

**Legislative Council Public Accounts Committee  
Public hearing conducted on 25 May 2020**

**Chapter 2 of the Director of Audit's Report No. 74  
Sports Federation & Olympic Committee of Hong Kong, China**

**Opening Remarks by the Secretary for Home Affairs  
Mr Caspar TSUI Ying-wai, JP**

Mr Chairman,

I welcome the hearing today convened by the Legislative Council Public Accounts Committee on the Director of Audit's Report regarding the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC), which gives us the opportunity to respond to the comments and recommendations made by the Audit Commission. I would also like to thank the Audit Commission for the suggestions on matters requiring improvements and recommendations in respect of the operation and governance of the SF&OC as well as the funding provided by the Home Affairs Bureau (HAB) and related monitoring work. We accept the audit recommendations and have commenced the follow-up work.

2. Being the "National Olympic Committee" (NOC) of Hong Kong, the SF&OC plays an important role in the promotion and development of sports. The SF&OC is responsible for co-ordinating the development of 79 "national sports associations" (NSAs) and local sports organisations, and collaborating with the NSAs in organising Hong Kong, China Delegation to participate in major international multi-sport games. Like other NOCs, the SF&OC is a wholly autonomous body operating independently in accordance with the Olympic Charter and its Articles of Association. It must resist all pressures of any kind, including political, religious or economic pressures. The Government all along respects the Olympic Charter and recognises the autonomy of organisation, administration and operation of sport.

## Government Funding and Monitoring

3. The HAB has all along been working in close partnership with the SF&OC to promote sports development in Hong Kong and providing recurrent subvention to the SF&OC to cover its administration and programmes expenses and support its work as an NOC as well as the implementation of various initiatives, such as the career and education programmes for retired athletes, anti-doping programmes, management of the Olympic House to provide office space and ancillary facilities to 47 NSAs and organisations through its affiliated company, the Management Company of Olympic House Limited (MCOHL).

4. The recurrent subvention provided by the HAB to the SF&OC (including the MCOHL) has been maintained at the level of around \$20 million per annum since 2014-15. In view of the increase in the SF&OC's operating costs due to inflation and implementation of new initiatives (such as the launch of newsletter "Olympic Voice of Hong Kong" in October 2015 to feature events/activities in the sports sector and local athletes), the recurrent subvention provided by the HAB could not fully meet the expenses of subvented activities and therefore resulted in the SF&OC's operating deficits.

5. To further promote sports development in Hong Kong and take account of the SF&OC's operating expenses, the Government will substantially increase the yearly subvention provided to the SF&OC to around \$40 million from 2020-21 onwards. The additional allocation will be used mainly to strengthen the manpower support of the SF&OC, meet its increasing operating costs, enhance the anti-doping work, provide more opportunities for young athletes to participate in overseas training and exchange programmes, etc. With the increase in subvention to be provided to the SF&OC and the MCOHL, the HAB will actively take forward the audit recommendations to enhance the monitoring of their use of government subvention in accordance with the terms and conditions of the subvention agreements, such as to closely monitor the timeliness of their submission of reports, follow up on under-achievements of performance indicators, etc. We will also endeavor to arrange the disbursements of subvention to the SF&OC and the MCOHL in a timely manner to ensure a stable cashflow. In addition, we will consult the Financial Services and the

Treasury Bureau on the Audit Commission's suggestion of including the MCOHL in the list of organisations receiving recurrent funding from the Government. Meanwhile, we are reviewing the subvention agreement of the MCOHL and will consider revising relevant clauses in the agreement, including extending the deadline for submission of management accounts by the MCOHL to address the practical difficulties faced by it as well as prescribing a payment schedule of disbursement. We expect to complete the above two tasks within June this year.

### Operation and Governance of the SF&OC

6. Parts 2 and 4 of the Audit Report examine the operation and governance issues of the SF&OC, including the selection of athletes for participation in international multi-sports games, the handling of membership affairs, procurement procedures, management of meetings and attendance, management of potential conflicts of interest, etc. I understand that the SF&OC agrees with relevant audit recommendations and is following up on the recommendations as appropriate. The HAB will ensure that government funding provided to the SF&OC is used in a proper and effective manner. We will take on board the audit recommendations to encourage the SF&OC to implement the best practices in the "Best Practice Reference for Governance of National Sports Associations – Towards Excellence in Sports Professional Development" (BPR) as drawn up by the Independent Commission Against Corruption in relation to the transparency in selection of athletes, board governance, integrity management and administration of membership. We will also continue to work closely with the SF&OC in reviewing the office space requirements in the Olympic House, exploring feasible measures to address the over-crowding and taking forward the redevelopment of the Olympic House as soon as possible.

7. On the governance front, the SF&OC has been incorporated under the Companies Ordinance since March 2017 with a view to enhancing its management and transparency of operation. In addition, as a commitment to enhancing the governance of all NSAs, the HAB will provide a time-limited funding of \$5 million per year starting from 2020-21 to support the SF&OC to conduct a review on the operation and internal monitoring mechanism of all NSAs. The SF&OC will establish a dedicated team to carry out the review including the formulation of a code of governance, an

audit on the Articles of Association of all NSAs, their composition of executive boards and election mechanism, financial reporting and the auditing mechanism, selection of athletes and appeal mechanism, etc. As part of the exercise, the HAB will encourage the SF&OC to set a good example and adopt the best practices as set out in the BPR.

8. To conclude, we will follow up on the audit recommendations in collaboration with the SF&OC with a view to enhancing the operation of the SF&OC and the MCOHL and the monitoring of their use of government funding. We would like to thank the Audit Commission again for its comments and recommendations which have allowed us to review the operation of the SF&OC and its use of government funding in greater detail. The comments and recommendations are constructive to our work in the promotion of sports development.

9. Now, my colleagues and I would be happy to respond to Members' questions and comments. Thank you.