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Ms Mary So
Clerk
Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

9 January 2014

Dear Ms So,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's report No. 61
Direct land grants to private sports clubs at nil or nominal premium

Further to our partial reply of 18 December 2013, I am now authorised to provide our response to the remaining questions raised in your letter dated 28 November 2013 as follows:

- (d) Information to substantiate that the PRL policy serves the policy objectives for sports development, i.e. promoting sports in the community; promoting elite sports development; and promoting Hong Kong as a centre for international sports events**
- (e) Comparison between private sports clubs' sports facilities and those operated by the relevant government department(s) in meeting the policy objectives for sports development referred to in (d) above**

Private sports clubs operating on land granted under PRLs have made and continue to make a significant contribution to the policy objectives for sports development in Hong Kong, in particular through the provision of sports facilities. Examples of the ways in which the sports clubs contribute in this area, including comparisons with facilities provided by the Leisure and Cultural Services Department (LCSD) are elaborated below.

(i) **Promoting sport in the community:** As explained in our reply dated 18 December 2013 to your question (f), according to the parameters laid down in the Hong Kong Planning Standard and Guidelines (HKPSG), there is a shortage of public sports facilities in Hong Kong, which leads to significant demand for such facilities, particularly during the most popular times. At such times, many types of facility are fully booked and it is difficult for members of the public and sports associations to gain access to venues for practice, competition or casual play. Private sports clubs help significantly in meeting the demand for public sports venues by providing facilities to over 140 000 members, their families and friends. In addition, under the “opening up” schemes that we have approved so far, private sports clubs are also required to make their sports facilities available for advance booking by Outside Bodies, and so far the private sports clubs have committed to making a total of 9 800 facility hours per month available to non-members from Outside Bodies. Community organisations and schools which have recently benefited from using facilities at the private sports clubs include the St. James Settlement, Mother’s Choice, St. Mary’s Home for the Aged, the Po Leung Kuk, the Society for Community Organizations, Jordan Road Government Primary School and St. Paul’s Convent School.

(ii) **Promoting elite sports development:** Private sports clubs play a key role in providing venues for training and competition organised by “national sports associations” (NSAs). This is particularly important where certain types of sports facility are not commonly provided by LCSD - such as cricket, rugby, lawn bowls, golf and sailing facilities. Under the “opening up” scheme, private sports clubs are required to allow NSAs to make advance bookings during specified sessions. To date, private sports clubs have committed to allowing a total usage of 9 000 hours by NSAs, *in addition to* the hours allocated to Outside Bodies described above. NSAs which use private sports clubs’ facilities for regular training and competition include: the Hong Kong Cricket Association, the Hong Kong Equestrian Federation, the Hong Kong Football Association, the Hong

Kong Golf Association, the Hong Kong Hockey Association, the Hong Kong Lawn Bowls Association, the Hong Kong Rugby Football Union, Hong Kong Squash, the Hong Kong Sailing Federation, and the Hong Kong Tenpin Bowling Congress.

In addition, individual top-level athletes have benefited from training and competing at private sports clubs in furthering their athletic careers. In this connection, the new lease requirement to put in place schemes that will allow sportsmen and women under the age of 28 to join the clubs at greatly reduced entry and subscription fees will further encourage our young athletes with the potential to join the elite ranks to train and compete regularly at private sports clubs with the appropriate facilities.

(iii) Promoting Hong Kong as a centre for international sports events:

Several private sports clubs have sports facilities and the requisite back-up facilities (in terms of space for officials, media, corporate entertainment, and food and beverage facilities) suitable for hosting major international sports events, and have made these facilities available to NSAs wishing to attract international competitions to Hong Kong. The following “M” Mark major international sports events have been held at private sports clubs in recent years -

- Hong Kong Open Championship (Golf)
- Hong Kong Cricket Sixes
- Hong Kong International Soccer Sevens

In addition, international events in sports such as lawn bowls, squash, rugby (10s and 15s) and sailing have taken place at private sports clubs in recent years. These events, and the “M” Mark events are open to the public, often free of charge.

(g) Information to substantiate that the sports and recreational facilities operated by the private sports clubs helped to attract overseas executives and professionals to work in Hong Kong and maintain Hong Kong’s status as an international metropolis

The availability of sports and recreational facilities is an important factor in assessing the quality of life a city offers to its residents. Multi-national organisations and companies draw reference to reports published by international research agencies on issues related to quality of life when they consider sending employees overseas.

One such report is “The Quality of Living Survey” published by Mercer, which lists “sports and leisure” as one of the aspects assessed when categorising cities - those with “a good choice of sports clubs” attaining high ratings. In the 2012 Mercer report, Hong Kong ranked 70 amongst 221 major cities. Similarly, “The Global Liveability Ranking Report” produced by the Economist magazine’s Intelligence Unit (EIU) lists “sporting availability” as a “liveability” assessment criteria. EIU rates “sporting availability” according to the following aspects: availability of local sporting events; availability of international sporting events; and availability of sporting facilities. In latest 2013 EIU report, Hong Kong ranked 31 of 140 cities.

(h) Information on the number and percentage of overseas executives and professionals working in Hong Kong who are members of private sports clubs

There is no generally-accepted definition of “overseas executives and professionals” working in a place. In the case of Hong Kong, many foreign nationals who initially came to Hong Kong through visas or entry permits are now Permanent Residents of Hong Kong. Private sports clubs are unable to provide reliable information on the number and percentage of overseas executives and professionals working in Hong Kong who are members of the clubs. That said, we note that some private sports clubs provide categories of membership such as “term membership”, or “corporate membership”, that cater for the needs of overseas professionals and executives working in Hong Kong. The very fact that such memberships exist is a broad indicator of the demand for membership of private sports clubs by people who come to the city for shorter term professional assignments or career development.

(i) Statistics on the international sporting events held in the private sports clubs since 1997

Since the introduction in 2004 of the “M” Mark System to support the hosting of major international sports events in Hong Kong, two to three major sports events per year that receive funding or other forms of “M” Mark support have been regularly held at private sports clubs. “M” Mark events held in the past three years are listed out in part (iii) of the answer to questions (d) and (e) above.

As we have no record of non-“M” Mark supported international sporting events, we are unable at this stage to provide full statistics on all the international events that have been held at private sports clubs since 1997. As noted in part (iii) of the answer to questions (d) and (e) non- “M” Mark international events have been held in several sports clubs in recent years. We will continue to seek the relevant information from the clubs and aim to

provide a full list of these events as soon as we have the information available.

- (o) **Information on the usage of the sports facility by organizations which do not fall within the “Outside Bodies” referred to in paragraph 3.4 of the Director of Audit’s report (“Audit Report”)**

Based on the returns from lessees, for the first quarter of 2013 non-member users, including organisations that do *not* fall within the definition of “Outside Bodies” enjoyed over 11,000 hours of usage of lessees’ sports facilities. We will continue to monitor use of the sports’ clubs facilities by defined “Outside Bodies” and other non-member users and make the relevant information publicly available on the Home Affairs Bureau website.

- (u) **Government rent paid by each private sports club each year since 1997**

The relevant information is at the **Annex**.



(Miss Petty LAI)
for Secretary for Home Affairs

c.c. Secretary for Development
Secretary for Financial Services and the Treasury
Director of Audit
Director of Lands

***Note by Clerk, PAC: Please see Appendix 13 of this Report for Annex of this letter.**