

**Public Hearing of LegCo Public Accounts Committee
in respect of Chapter 1 of the Director of Audit's Report No. 53
held on 14 December 2009
Speaking Notes of Mrs Betty Fung, Director of Leisure and Cultural Services**

Chairman, Committee Members,

First of all, I would like to extend my appreciation to the Audit Commission for conducting an audit review on the Sports Subvention Scheme (the Scheme) of the Leisure and Cultural Services Department (LCSD).

The LCSD has over the years established close partnerships with the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) and National Sports Associations (NSAs) in the promotion of sports development in Hong Kong. NSAs are the local governing bodies of the respective sports disciplines. They also represent Hong Kong to participate in international sports activities. In early 2004, the Government decided to dissolve the former Hong Kong Sports Development Board, and LCSD took over the administration of the Scheme, including subsidising programmes that are conducive to the promotion of sports development. Since taking over the responsibilities in April 2004, LCSD has strived to enhance its monitoring of the Scheme in various aspects to ensure that subventions are used by the subvented NSAs and organisations in a proper and responsible manner. Starting from 2004, LCSD has entered into Subvention Agreements with NSAs to establish a clear funding relationship and to stipulate that all subvented NSAs must comply with and fulfil the funding conditions and obligations, thereby establishing a formal monitoring framework for the Scheme.

Over the past five years, LCSD has continuously reviewed and refined the allocation of subvention and the monitoring mechanism under the Scheme. However, due to significant increases in the overall subvention and the number of programmes subvented, the monitoring work of the Scheme has become more onerous and

complicated. We agree that there is room for improvement in LCSD's implementation of the Scheme, particularly in monitoring the timely submission of reports by NSAs and taking follow-up actions. On the other hand, we also consider that a comprehensive review of the sports subvention mechanism should be conducted as soon as possible to identify ways to increase the efficiency and effectiveness of the Scheme. Our aim is two-fold: to enhance the ability of the parties concerned in complying with the various conditions stipulated for the Scheme on the one hand, and to reduce the administrative burden brought to bear on the NSAs on the other.

To this end, we will set up a working group in the coming month to conduct the review. We will also consult NSAs and other departments concerned in order to refine the mechanism and to ensure the proper use of public funds.

Thank you.