)), for example, is an annual event and has become the largest marketplace in Asia offering a cross-media and cross-territorial trade and networking platform covering film financing, post-production, digital entertainment, licensing, etc., and has attracted more than 800 exhibitors from over 35 countries and regions and over 8 000 visitors in this year’s edition in March 2017. The Hong Kong-Asia Film Financing Forum has also become a major film financing platform matching filmmakers with financiers, producers, bankers, distributors and buyers. This year, 33 film projects from 15 countries or regions (including eight Hong Kong production or co-production projects) were selected for pitching and 886 business matching meetings for these projects were successfully held. In addition, the FDF has also been funding the renowned Hong Kong Film Awards since 1999 with a view to promoting the brand of Hong Kong film on the international stadium. The funding support rendered by the FDF has also led to the provision of subsidies to five Hong Kong-produced Cantonese movies for distribution in the Mainland since 2012.

10. As an initiative on talent nurturing and in collaboration with the film industry, in 2017, 200 places of film-related training programmes are offered to groom frontline film production and post-production talents, and another 30 internship places for overseas training are available for outstanding talents in the post-production sector.

11. As at September 2017, the FDF has devoted a total of \$138 million to film production-related projects as set out in paragraphs 6, 7 and 8 above and a total of \$283 million to other film-related projects in paragraphs 5, 9 and 10 above.

Need for Review of the Operation of FDF

12. As mentioned above, the FDF has supported a total of 31 film production financing projects and 6 film production grant projects. It has also funded 193 other film-related projects, and groomed 28 new directors and 19 new producers. Many of the films supported by the FDF have attained impressive achievements, winning a total of over 110 local and international awards. At the same time, we note that some major film-related events, such as FILMART and the Hong Kong-Asia Film Financing Forum has been gaining popularity and recognition from the industry as an important networking and business-matching forum in the region.

13. Notwithstanding the above achievements, we note that in recent years, the industry has declining interest in say, the Film Production Financing Scheme (paragraph 6 above). Our records revealed that the number of applications under this Scheme between 2007 and 2009 was 23 in total whereas that for 2015 to 2017 was only six. In addition, the Film Production Grant Scheme (paragraph 8 above) which was launched on a three-year pilot basis in 2015, is due for review by early 2018. As these schemes and measures have been put in place over time to tailor to different development needs of the film industry, changing market situation and needs for films for commercial release call for a review of such measures under the FDF to ensure that the Fund continues to provide effective support to the industry.

Consultant's Review of the Operation of FDF

14. In the light of the changing environment for the local film sector, we consider it necessary to conduct a review of the operation of the FDF and the effectiveness of its various funding schemes, with a view to driving the further development of the local film industry, nurturing more professionals for film production or post-production services, so that the industry will be readily equipped to respond more effectively to market needs.

15. The Government has commissioned a consultant to undertake the review. The consultant will, among others, evaluate the effectiveness of the existing support measures through the FDF, particularly in the area of promoting local film production for commercial release and talent nurture, and identify new niches of the local film industry and film-related services in the next five years or so in the light of the latest developments such as those brought about by the Belt and Road Initiative. The objective is to ensure that the FDF continues to be well used for further development of the local film industry as a whole.

Way Forward

16. The consultancy is expected to be completed by mid-2018. We will consider the recommendations therein and consult the FDC on enhancement to be made to the FDF so as to better support the film industry to meet market needs and to maintain the branding for Hong Kong films.

17. Looking ahead, we will continue to implement the various initiatives to promote the development of the film industry. As set out in the Policy Address, we will, for example, make use of the Guangdong-Hong Kong-Macao Bay Area to jointly promote the production of Cantonese film and television programmes by further opening up the market and encouraging investment, promoting cooperation and exchange among talents, and fully capitalising on Hong Kong's role as a talent hub in the creative industries. In addition, following visits to Iran and Malaysia respectively in April and November this year, we are exploring visits to other countries along the Belt and Road routes to promote Hong Kong's films and production / post-production services in the next one to two years.

Advice Sought

18. Members are invited to note the content of this paper.