

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 170 – SOCIAL WELFARE DEPARTMENT**

#### **Subhead 700 General non-recurrent**

#### **New Item “Injection into the Hong Kong Paralympians Fund”**

Members are invited to approve a non-recurrent commitment of \$200 million for injection into the Hong Kong Paralympians Fund.

### **PROBLEM**

The remaining balance of the Hong Kong Paralympians Fund (the Fund) will soon be depleted. We need to make an injection into the Fund in order to maintain the sustainability of the Fund.

### **PROPOSAL**

2. The Director of Social Welfare (DSW), with the support of the Secretary for Labour and Welfare and the Secretary for Home Affairs, proposes to inject a sum of \$200 million into the Fund as seed money to generate stable investment return with a view to sustaining the financial support for athletes with disabilities.

### **JUSTIFICATION**

#### **Overview**

3. With the provision of a one-off grant of \$50 million<sup>1</sup>, the Fund was set up under the DSW Incorporation Ordinance (Cap. 1096) in 2001 with a view to enhancing the self-reliance and self-esteem of persons with disabilities and

/facilitating .....

---

<sup>1</sup> Creation of commitment of \$50 million was approved by the Finance Committee (FC) vide FCR(2001-02)16.

facilitating their integration into the community through promotion of their sporting talents. In pursuing sporting excellence, athletes need support and assistance in all stages of development in their careers.

4. The Fund disburses grants to the following categories of programmes to supplement but not displace the prevailing support provided by the Hong Kong Sports Institute Limited (HKSI)<sup>2</sup> for athletes with disabilities –

(a) Development of target sports

The Fund provides grants to sporting associations for hiring coaches and enhancing technical support for target sports programmes with the aim of assisting athletes with disabilities in international competitions such as Paralympic Games and World Championships.

(b) Subsistence grant for athletes with disabilities

The Fund provides direct financial assistance for athletes with disabilities so that they may resign from work, take unpaid leave, work part-time or temporarily suspend their studies to pursue sporting excellence.

(c) Employment facilitating grant for retired athletes with disabilities

The Fund provides a time-limited grant to assist retired athletes with disabilities in their job attachment in sports related fields, other suitable employment or vocational training.

### Management of the Fund

5. The Fund was set up as one of the Government's initiatives in enhancing the self-reliance and self-esteem of persons with disabilities and facilitating their integration into the community through development of their sporting talents. The Fund is administered by the Social Welfare Department (SWD) and overseen by a Management Committee (MC) with the assistance of a Grants Sub-committee (GSC). The terms of reference, membership and background of members of MC and GSC are at Enclosure 1. Both committees comprise mainly non-officials from the sports and rehabilitation sectors. The MC

Encl. 1

/reviews .....

---

<sup>2</sup> The Hong Kong Sports Development Board (HKSDB) was the former statutory body responsible for promoting the development of sports in Hong Kong until its dissolution on 1 October 2004, followed by the establishment of the HKSI on the same day which took up the role of HKSDB in sports elite training and sports development in Hong Kong.

reviews the financial position of the Fund and advises DSW on the maximum allocation for each financial year and the apportionment of grants among the three above-mentioned programmes. GSC then assists in assessing the applications for subsistence grants and employment facilitating grants having regard to the overall annual allocation. DSW, acting as the Trustee under the DSW Incorporation Ordinance (Cap. 1096), is also responsible for the investment of the Fund in accordance with provisions of the Trustee Ordinance (Cap. 29). The existing investment policy aims at deriving regular income as well as generating growth in the value of the Fund in the long term. The monies of the Fund are currently invested in listed shares on the Hong Kong Stock Exchange, Hong Kong dollar bonds/certificates of deposits, and Hong Kong dollar or Renminbi fixed deposits.

### Utilisation of the Fund

6. The Fund has generally achieved its objectives in the past decade and athletes with disabilities have excelled in major international events. At the London 2012 Paralympics, Hong Kong delegation achieved outstanding results and won a total of 12 medals including three gold, three silver and six bronze which marked another climax of disabled sports in Hong Kong.

7. Up to 2013-14, the Fund had approved 103 applications from four sporting associations for the development of 16 target sports, with grants amounting to \$21.29 million. The Fund had also approved 890 applications for the subsistence grants for athletes with disabilities and five applications for the employment facilitating grants for retired athletes with disabilities, involving grants amounting to \$16.58 million and \$0.45 million respectively. The number of applications and the disbursement of grants in the past five years are set out below –

<b>Year</b>	<b>Total number of applications of different categories</b>	<b>Amount of grants sought in eligible applications (\$ million)</b>	<b>Grants disbursed (\$ million)</b>
2009-10	108	3.96	3.96
2010-11	112	5.27	3.76
2011-12	111	5.37	2.96
2012-13	100	6.06	2.8
2013-14	93	4.72	2.99
Average	-	5.08	-

Encl. 2 A summary of the total allocations in the past years under the Fund is at Enclosure 2.

/Depletion .....

**Depletion of the Fund**

8. To prevent the Fund from being depleted rapidly, it was stipulated upon the establishment of the Fund that the total annual allocation should be capped at three times the projected investment return for that year and a reserve of \$30 million should be maintained at all times. In the past few years, owing to the increase in the types of target sports and the excellent performance of athletes with disabilities in international sport events, there has been continued keen demand for grants under the Fund. However, arising from the economic downturn in recent years and the reduction in fund size, the investment return of the Fund has become insufficient to cope with the demand for funding. In order to maintain a steady level of grants in each year to meet the demand, SWD injected \$3.5 million and \$1.94 million into the Fund in 2009-10 and 2011-12 respectively. At present, the Fund has an outstanding balance of \$32.32 million. Taking into account the current investment performance of the Fund, the maximum allowable allocation, based on three times the projected investment return, will decrease to around \$2 million for 2014-15. This represents a drastic drop as compared with the allocation of \$3 million in 2013-14. Furthermore, having regard to the possible changes in interest rates and the need to maintain a reserve of \$30 million at all times, the amount available for allocation in 2015-16 may be further reduced.

**Proposed injection into the Fund**

9. To address the problem of inadequate annual allocation, we see the need for making further injection into the Fund. Based on the records in the past five years as mentioned in paragraph 7 above, the Government estimates that the demand for allocation from athletes with disabilities and relevant sporting associations will amount to about \$5 million annually. In this connection, the Government proposes to inject \$200 million into the Fund as seed money to generate additional investment return. Based on the current investment performance of the Fund, the augmented principal of \$232 million (\$200 million plus the outstanding balance of \$32.32 million) is expected to yield an annual return of some \$5.5 million.

10. To enhance the sustainability of the Fund, following the proposed injection of \$200 million as seed money, the allocation guidelines will be revised such that the annual allocation ceiling will be set at no more than the projected investment return from the capital of the Fund (instead of three times of the investment return) and the requirement for the Fund to maintain a reserve of \$30 million at all times will be removed. We will closely monitor the demand for funding with a view to considering whether this allocation ceiling should be further adjusted, having regard also to the need to ensure prudent use of public resources.

/Nevertheless .....

Nevertheless, there may be years in which the investment income generated may not be able to fully meet the demand for allocation. In such circumstances, DSW may authorise the use of part of the principal to meet the funding demand, having regard to the advice of MC.

## **FINANCIAL IMPLICATIONS**

11. Subject to Members' approval, we will make a one-off injection of \$200 million into the Fund in 2013-14. Sufficient provision has been earmarked in the 2013-14 Estimates for the proposed injection.

## **PUBLIC CONSULTATION**

12. We consulted the Legislative Council Panel on Welfare Services on the proposal on 23 January 2014. Members agreed that the proposal should be submitted to the FC for further deliberation.

## **BACKGROUND**

13. In promoting participation in sport, including participation by persons with disabilities, the Government aims to provide opportunities for people to develop their potential sporting capability, improve their quality of life, and play a full part in the community. At the community level, the Leisure and Cultural Services Department (LCSD) organises programmes to encourage participation in a variety of sports, and provides facilities that allow easy access by persons with disabilities, which are designed and built in accordance with appropriate guidelines. To encourage use of public sports facilities, LCSD offers concessionary rates to persons with disabilities and their accompanying carers.

14. To support athletes' preparation for and participation in major international games, the Home Affairs Bureau directly allocates grants from the Arts and Sport Development Fund (ASDF) to the Hong Kong Paralympic Committee (HKPC). For example, for the London 2012 Paralympics, \$3 million and \$2.4 million respectively were granted under ASDF to help athletes with physical disabilities or athletes with intellectual disabilities prepare for and participate in the games. In October 2011, \$4.61 million from ASDF was allocated to HKPC to implement the 2011-2014 "Striving for Excellence Programme", which involved engaging additional staffing support to help Hong Kong athletes achieve good results in the London Paralympics and the Incheon 2014 Asian Para Games.

/Furthermore .....

Furthermore, LCSD provides financial support to various organisations for promotion of disabled sports by way of an annual allocation under the Sports Subvention Scheme. In 2013-14, a total of \$15.15 million has been granted to HKPC and Sports Association for the Physically Disabled, Hong Kong Sports Association for the Mentally Handicapped and Hong Kong Sports Association of the Deaf.

15. In 2012, the Government has established the \$7 billion Elite Athletes Development Fund to provide sustainable financial support to HKSI for its operation as a high-performance training base for both able-bodied and disabled athletes. Furthermore, with the completion of the \$1.8 billion HKSI Redevelopment Project in 2014, enhanced venues and upgraded facilities will be provided for athletes with disabilities to help them excel in the coming major international competitions.

-----

Home Affairs Bureau  
Labour and Welfare Bureau  
Social Welfare Department  
February 2014

**The Hong Kong Paralympians Fund  
Management Committee**

The Hong Kong Paralympians Fund (the Fund) is administered by the Social Welfare Department and overseen by a Management Committee with the assistance of a Grants Sub-committee.

**I. Management Committee**

**Membership**

The existing term of membership lasts from 1 September 2013 to 31 August 2015. Members include retired elite athletes, personnel from the sports field and the rehabilitation field, parents of persons with disabilities, representative from the Home Affairs Bureau, the Hong Kong Sports Institute and the Social Welfare Department.

	<b>Name</b>	<b>Background</b>
<b>Chairperson</b>	Miss CHAN Lim-chee, Amy, JP	Personnel from Sports Field
<b>Members</b>	Ms CHAN Tan-lui, Danielle	Retired Elite Athlete
	Mr FONG Cheung-fat	Personnel from Rehabilitation Field
	Prof. HA Sau-ching, Amy	Professor in Sports Science and Physical Education
	Mrs LEUNG LAU Shuk-yin	Parent of Athlete with Disabilities
	Dr. PANG Yiu-chung, Marco	Professor in Rehabilitation Science
	Mr CHENG Ka-ho, MH	Retired Elite Athlete
	Mrs WONG LAM Siu-ling, MH	Personnel from Rehabilitation Field
	Miss FUNG Ka-yee, Vanessa	Retired Elite Athlete
	Ms Margaret SIU	Hong Kong Sports Institute

<b>Name</b>	<b>Background</b>
Mrs Yolanda TONG	Home Affairs Bureau
Mr FONG Kai-leung	Social Welfare Department

### **Terms of Reference**

- (a) To oversee the usage of the Fund and evaluate the Fund in terms of achieving its objectives;
- (b) To receive the financial reports of the Fund and apportion the annual budget for the three categories of grants, which are:
  - (i) Development of target sports;
  - (ii) Subsistence grant for athletes with disabilities; and
  - (iii) Employment facilitating grant for retired athletes with disabilities
- (c) To review the assessment criteria for the three categories of grants periodically;
- (d) To review the classification and eligibility of target sports programme; and
- (e) To review any other categories of grants if required.

## **II. Grants Sub-committee**

### **Membership**

The existing term of membership lasts from 1 September 2013 to 31 August 2015. Members include retired elite athletes, personnel from the rehabilitation field, parents of persons with disabilities, representative from the Home Affairs Bureau and the Social Welfare Department.

	<b>Name</b>	<b>Background</b>
<b>Chairperson</b>	Mr CHENG Ka-ho, MH	Retired Elite Athlete
<b>Members</b>	Miss CHIU Wing-yin, Rebecca, MH	Retired Elite Athlete
	Ms KO Kit-mui, Samantha	Personnel from Rehabilitation Field
	Mr LAU Sik	Retired Athlete with Disabilities



<b>Name</b>	<b>Background</b>
Miss TSAI Hiu-wai, Sherry	Retired Elite Athlete
Dr LUI Wai-cheung	Athlete with Disabilities
Mrs Yolanda TONG	Home Affairs Bureau
Mr FONG Kai-leung	Social Welfare Department

*\* One of the members of the Grants Sub-committee has resigned due to personal reason and replacement is being identified.*

**Terms of Reference**

- (a) To process applications for subsistence grants and employment assistance projects; and
  - (b) To approve applications for grants as appropriate within the overall annual allocation as determined by the Management Committee.
-

**The Hong Kong Paralympians Fund  
Summary of Grants from 2001 to 2014**

Category Financial Year	Development of target sports grant (\$ million) (a)	Subsistence grant (\$ million) (b)	Employment facilitating grant* (\$ million) (c)	Total grants to organisations (\$ million) (d) = (a+b+c)
2001 - 02	0.21	-	-	0.21
2002 - 03	1.57	1.04	-	2.61
2003 - 04	1.70	1.02	-	2.72
2004 - 05	1.35	1.04	-	2.39
2005 - 06	1.65	1.04	0.10	2.79
2006 - 07	1.90	1.33	0.20	3.43
2007 - 08	1.97	1.59	0.09	3.65
2008 - 09	2.16	1.89	-	4.05
2009 - 10	2.23	1.73	-	3.96
2010 - 11	2.20	1.56	-	3.76
2011 - 12	1.43	1.53	-	2.96
2012 - 13	1.31	1.49	-	2.80
2013 - 14	1.61	1.32	0.06	2.99
<b>Total Grant</b>	<b>21.29</b>	<b>16.58</b>	<b>0.45</b>	<b>38.32</b>

\* Applications for “employment facilitating grant” were received only in 2005-06, 2006-07, 2007-08 and 2013-14.

-----