

**For discussion
on 8 January 2018**

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

Funding Proposal for the CreateSmart Initiative

Purpose

The Chief Executive (CE) announced in the 2017 Policy Address the Government's proposal to inject \$1 billion into the CreateSmart Initiative (CSI) to strengthen our support for the development of the creative industries. This paper seeks Members' views on the details of our proposal.

Our Vision

2. The economy of Hong Kong has been performing well. In the third quarter of this year, Hong Kong has recorded a year-on-year economic growth of 3.6% in real terms, with unemployment rate remaining at a very low level at 3.1% as at end-September 2017. Yet, against a globalised business environment and given the externally-oriented nature of Hong Kong's economy, there is no room for complacency. We need to search for a new focus for Hong Kong's economic development so that our economy can further prosper. The four traditional industries¹ must innovate and look for new opportunities in the Mainland and overseas markets. At the same time, with the huge development potential arising from the Belt and Road Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area (Bay Area), our emerging creative industries must expand by capitalising on these development opportunities in further driving Hong Kong's economic growth.

¹ They are trading and logistics, financial services, professional and producer services, and tourism.

Creative Industries

3. Creative industries² have immense development potential. From 2005 to 2015, the nominal value added of creative industries increased at an average annual rate of 5.4%. In 2015, the value added in nominal terms contributed by creative industries exceeded \$57 billion, accounting for 2.5% of our Gross Domestic Product. Creative industries are the new economic catalyst to propel the development of Hong Kong into a high value-added and diversified economy.

4. Noting the huge potential of creative industries, the Government has been committed to supporting their developments, through the establishment in 2009 of a dedicated agency, Create Hong Kong (CreateHK), and the simultaneous inception of the CSI, a dedicated fund to provide funding support for promoting the seven non-film sectors of creative industries³. Over the years, a total of \$1 billion has been injected into the CSI, in batches in 2009 (\$300 million), 2013 (\$300 million) and 2016 (\$400 million). The approved commitment of the CSI is expected to be exhausted by around mid-2018. We need new funding injection to continue our support for the creative industries.

Evaluation of the Effectiveness of the CSI

Multi-pronged Approach under the CSI

5. The CSI adopts a “partnership approach” whereby we defer to the industry to initiate and implement development and support programmes with funding support from the Government. This approach harnesses the capacity, creativity, expertise and networks of the industry and trade organisations and academic institutions. The market-driven and trade-championed nature of the projects facilitates industry to organise programmes which best fit the needs of their respective creative sectors. Under the CSI, funding is granted on a project-based and non-recurrent basis, but the industry is allowed to seek further funding support for worthwhile projects to be organised again in subsequent years.

6. As at end-September 2017, CSI has funded a total of 402 projects covering a wide range of development and support programmes that are conducive to the development of creative industries under three strategic foci, namely –

² Creative industries in Hong Kong are broadly defined into eight sectors, namely, advertising, architecture, design, digital entertainment, film, printing and publishing, television and music.

³ Film-related initiatives are funded by the Film Development Fund.

- (a) nurturing talents and facilitating start-ups;
- (b) exploring markets; and
- (c) promoting Hong Kong as Asia's creative capital and fostering a creative atmosphere in the community.

The splits of the CSI's approved funding among projects pertaining to the above foci (a) to (c) are about 40%, 30% and 30% respectively. The approved projects are of varying scales across the seven different creative industry sectors. Please refer to **Annex A** for examples of CSI-funded projects of different creative sectors.

(a) *Nurturing Talents and Facilitating Start-ups*

7. The CSI has committed some \$351.8 million (or 39.3% of the total funding amount) for 184 approved projects (45.8% of the total number of projects) for nurturing creative talents at their early stage of development and facilitating start-ups. Initiatives supported by the CSI include internship opportunities for graduates of selected creative disciplines such as digital entertainment and advertising sectors, and incubation programmes for design and fashion design respectively under the Design Incubation Programme (DIP) and Fashion Incubation Programme (FIP) administered by the Hong Kong Design Centre (HKDC). Overseas work attachments or further study opportunities have also been provided to selected awardees of the DFA Hong Kong Young Design Talent Award. The CSI has also been sponsoring different award programmes or competitions, such as the EcoChic Design Award and the Hong Kong Smart Design Awards to identify local creative talents; and also sponsoring award winners of the Association of Accredited Advertising of Hong Kong to participate in international advertising awards. Projects supporting start-ups include business-matching and cross-industry collaborations with small and medium-sized enterprises (SMEs); and sponsoring start-ups for production of animation and games, etc. These and other programmes have together offered over 42 200 nurturing opportunities for creative talents and start-ups.

(b) *Exploring Markets*

8. The CSI has committed some \$261.1 million (29.1 % of the total funding amount) for 133 approved projects (33.1% of the total number of projects), seeking to assist industry practitioners to explore and reach out to markets outside Hong Kong through programmes such as promotional and business matching activities organised by the Hong Kong Trade Development Council (TDC), participation in major international

exhibitions, fashion weeks and large-scale trade fairs. Over 1 600 SMEs of creative industries have participated in these programmes.

(c) *Promoting Hong Kong as Asia's Creative Capital and Fostering a Creative Atmosphere in the Community*

9. The CSI has committed some \$283.2 million (31.6% of the total funding amount) for 85 approved projects (21.1% of the total number of projects) which included staging of mega creative events, regional forums and conferences, etc. in Hong Kong across different disciplines with a view to raising awareness of the achievements of Hong Kong's creative industries among the public. Funded events included Hong Kong Asian-Pop Music Festival, deTour and Cross-Strait Architectural Design Symposium and Awards. These programmes have helped raise the profile of Hong Kong's creative industries locally, regionally and overseas.

Contribution to Creative Industries

10. It may not be possible to assess the immediate/direct benefits brought about by the CSI-funded programmes to individual incubatees/start-ups, participating companies or industry practitioners. It would also take time for talents and start-ups with CSI support to grow, to mature and excel. From the macro perspective nonetheless, Hong Kong has witnessed impressive growth in creative industries since the establishment of the CSI in 2009 in terms of the number of persons (from 123 330 in 2009 to 135 710 in 2015) and establishments (from 21 320 in 2009 to 27 450 in 2015) engaged in these industries. The number of jobs created was 15 070, while the number of business contacts established was 13 500. All in all, the CSI benefited 1 620 SMEs and provided more than 42 200 nurturing opportunities. Details of the effectiveness of the CSI as measured by the said key performance indicators (KPIs) over the years are set out in **Annex B**.

11. Intangible benefits brought about by the CSI-funded projects included an enhanced international profile and recognition of, and increased international media interest in Hong Kong as a city of creativity and design. The Business of Design Week (BODW) curated by HKDC, for example, now in its 16th edition, has become an international iconic event on business of design, enhancing Hong Kong's status as a city of design excellence in Asia. The local and overseas publicity and media coverage attracted by the CSI-funded projects enhance the public's appreciation of the creative sectors on the one hand and promote Hong Kong's soft strengths abroad on the other hand.

Respondents' Feedback

12. Since July 2011, it has been a standard requirement for all CSI-funded projects to collect feedback from participants of the programmes through a standard questionnaire survey. Based on the survey findings, the participants in general had positive feedback – 97% of those responded rated the programmes as “satisfactory”, “very satisfactory” or “excellent”. In terms of usefulness of the CSI-funded events they attended, 80% of the respondents felt that it helped in terms of exploring new opportunities, 82% in terms of expanding network and 84% in terms of understanding of the industry’s position in the global market.

13. The large number of approved projects⁴ and sizable amount of committed funding⁵ since the inception of the CSI have also reflected a strong demand for funding support from the seven sectors to further the development of creative industries.

Blueprint for Promoting Creative Industries

14. The CE has in her 2017 Policy Address outlined the blueprint for furthering the development of creative industries. Recognising that creative industries are not only a cluster of emerging professions popular among young people, but are also a powerhouse that will drive the economy, add value and make Hong Kong into a more attractive international city, the CE announced the Government’s proposal to inject \$1 billion into the CSI to strengthen our support for the development of the design industry and creative industries, especially for the nurturing of young talents, and enhancing the community’s awareness of creative thinking and design capability. It is highlighted in the Policy Address that we could make use of the opportunities arising from the development of the Bay Area to proactively promote the further development of our creative industries. We should also liaise more closely with other cities of design in the Mainland and overseas, and promote Hong Kong’s position as a creative hub, thereby opening up new markets for Hong Kong.

15. The proposed injection of \$1 billion in one go into the CSI is a testimony of the significance the current-term Government attaches to the development of creative industries. With the proposed funding injection,

⁴ From 54 by end-June 2011 to 402 by end-September 2017.

⁵ From \$105 million by end-June 2011 to \$896 million by end-September 2017.

we expect that not only would more new initiatives be launched through CSI support, existing programmes/projects with proven success would also be enhanced to achieve greater impact to meet the policy goals of talent-nurturing and market development; thereby promoting the community's awareness of creative thinking and design capability.

New Targeted Funding Approach for CSI

16. We propose that, while in keeping with the market-driven approach for CSI projects, a more targeted funding approach be adopted with a view to committing the CSI funding to programme areas/projects in accordance with the priority areas highlighted in the Policy Address. To this end, talent-nurturing will be our top priority in the development of the creative industries during the current term of Government. We propose that no less than 50% (compared with around 40% of the total funding amount in the past) of the \$1 billion funding be earmarked for projects related to the strategic focus of nurturing talents, especially for grooming young talents in different sectors, and facilitating start-ups. As for the other two strategic foci, we will continue to accord equal emphasis to each strategic area. The splits of the new \$1 billion funding injection are expected to be –

- (a) nurturing talents and facilitating start-ups (at least 50%);
- (b) exploring markets (approximately 25%); and
- (c) promoting Hong Kong as Asia's creative capital and fostering a creative atmosphere in the community (approximately 25%).

Some initial ideas on the areas of the proposed funding injection are set out in the ensuing paragraphs.

(a) *Nurturing Talents and Facilitating Start-ups (At Least 50% of Total Funding Amount)*

17. Talent-nurturing is our top priority. We will seek to expand our collaboration with different cities of design and industry of different creative disciplines to identify more exchange programmes for our tertiary students. We will work with industry stakeholders to support students or young practitioners for internships, exchange programmes, work placements or further studies in the Mainland or overseas. The CSI funding may also be used for sponsoring young practitioners to participate in different local and international festivals and competitions to help broaden their exposure and gain them experience, and to provide platforms for them to explore business

opportunities and showcase their talents. We will seek to provide subsidies for start-up companies to finance their design/creative productions and to offer them coaching services in the process. Specifically, the CSI funds will be used to provide continual support to DIP and FIP administered by HKDC for talent development through incubation programmes.

(b) Exploring Markets (Approximately 25% of Total Funding Amount)

18. While the CSI funding will continue to support local creative industries to explore markets outside Hong Kong through promotional and business matching activities or participation in trade fairs, special emphasis will be given to markets along the Belt and Road (including ASEAN⁶ countries) and in the Bay Area. The CSI funding will continue to be used to sponsor practitioners to set up pavilions in various exhibitions, showcases, festivals and events in different cities with a view to exploring and expanding markets for creative industries.

(c) Promoting Hong Kong as a Creative Hub and Fostering a Creative Atmosphere in the Community (Approximately 25% of Total Funding Amount)

19. The CSI funding has been used for supporting mega events such as the BODW curated by HKDC. BODW has been growing from strength to strength since its inauguration in 2002 and has, together with the series of concurrent events, drawn more than 140 000 local and overseas participants in 2017. Through staging this and other festivals of creative themes in Hong Kong, these flagship events have not only served as important platforms for networking, knowledge and experience sharing and deal-making in creative industries and for other cross-sectoral collaborations, they have also gone a long way towards promoting the very creativity and vibrancy of Hong Kong. With the new funding, we aim to expand the scale of the different festivals and increase the CSI budget by 50% for BODW starting from 2019-20 to enable HKDC to collaborate with the Hong Kong Tourism Board and other relevant bodies to lift BODW into an iconic world-class design cum tourism event for Hong Kong, riding on BODW's capability of attracting visitors of high value-added segments, i.e. overnight business and MICE (meetings, incentives, conventions and exhibitions) visitors.

⁶ Association of Southeast Asian Nations – member states include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

A Different Funding Model for Some CSI Projects

20. The CSI projects are market-driven. The existing system allows for the greatest extent of flexibility for different creative sectors to seek funding for organisation of programmes that suit their needs. Yet, past experiences have shown that the traditional, usual project-based funding model can be restrictive and may inhibit longer-term planning or attempts to scale up successful mega events or those with unique functions in line with our strategic foci for developing creative industries.

21. To address this restriction, we propose that specifically for CSI-funded projects that are –

- (a) of a significant scale or of high status and well received by the industry and the international communities;
- (b) in line with our strategic foci and therefore worthy of continual support;
- (c) repeatedly held with proven record of success; and
- (d) administered by a reputable non-profit-making industry organisation or statutory body with good governance,

they be subject to a different funding model under the CSI. Against these criteria, we have identified a total of 10 CSI-funded projects, five organised by HKDC and another five organised by TDC, to be funded under an agency-based funding model.

Proposed Dedicated Funds for HKDC and TDC under the CSI

22. We propose to adopt a streamlined approach in earmarking dedicated funds to be granted direct to HKDC and TDC, our long-term partners, in taking forward identified projects that have been proven to be continued successes and are worthwhile for our support by their excellent track records.

23. From the perspective of prudent use of public funds, both HKDC and TDC have all along been subject to stringent procedures relating to corporate governance and financial transparency. The streamlined funding approach has the merits of affording these two bodies the efficiency and flexibility they need so that they could focus on better planning and organisation of CSI-funded events to maximise impact of each event/initiative.

Streamlined Funding Approach for HKDC

24. HKDC has always been a close strategic partner of the Government in promoting design and related creative industries. Since the establishment of HKDC in 2001, the Government has provided \$300 million in total to fund its operation, with the aim of nurturing design talents, as well as enhancing and promoting the image of Hong Kong's design industry in the region and around the world. Growth of the design industry has been phenomenal in Hong Kong. From 2005 to 2015, its growth in nominal value added reached 314%, representing an average annual growth of 15.3%. In monetary terms, the nominal value added increased from \$1 billion in 2005 to \$4.1 billion in 2015. The number of employees and establishments in the design industry increased by 68.8% and 125% respectively during the same period.

25. HKDC will play a pivotal role in helping Government implement various initiatives set out in the Policy Address, including focusing more on talent-nurturing and promoting awareness of the importance of creative and design thinking in the community. Against this background, it would be essential to put in place a relatively longer-term funding arrangement so that HKDC may plan its manpower as well as programmes with greater funding certainty on the one hand and flexibility in adjusting resources among different projects on the other hand. We also see the merits of the proposed streamlined approach in facilitating project planning, liaison with other participating entities, and retention of staff and expertise.

26. We therefore propose that an amount of around \$300 million be earmarked in the three-year funding cycle starting from 2019-20 for HKDC to implement the following CSI-funded programmes/events –

- (a) Provision of around \$166.2 million (or \$55.4 million per annum on average) for HKDC to continue organising three annual editions (from 2019-20 to 2021-22) of its two flagship signature events, namely BODW (with 50% increase in funding) and DFA Awards; and three programmes with elements of talent-grooming which have been well received by industry players, namely, Knowledge of Design Week, Nurturing Programme of Hong Kong Young Design Talents and Fashion Asia Hong Kong. Details of these events/programmes are at Annex C.
- (b) Provision of around \$118 million (or around \$39.3 million per annum on average in the initial three-year incubatee-admission period) for continuation of DIP with a new Phase IV and FIP with a new Phase II. The funds will be used to support these two

incubation programmes starting from 2020-21⁷. DIP and FIP have achieved remarkable results in terms of talent-nurturing since their first rollouts in 2006 and 2016 respectively. Thus far, out of a total of 210 young designers incubated under DIP, a 95% retention rate⁸ in the industries is recorded. Details of DIP and FIP are at **Annex D**.

- (c) Provision of around \$15.8 million (or around \$5.3 million per annum on average) to organise programmes to raise public awareness of the importance of creative and design thinking among different age groups in the community in a three-year funding cycle (2019-20 to 2021-22).

27. An amount will be granted on an annual basis, subject to HKDC's submission of the required plans and reports⁹ to the satisfaction of the Controlling Officer. To ensure prudent use of the funding, HKDC will be required to submit operation reports to CreateHK every six months. As the new funding approach aims to afford HKDC with more flexibility, we propose that HKDC be permitted to retain and carry forward to the following years unspent funds, if any, up to 25% of the total expenditure for the financial year concerned, and be allowed to make temporary deployment of the disbursed government funding to meet short-term cashflow requirements for other approved government-funded projects relating to creative industries. Any unspent funds at the end of the funding cycle will have to be returned to the CSI, unless there are arrangements separately agreed with the Government.

Streamlined Funding Approach for TDC

28. TDC has been a strategic partner of the Government in promoting creative industries through its established, effective platforms in exploring the Mainland and Southeast Asian markets and helping in particular local SMEs connect with the Mainland/overseas businesses through TDC's

⁷ The last batches of incubatees under the current phase of the two incubation programmes (i.e. DIP III and FIP I) will be admitted in 2019-20. We propose that the next phase (i.e. DIP IV and FIP II) should only start in the following year (2020-21) to help ensure a smooth transition and minimise interruption to the programme operation and admission of new start-ups. The 105 new incubatees under DIP IV and FIP II are expected to be admitted by batches in three years starting from 2020-21 and the final batches of intakes are expected to graduate in 2024-25.

⁸ The rate is measured in terms of the number of graduates still in business two years after completion of the incubation programme.

⁹ HKDC will continue to be subject to various budgetary controls such as submission of annual plans, budgets and audited accounts for the Government's approval; acceptance of half-yearly operational reports and financial statements by the Government, etc. HKDC will also need to comply with its own corporate governance manual.

extensive liaison network. It has been, since 1966, an international arm for Hong Kong-based manufacturers, traders and service providers. In the past three years, an average annual CSI funding of around \$1.7 million was approved for TDC's five creative industries-related projects, namely, "Hong Kong Creativity in Business"; "SmartHK"; "In Style • Hong Kong Symposium"; "Hong Kong Animation and Digital Entertainment Pavilion"; and "DesignInspire – Hong Kong Creative Force Pavilion". These projects are considered worthwhile for continued support by the CSI funding in line with our strategic foci for developing creative industries. Details of these projects are set out in **Annex E**.

29. We propose that over the next three-year funding cycle (2018-19 to 2020-21), a total amount of \$5.1 million (or \$1.7 million per annum) be earmarked for TDC for organising the five priority projects. With dedicated funding earmarked, TDC will have the flexibility to deploy funds among the projects to ensure that they are used in the most efficient manner to create maximum impact.

30. To ensure prudent use of funds, the Government will conduct annual review of the funds used during the funding period. TDC will be allowed to retain and carry forward to the following years surplus funds, if any, up to 25% of the total expenditure for the financial year concerned, except that any unspent funds at the end of the three-year funding cycle will have to be returned to the CSI, unless there are arrangements then agreed with the Government.

Control Mechanism

31. The Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) (PSCCI) will continue to be the Controlling Officer of the CSI and decide, on the advice of the CSI Vetting Committee (CSIVC), whether to approve the applications and disburse funds. An annual edition of individual CSI projects requiring funding of more than \$10 million each will need to be separately submitted to the Legislative Council (LegCo) Finance Committee for specific approval. The aforementioned approval requirement does not apply to the dedicated funding support of \$300 million earmarked for HKDC for implementing the designated projects.

32. The CSIVC, with membership at **Annex F**, consists entirely of non-officials appointed by the Secretary for Commerce and Economic Development and include practitioners from the creative industries, academia and relevant professionals, will continue to assess funding applications from across different disciplines in the creative sectors

independently and impartially, review the progress and completion reports of approved projects, and make recommendations to PSCCI. In sum, the existing approval and control mechanism will remain intact in respect of individual project applications, save for the special funding arrangements (with separate control mechanism imposed) as set out in paragraphs 24 to 27 and paragraphs 28 to 30 to be implemented respectively for HKDC and TDC.

33. In the past discussions at this Panel, there were suggestions that additional KPIs should be deployed to gauge the effectiveness of the CSI's performance more comprehensively. Pursuant to this, in utilising the proposed \$1 billion injection, we will measure the effectiveness of the CSI with additional KPIs (apart from the existing ones set out in paragraph 10 and Annex B) to (a) gauge the degree of community awareness through measuring public participation and media coverage; and (b) better quantify the benefits brought to the industry participants through measuring the number of opportunities to showcase creations or talents and the number of business deals secured.

34. We will closely monitor and review the funding requirements having regard to the actual operational needs and industry demands. Where justified and necessary, we will adjust as appropriate the earmarked levels for these programmes provided that the overall commitment of the CSI will not be exceeded.

Financial Implications

35. We estimate that the proposed funding injection of \$1 billion will sustain the operation of the CSI up to around 2022-23.

36. For the purpose of budgetary planning, the indicative apportionment and cashflow requirements under different initiative categories of the CSI are as follows –

	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
(a) CSI Projects	139,000	217,770	217,780	217,780		792,330
(b) DIP and FIP			39,300	39,300	39,400	118,000
(c) BODW and DFA Awards		29,890	29,890	29,890		89,670
Total	139,000	247,660	286,970	286,970	39,400	1,000,000

37. CEDB will continue to support the operation of the CSI within the existing resources.

Advice Sought

38. Members are invited to comment on the above proposal. Subject to Members' views, we will seek the necessary funding approval from the LegCo as appropriate according to established mechanism.

**Communications and Creative Industries Branch
Commerce and Economic Development Bureau
January 2018**

**Examples of CreateSmart Initiative-Funded Projects by
the Seven Non-Film Creative Sectors¹**

Advertising

- Participation of Association of Accredited Advertising of Hong Kong awardees in international awards and creative sharing. This sponsors Hong Kong’s advertising talents to take part in renowned international advertising festivals/competitions such as “Cannes Lions”, “Spikes Asia” and “AdFest”.
- “Hong Kong Digital Advertising Industry Fresh Graduate Support Scheme”. This offers one-year placement and on-the-job training for fresh graduates in digital advertising and related disciplines.
- “Advertising x Music Talents Nurturing Program”. This nurtures and promotes local advertising and music talents through providing local advertising production start-ups/directors with financial subsidies, professional trainings and mentoring to produce their original microfilms featuring local singers.

Architecture

- “Hong Kong & Shenzhen Bi-City Biennale of Urbanism\Architecture”. This raises awareness of the achievements of Hong Kong architects among the public, and promotes cross-disciplinary and cross-border exchanges through a concurrent exhibition and a series of concurrent activities such as forums, talks, guided tours by a Shenzhen counterpart.
- “Venice Biennale International Architecture Exhibition (Hong Kong Exhibition and Response Exhibition)”. This promotes Hong Kong’s architecture and urban development in the international arena, and raises the public’s interest in architecture and city planning through staging a Hong Kong exhibition in the “Venice Biennale International Architecture Exhibition”, and a response exhibition in Hong Kong with a series of concurrent activities such as forums, talks, etc.

¹ Creative industries in Hong Kong are broadly defined into eight sectors, namely, advertising, architecture, design, digital entertainment, film, printing and publishing, television and music. Initiatives of the film sector are funded by the Film Development Fund.

- “Cross-Strait Architectural Design Symposium and Awards”. This recognises the innovation and excellence of architects in the cross-strait regions and facilitates exchanges among them through a regional award, a summit, and exhibitions on highlights of the summit and the awardees.

Design

- “Joint-School Design Exhibition”. This provides design graduates with collaboration opportunities with commercial sector through receiving professional advice, technical and material support to improve their design.
- “Fashion Guerilla”. This brings eight to ten emerging designer brands to the Paris Fashion Week twice every year through setting up pop-up showcase, joining trade show and local showroom as well as staging catwalk show to present their latest collections to buyers, distributors, fashion media etc.
- “The Hong Kong - Shenzhen Design Biennale”. This is held once every two year to showcase the designs of Hong Kong and Shenzhen and engage design practitioners, students and the general public in both cities through talks, seminars and workshops, etc.

Digital Entertainment

- “Hong Kong Mobile Game Start-Ups Support Program”. This provides funding and mentoring support to start-ups to create their original game design for exploring business opportunities.
- Comics Exhibition in the “Angouleme International Comics Festival” held in France. This introduces and exhibits works of local comics and animation artists to the world and provides local artists with networking opportunities with international practitioners and potential work partners in the largest comics festival in Europe.
- “Asia Smart App Awards”. This recognises the achievements of creative talents in the smart device app industry in Asia, and promotes business and cross-territorial collaboration through a regional award, a summit, training workshops, etc. with other Asian countries/regions (viz. the Mainland, Japan, Korea, Thailand, Malaysia, the Philippines, Vietnam, Cambodia, Israel, Indonesia and Singapore) as partners/co-organisers.

Printing and Publishing

- “Hong Kong Publishing Biennial Awards”. This recognises the contributions of local publishing professionals and provides a platform for professional exchanges among the publishing communities of Hong Kong, the Mainland and Taiwan through the establishment of an award, exhibitions of winning entries, industry sharing and workshops.
- “Soaring Creativity”. This demonstrates the creativity and the accomplishments of Hong Kong’s publishing and printing industries through setting up a Hong Kong Pavilion in book fairs in Frankfurt, Bologna, Taipei, London, Guangzhou and Beijing.
- Workshops on new media and new forms of publishing. These are held for renowned industry practitioners and leading experts of Hong Kong, the Mainland and Taiwan to share their experience and knowledge of transmedia publishing production and other latest developments in the publishing sector.

Television

- “TV World”. This is a concurrent event of “FILMART” (i.e. Hong Kong International Film & TV Market), which facilitates business exchanges and provides networking opportunities for local industry practitioners and overseas buyers through setting up of information centre, workshops and forums.
- Participation of small and medium-sized enterprises (SMEs) and tertiary students in the Convention of the Cable and Satellite Broadcasting Association of Asia (CASBAA Convention). This facilitates the growth of the local TV industry through sponsoring access by the said target groups to the CASBAA Convention and its related events which bring together the broadcast industry in Asia and around the world.

Music

- “Ear Up Music” (including “Ear Up Record Label Creation and Incubation Program” and “Ear Up Music Global”). This facilitates exchanges among talented singers/bands and raises the quality of local music creation through talks, workshops, mentoring, pitching showcases, sharing and participation in overseas music festivals.

- “LIVETUBE MV AWARDS”. This nurtures local music talents by providing a platform for creators to present their music videos and for performers to present the music on stage.
- “Hong Kong Asian-pop Music Festival”. This facilitates exchanges among music industry players in the region and promotes Hong Kong as Asia’s music hub through organising a music performance, a music contest and a music business forum involving top artistes, budding singers and industry professionals from eight territories in Asia (viz. the Mainland, Hong Kong, Taiwan, Japan, South Korea, Malaysia, Singapore, and Thailand).

**Performance of CreateSmart Initiative Measured by
Key Performance Indicators (KPIs) from
June 2009 to end-September 2017**

	KPIs	From June 2009 to end-September 2017
(1)	Number of projects approved	402
(2)	Number of participants	About 16.6 million
(3)	Amount of funds approved	\$896 million
(4)	Number of international awards attained	80
(5)	Number of jobs created ¹	15 070
(6)	Number of small and medium-sized enterprises (SMEs) ² benefited	1 620
(7)	Number of business contacts established	13 500
(8)	Number of nurturing opportunities for creative talents and start-ups	42 200
(9)	Number of TV audience reached out by funded awards presentation and music programmes ³	About 279.1 million

¹ Comprising jobs directly created and indirectly created.

² SMEs are defined as any manufacturing businesses which employ fewer than 100 individuals in Hong Kong, or any non-manufacturing businesses which employ fewer than 50 individuals in Hong Kong.

³ This KPI is proposed to be replaced by the new KPI set out in paragraph 33(a) of the paper (i.e. measuring public participation and media coverage) to better gauge the degree of community awareness of the projects funded by the CSI.

**Five Flagship and Talent-grooming Projects by
Hong Kong Design Centre (HKDC)
Proposed for Streamlined Funding Approach under the
CreateSmart Initiative**

(1) “Business of Design Week” (BODW)

BODW is HKDC’s annual flagship signature event. Inaugurated in 2002, it is now the largest annual design event in Asia and one of the leading design events in the world. Dedicated to design, brand and innovation, BODW is a week-long event with conferences, forums, awards presentation, exhibitions, outreach programme, gala dinner and other networking gatherings. BODW, together with its concurrent events, brings together in Hong Kong world-class design masters, outstanding international designers, influential design executives and creative-minded business elites. It serves as a valuable platform for design enthusiasts, students and the public to network, exchange ideas and explore business collaborations. In both 2016 and 2017, BODW and its concurrent events have attracted over 140 000 local and overseas participants.

Since 2005, BODW has been collaborating with a partner country/city each year. Recent partners include Germany (2011), Denmark (2012), Belgium (2013), Sweden (2014), Barcelona (2015), Chicago (2016) and Italy (2017). Melbourne of Australia will be the Partner City for BODW 2018.

(2) “DFA Awards”

DFA Awards has been HKDC’s annual flagship signature event since 2003 to honour design excellence and demonstrate how design can improve the quality of life in Asia. There are five categories of awards, namely, (a) “DFA Design For Asia Lifetime Achievement Award” (for a person who has made life-long contribution to the design profession and promoted wider use and appreciation of design in the society, especially in Asia); (b) “DFA Design Leadership Award” (for a business leader who has used design as a strategy for business success); (c) “DFA World’s Outstanding Chinese Designer” (for a Chinese designer who has accomplished

outstanding achievements in his or her design discipline, and is dedicated to promote design through educational activities and participation in professional organisations, etc.); (d) “DFA Design For Asia Awards” (for the best designs based on their design excellence, use of technology, commercial and societal success and impact in Asia); and (e) “DFA Hong Kong Young Design Talent Award” (for promising Hong Kong young design practitioners and design graduates for further grooming).

(3) “Knowledge of Design Week” (KODW)

First held in 2006, KODW is one of the annual flagship events of HKDC. With a series of conferences and workshops held in a week, KODW is to inspire business executives with the application of design in business context and update local design professionals with the latest global design trend and knowledge.

(4) “Nurturing Programme of Hong Kong Young Design Talents”

HKDC introduced this programme in 2012 with funding support to sponsor four awardees of the 2012 “Hong Kong Young Design Talent Award” to undertake overseas work attachments. The sponsorship quota funded by CSI has been increased since 2014 from four to over ten, to include also awardees of the “CreateSmart Young Design Talent Awards” and awardees of the “CreateSmart Young Design Talent Special Awards”.

(5) “Fashion Asia Hong Kong”

Organised by HKDC since 2016 as part of the Fashion Initiatives of the Government, Fashion Asia Hong Kong revisits the state of play of the fashion industry and discuss the challenges facing the industry. It includes a two-day forum and a week-long fashion exhibition. The forum and the exhibition are held concurrently with BODW.

**Design Incubation Programme (DIP) and
Fashion Incubation Programme (FIP)
Administered by Hong Kong Design Centre (HKDC)
Proposed for Streamlined Funding Approach under the
CreateSmart Initiative**

DIP

- Launched in 2006 and has been administered by HKDC since May 2012¹. DIP offers financial assistance and incubation services to design start-ups over a two-year incubation period to enhance their competitiveness at the early stage of development by helping them build up business network, publicise products and conduct market promotions.
- The Government's total funding allocation for the three phases of DIP is \$168.2 million. The current phase of DIP (DIP III) has commenced in 2016-17 with 37 incubatees admitted so far. As at end-November 2017, 210 design incubatees were admitted to DIP. Incubatees have attained 64 international awards and 240 local awards, lodged applications for six patents, 274 trademarks and 57 registered designs. The number of job opportunities created by DIP thus far was 1 001.
- Applicants have to pass mandatory admission criteria (e.g. a Hong Kong-registered design company at early stage of development, not being a beneficiary of another Government-funded incubation programme, etc.) and then be assessed by the Design Admission Panel comprising representatives of professional design associations and trade associations, academic institutions, reputable designers, entrepreneurs, investors and HKDC on their background, need for support and development potential, etc.
- DIP aims at nurturing design start-ups to help build up a design talent pool and design entrepreneurship in Hong Kong. It offers funding and other support services to incubatees, with a view to helping them meet the challenges during the early and critical stages of

¹ DIP was first launched by the Hong Kong Science and Technology Parks Corporation in 2006. HKDC has taken over the administration of DIP since May 2012.

development. Under the existing arrangements, incubatees would receive during the two-year incubation period funding support to cover expenses incurred for office rental, general operation, promotion and development, management and training courses, technical and management assistance; and would be offered a range of supports including provision of work facilities, as well as participation in outreaching programmes with marketing and promotion opportunities.

FIP

- Launched in 2016 and administered by HKDC, FIP is a dedicated incubation programme for up-and-coming fashion designers. Like DIP, each incubatee of FIP would undergo an incubation period of two years.
- A CSI funding of \$16.5 million has been committed to the FIP for a target of 15 incubatees. Five incubatees have been admitted to FIP as at end-November 2017.
- Applications for admission are assessed by a Fashion Admission Panel which is composed of seasoned business, fashion, marketing, investment and media professionals, technologist and educators. Applicants have to have three to five years' experience (or more than two years' experience for exceptionally outstanding applicants) in their fashion ventures and have demonstrated creative and business achievements, e.g. having attained internationally recognised awards, having been commissioned by reputable brands and substantial organisations, etc. The applicants should be Hong Kong-based. Applicants with businesses incorporated overseas, if selected, are required to set up a Hong Kong-incorporated company immediately to qualify for admission.
- Through the two-year programme, each incubatee would be offered ample opportunities to expand their creative potential and advance their fashion entrepreneurship through projects and collaboration, and enhance their industry intelligence and resourcefulness through continuous learning and networking occasions to explore and cultivate future business opportunities.

**Five Projects by Hong Kong Trade Development Council (TDC)
Proposed for Streamlined Funding Approach under the
CreateSmart Initiative**

- (1) “Hong Kong Creativity in Business”. Held since 2002. This promotes Hong Kong’s design, branding and marketing sectors to the Mainland market through mini-exhibitions, seminars, networking activities and business matching programmes. Markets covered in previous editions included Dongguan, Chengdu, Taipei, Shaoxing, Qingdao, Chongqing, Xiamen, Jinjiang, Dalian, Suzhou, Ningbo, Liaoning, Wuhan, Nanjing, Xi’an and Shenzhen.
- (2) “SmartHK”. Held since 2011. This promotes Hong Kong’s small and medium-sized enterprises (SMEs) of different creative sectors (e.g. advertising and marketing, animation, architectural and interior design, design and branding, licensing, new media, and printing and packaging services) in the Mainland market through exhibitions, seminars, conferences and business-matching and networking activities. Markets covered in previous editions included Guangzhou, Hangzhou, Nanjing, Jinan, Chengdu and Fuzhou.
- (3) “In Style • Hong Kong Symposium”. Held since 2015. This promotes Hong Kong’s creative industries in the Southeast Asian markets by subsidising Hong Kong’s SMEs (in the fields of fashion design, industrial and product design, interior and spatial design, animation and digital entertainment, brand strategy, licensing and new media/apps) to promote their services through thematic seminars, exhibitions and market visits. Markets covered in previous editions included Jakarta and Kuala Lumpur.
- (4) “Hong Kong Animation and Digital Entertainment Pavilion”. Held since 2010. This promotes Hong Kong’s digital entertainment industry in the international arena, and provides opportunities for local companies to meet with international buyers and facilitate international exchanges through conferences, etc. This project is a complementary project tagging on TDC’s annual iconic event, “FILMART” (i.e. Hong Kong International Film & TV Market).

- (5) “DesignInspire – Hong Kong Creative Force Pavilion”. Held since 2009. This highlights the strengths of local creative industries by providing a platform to exhibit different creative projects and success stories from sectors such as advertising, marketing, architecture, interior design, design and branding. This project is a concurrent event of “BODW” (i.e. Business of Design Week).

**Membership of CreateSmart Initiative Vetting Committee
(August 2017-July 2019)**

The CreateSmart Initiative Vetting Committee comprises professionals, representatives from the private sector, academics and members of the public. Its functions are to assess applications, make recommendations to the Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries), monitor and review the quality of approved projects.

The membership of the CreateSmart Initiative Vetting Committee is set out as follows –

Chairman

Mr WONG Ming Yam, B.B.S., J.P.

Vice-Chairpersons

Mr Leo CHAN, M.H.

Mr Eddy CHAN Yuk Tak, S.B.S.

Dr Elvin LEE Ka Kui, J.P.

Mr LEE Shing See, G.B.S., O.B.E., J.P.

Prof Eric YIM Chi Ming, J.P.

Members

Mr Antony CHAN

Mr Bill CHAN

Mr Eric CHAN Chiu Wang

Ms Karen CHAN Ka Yin, J.P.

Dr Toby CHAN Lap Man

Ms Miranda CHAN Mei Wun

Mr Watson CHAN

Prof CHAN Wing Wah, J.P.

Dr Bobby CHAN Yum Kit

Prof CHEUK Pak Tong

Ms Lulu CHEUNG

Mr Jason CHIU Tsz Kiu

Ms Rosanna CHOI Yi Tak
Ms Ivy CHU So Ching
Ms Jessica FONG Kit Yin
Ms Celine HO Ming Wai
Dr HO Wai
Ms Elaine HO Yee Lin
Mr Marvin HSU Tsun Fai
Mr Eddy HUI Shun
Ms Anna KAN Mung Lai
Ms Tristance KEE Yee Chun
Mr Francis KWOK Ching Kwong
Ms Flora KWONG Man Wai
Ms Teresa KWONG Pui See
Ms Elita LAM Yee Nee
Ms Julia LAU Man Kwan
Mr James LAW, J.P.
Dr Edwin LEE Kan Hing
Dr Vincie LEE Pui Yuen
Mr Ron LEUNG Kwan Kong
Mr Jackson LEUNG Siu Yin
Mrs Helen LIN SUN
Mr Neco LO Che Ying
Mr Gerry MA Kwai Yung, J.P.
Ms Judy MANN, M.H.
Ms Viola SHUM Wing Man
Mr Michael SZE Tak Lee
Mr Ralph SZETO Kwong Chiu
Mr Tony TANG Wai Man
Mr Bernie TING Wai Cheung
Mr William TO
Ms Agatha TSANG
Mr K.C. TSANG
Ms Anita WAN Wai Ling
Mr WOO Pat Nie
Mr YUNG Kai Tai