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APPENDIX 12
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15 May 2020

Mr Anthony CHU
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

The Director of Audit's Report No. 74

**Management of funding for sports development through the Arts and Sport
Development Fund (Sports Portion)**

Thank you for your letter dated 13 May 2020 to the Secretary for Home Affairs to convey the request of Members of the Public Accounts Committee for information regarding the matters discussed in Chapter 1 of the Director of Audit's Report No. 74. I am authorised to respond as follows –

(a) Injection into and investment returns of the Arts and Sports Development Fund

In January 1997, the Finance Committee of the Legislative Council approved an injection of \$300 million for the establishment of Arts and Sport Development Fund (ASDF) under the aegis of Sir David Trench Fund for Recreation. The Arts and Sports portions of the ASDF were allocated \$160 and \$140 million respectively. The Finance Committee has made 4 more injections to ASDF between 2007 and 2019 with the amounts totalling \$2.63 billion, as set out in the table below -

Year	Amount injected	Allocation to:	
		Sports portion	Arts portion
1997	\$300M	\$140 M	\$160 M
2007	\$80M	\$40 M	\$40 M
2009	\$150M	\$90 M	\$60 M
2010	\$3 B	\$1.5 B	\$1.5 B
2019	\$1 B	\$1B	-

In the past five years, the Fund generated a total investment return of \$893,769,000.

- (b) The mechanism put in place by the Home Affairs Bureau for monitoring the use of funds allocated to the Hong Kong Football Association for the implementation of its Five-year Strategic Plan, and the role of the Football Task Force in this monitoring mechanism

Status and role of the Hong Kong Football Association

The Hong Kong Football Association (HKFA) is a member of the Federation Internationale de Football Association (FIFA), the Asian Football Confederation and the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC). It is responsible for promoting football development in Hong Kong and the selection of athletes to participate in international events. Like all other “national sports associations” (NSAs), the HKFA is an independent legal entity with full autonomy to run its affairs and should not be subject to political or religious pressures as stipulated in the Olympic Charter and the FIFA Statutes.

The HKFA has been registered pursuant to the provisions of the Companies Ordinance in 1954. The Board of the HKFA has the power to manage all matters of the HKFA and must act in accordance with the Articles of Association of the HKFA. It is within the HKFA’s purview to set the priorities and objectives in the promotion and development of football in Hong Kong. The HKFA organises local leagues and international matches, as well as selects and supervises Hong Kong Teams (including men’s team, women’s team, youth team and futsal team) that play in international competitions.

The Government's Monitoring Responsibility

The Government has all along respected the Olympic Charter and the FIFA Statutes regarding the principles of autonomy in organisation, management and operations of sports, and will not participate in the internal governance or daily operations of the HKFA. The Government works in partnership with the HKFA in promoting and developing the sport of football primarily through the provision of funding and venue support.

The HAB has been providing the HKFA with funding support under the ASDF for the implementation of the Five-year Strategic Plan since 2015. The HAB has been monitoring the HKFA's performance in realising the performance targets and indicators under the Five-year Strategic Plan in accordance with the stipulations in the relevant funding agreement signed between HAB and HKFA, so as to ensure that the HKFA is making proper and effective use of the funding provided by the Government.

While the Government has the responsibility to monitor the use of public funding by the HKFA, the Government would not and should not intervene in its management or interfere with its daily operations. The HKFA Management is responsible for conducting the daily operations, and it is the responsibility of the HKFA Board to oversee the performance of the Management.

The Role of the Football Task Force

In May 2010, the HAB set up the Football Task Force (FTF) to assist the HKFA in implementing the various recommendations under Project Phoenix. The FTF is chaired by the Permanent Secretary for Home Affairs and comprised of members from the sports and other sectors. The FTF's current terms of reference is to advise the Secretary for Home Affairs on matters relating to the development of football in Hong Kong, in particular to monitor the progress of the HKFA in implementing its Five-Year Strategic Plan against the agreed targets and indicators; monitor and advise on the allocation of funding earmarked for the HKFA to implement the Five-Year Strategic Plan; exchange views with stakeholders on the further development of football in Hong Kong; and advise on any other strategic matters relating to the further development of football in Hong Kong.

Funding agreement for the Five-year Strategic Plan

In order to ensure the good use of funding provided to the HKFA for its implementation of the Five-year Strategic Plan, the HAB and the HKFA entered into a funding agreement. According to the funding agreement, the HKFA must allow the Government and the Director of Audit to have unhindered access and to enquire, examine and audit the records and accounts in relation to the funding and the management and control procedures, and to follow and act upon any corruption prevention advice rendered by the Independent Commission Against Corruption and the Government. Furthermore, when required, the HKFA must agree to disclose all the information relating to the funding. The HKFA must adopt and comply with the Code of Conduct, accounting and payment procedural guidelines and procurement guidelines to avoid conflict of interest and ensure compliance with procedures. The funding agreement also requires the HKFA to submit the Government an annual account examined by a registered public accountant and an annual budget application with details of each funding item cleared stated.

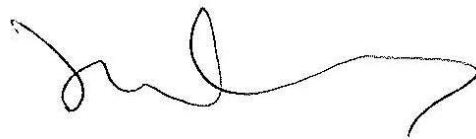
In the funding agreement with the HKFA, we have included performance indicators and targets to facilitate our monitoring of the HKFA's implementation of the Five-Year Strategic Plan. It is stipulated in the agreement that the HKFA should submit half-yearly reports on the progress against these performance indicators and targets. According to the HKFA's half-yearly report in March 2020, the HKFA ultimately achieved 23 of the 33 final indicators and targets in the funding agreement. The related information is at [Annex](#). It is also stipulated in the agreement that the HKFA should submit to the Government an annual budget application with details of each funding item clearly stated. The HAB would consult the FTF on the HKFA's annual budget application and consider the reasonableness of the resources sought by the HKFA.

In addition, the funding agreement provided that the Government should conduct a mid-term review to assess the progress of the implementation of the Five-Year Strategic Plan. The review would include an assessment of whether the level of funding earmarked for the implementation of the plan would be justified in the light of progress achieved. The FTF actively participated in the mid-term review by examining reports submitted by the HKFA and collecting views from various stakeholders, including HKFA directors and staff, club representatives, coaches, players, fan organisations and the media, on the implementation of the Five-Year Strategic Plan through interviews and focus groups. We completed the mid-term review on the HKFA's Five-Year Strategic Plan in 2018 and reported the related

outcome and recommendations to the Panel on Home Affairs (the Panel) of the Legislative Council in July 2018 through LC Paper No. CB(2)1836/17-18(01). The review findings indicated that the performance of the HKFA in various areas had improved, including governance and organisational development, grassroots and youth football, girls and women's football, football curriculum, coach development and referee development. However, the performance of the HKFA in some areas, including the international ranking of the Hong Kong Team, the organisation and match attendance of the Hong Kong Premier League, HKFA's communication and relationship with stakeholders, and its reliance on public funding, still required improvement. We again reported the HKFA's responses to the mid-term review and its proposed follow-up actions to the Panel in May 2019 through LC Paper No. CB(2)1500/18-19(05).

As illustrated from the above information, the HAB and the FTF mainly monitors the HKFA's proper use of allocated funding and its progress in implementing the Five-Year Strategic Plan in accordance with the requirements stipulated in the funding agreement. The HAB nor the FTF would intervene in the management or directly interfere with the daily operations of the HKFA.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Cheng', with a long horizontal flourish extending to the right.

(Paul CHENG)
for Secretary for Home Affairs

Hong Kong Football Association (HKFA) Five-Year Strategic Plan Final Results of the Performance Targets and Indicators

Performance Targets

- Among the 28 performance targets, the HKFA finally met or exceeded 21 of them, while the remaining 7 were not met.

Performance Target	Final Target	Final Position	Result
<i>Hong Kong Football Curriculum</i>			
(a) Review the curriculum with a view to producing a revised version for implementation	Review the curriculum	The curriculum has been revised to include additional information on “golden age” coaching.	Target met
<i>Coach Education</i>			
(b) Review the courses with a view to producing revised versions for implementation	Review the courses	The courses have been reviewed with changes made as required by the Coach Education Manager and Technical Director	Target met
<i>Football Development Plan</i>			
(c) Introduce a football development plan	Introduce in 2015/16 football season	Introduced in 2015/16 football season	Target met
<i>Grassroots and Youth Football</i>			
(d) Increase the number of programme participants	15 000	17 032	Target exceeded by 13%
<i>Girls and Women Football</i>			
(e) Increase the number of programme participants	3 000	4 078*	Target exceeded by 36%
(f) Introduce representative age	Introduce	U12	Target met

group teams	representative age group teams in 2016/17 football season	representative team set up in February 2017	
<i>Futsal</i>			
(g) Increase the number of programme participants	15 000	23 413	Target exceeded by 56%
<i>Coaching</i>			
(h) Increase the number of qualified coaches registered with HKFA -			
‘D’ Licence coaches	350	315	Below target by 10%
‘C’ Licence coaches	324	289	Below target by 11%
‘B’ Licence coaches	118	112	Below target by 5%
‘A’ Licence coaches	45	48	Exceed target by 7%
‘Pro’ Licence coaches	0	14	Target met
Youth Football Leader certificate#	200	104	Below target by 48%
<i>Refereeing</i>			
(i) Increase the number of referees –			
<u>Referee Development</u>			
FIFA Referee	6	7	Target exceeded by 17%
FIFA Assistant Referee	8	8	Target met
Women FIFA Referee	2	1	Below target by 50%
Women FIFA Assistant Referee	2	1	Below target by 50%
Class 1	45	46	Target exceeded by 2%
Class 2	55	50	Below target by 9%
Class 3	100	127	Target exceeded by 27%
New	120	188	Target exceeded by 56%
<u>Assessors and Instructors</u>			
Referees instructors	14	28	Target exceeded by

			200%
Referees fitness instructors	4	6	Target exceeded by 20%
Referees assessors	40	50	Target exceeded by 25%
<i>Marketing</i>			
(j) Increase sponsorship and advertising gross revenue (cash & product in kind)	12,802,000	16,800,000	Target exceeded by 31%
(k) Conduct longitudinal independently supervised match day surveys of spectators, based on a minimum of 500 questionnaires	Conduct in 2018/19 football season	Conducted 519 interviews with fans	Target met
<i>Governance and Management</i>			
(l) Arrange for the election of a minimum of four independent (non club-linked) directors to the board of directors of the Grantee in the elections to be held	Election of a minimum of four independent directors	5 of independent directors elected	Target met
(m) Adopt a new constitution to reflect AFC/FIFA regulations and review the constitution bi-annually thereafter	Review the constitution	On-going review is underway	Target met

* The HKFA's women football programmes have been seriously affected by the COVID-2019. However, this target has been met and exceeded consistently since the 2015/16 football season. Therefore, to give a fair assessment of the performance of HKFA in women football, we will adopt the HKFA's achieved target for the past one year as at September 2019 as its final result.

This is a new target added in 2018/19 football season.

Performance Indicators

- Among the 5 performance indicators, the HKFA finally met or exceeded 2 of them, while the remaining 3 were not met.

Performance Indicator	Final Target	Final Position	Result
<i>Hong Kong Premier League (HKPL)</i>			
(n) Average attendance per HKPL match (by football season)	2 500	765 [@]	Below target by 70%
<i>Football Facilities</i>			
(o) Preparation of a plan for the implementation of a new football facilities strategy	Produced the plan	The Football Training Centre was in official operation and for public since March 2019	Target met
<i>Website Hits</i>			
(p) Increase average daily website hits of HKFA website	600 000	386 062	Below target by 36%
<i>HKFA Fans Database</i>			
(q) Increase number of fans registered in HKFA fan database	30 000	51 420	Target exceeded by 71%
<i>HKFA Membership</i>			
(r) Expand the membership of HKFA	100	82	Below target by 12%

- @ Due to COVID-19, the number of people attending HKPL matches dropped and a number of HKPL matches were postponed. In the 2018/19 football season, the average attendance per HKPL match was 1 006.