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民政事務局

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APPENDIX 35  
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3 June 2020

Clerk to the Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attn: Mr Anthony CHU)

Dear Mr CHU,

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

Thank you for your letter of 26 May 2020 to the Secretary for Home Affairs on the captioned matter. Our response to questions raised therein are set out in **Annex** please.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Cheng', written over a light blue horizontal line.

( Paul CHENG )  
for Secretary for Home Affairs

- c.c. Honorary Secretary General, Sports Federation & Olympic Committee of Hong Kong, China (Fax No.: 2891 3657)  
Executive Director, Sports Federation & Olympic Committee of Hong Kong, China (Fax No.: 2891 3657)  
Secretary for Financial Services and the Treasury (Fax No.: 2147 5239)  
Director of Audit (Fax No.: 2583 9063)

**Public Accounts Committee**  
**Questions relating to Chapter 2 of the Director of Audit's Report No. 74**  
**Sports Federation & Olympic Committee of Hong Kong, China**  
**Response from the Home Affairs Bureau**

**Part 1: Introduction**

- (a) **with reference to paragraph 1.16(b) of the Audit Report, details about the provision of one-off allocations to the Sports Federation & Olympic Committee of Hong Kong, China (“SF&OC”) after 2011-2012;**

After 2011-12, the Home Affairs Bureau (HAB) has granted a one-off allocation of \$27 million to SF&OC and the Management Company of Olympic House Limited (MCOHL) in March 2017. Details of the allocation are set out in paragraph 1.16(c) of the Audit Report.

**Part 3 : Government funding and monitoring**

- (b) **with reference to paragraph 3.17(a) of the Audit Report, the justifications for the decision of HAB to substantially increase its recurrent subvention to SF&OC from \$20 million in 2019-2020 to \$40.6 million in 2020-2021, the allocation of the additional subvention, the number of new staff covered by the subvention and the job duties of these staff, the expected deliverables from SF&OC, and any new/revised performance indicators and/or targets to monitor whether the new funding will be used in a value for money manner;**

Recurrent subvention provided by HAB to SF&OC (including MCOHL) has been maintained at the level of around \$20 million per annum since 2014-15. In view of the increase in SF&OC’s operating costs due to inflation and implementation of new initiatives in recent years, such as the coordination of Hong Kong teams’ participation in new international multi-sports games (including the 6<sup>th</sup> Children of Asia International Sports Games in 2016, the 1<sup>st</sup> Winter Children of Asia International Sports Games in 2019 and the 2019 World Beach Games), the launch of the newsletter “Olympic Voice of Hong Kong” in 2015, etc., the recurrent subvention provided by HAB could not fully meet the expenses of the subvented activities and therefore resulted in SF&OC’s operating deficits.

To further promote sports development in Hong Kong and take account of SF&OC's operating expenses, HAB will substantively increase the yearly recurrent subvention provided to SF&OC to around \$40 million from 2020-21 onwards. The additional allocation will be used to strengthen the manpower support of 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. As regards the details on the allocation of the additional subvention, new performance indicators and targets and expected deliverables, we are still in discussion with SF&OC and will include such details in the subvention agreement to be signed. We will monitor SF&OC's performance and use of the subvention by way of quarterly and annual reports to be submitted by SF&OC.

- (c) **referring to paragraph 3.38(d) of the Audit Report about the provision of a time-limited funding of \$5 million per year for five years starting from 2020-2021 for SF&OC to conduct a review on its operation and internal monitoring mechanism of National Sports Associations ("NSAs"), please advise:**
- (i) **the scope of and timeframe for the review, and when HAB will report the outcome of the review to the relevant committee of the Legislative Council;**

SF&OC will establish a Steering Committee comprising independent professionals to oversee the review. In addition, a dedicated team of full-time staff will be recruited to carry out the various relevant tasks of the review including-

- (1) to examine the operation of all NSAs including the conduct of an audit on their –
- Articles of Association
  - composition of executive boards and election mechanism
  - selection mechanism of athletes for participation in international competitions and the appeal mechanism
  - membership application mechanism
  - financial reporting and auditing compliance
  - progress of implementing the best practices as set out in the “Best Practice Reference for Governance of NSAs — Towards Excellence in Sports Professional Development” by the Independent Commission Against Corruption

- status of compliance with the Olympic Charter, Code of Ethics of the International Olympic Committee and the Articles and Association of the SF&OC
- (2) to prepare a comprehensive report on the review findings and recommendations for improvement;
  - (3) to formulate a code of governance for compliance by all NSAs;
  - (4) to arrange regular thematic seminars for serving and new office bearers and staff of NSAs;
  - (5) to implement the recommendations for improvement and monitor the compliance by NSAs; and
  - (6) to compile an annual report on the progress of the review and implementation of the recommendations.

We are still in discussion with SF&OC on the timeframe for the review exercise and will brief the Legislative Council Panel on Home Affairs on the review findings in due course.

**(ii) whether HAB has set any performance indicators and targets for this review exercise; if yes, the details; if no, reasons for not doing so;**

As regards the performance indicators and targets and expected deliverables for the review exercise, we are still in discussion with SF&OC and we will include such details in the subvention agreement to be signed.

**(iii) whether HAB considers it most appropriate and effective for SF&OC to conduct the review by itself given its various inadequacies in corporate governance as reflected by the Audit Report; and**

SF&OC has all along been playing an important and leading role in the sports sector and it currently has 79 NSAs as its member associations. All of them are required to comply with the Olympic Charter, the Code of Ethics of the International Olympic Committee and the Articles and Association of SF&OC which cover a wide range of aspects and empower SF&OC to monitor the compliance by NSAs. Hence, we consider that SF&OC is in the best position to conduct the review. The Government all along respects the Olympic Charter and recognises the

autonomy of organisation, administration and operations of sport. Entrusting SF&OC with the responsibility to conduct the review and make recommendations for improvement would best exemplify the autonomous nature of sports organisations. In order to set a good example, SF&OC will also conduct a review on its own operation and internal monitoring mechanism and make improvements as appropriate.

- (iv) whether HAB would consider including compliance with the "Best Practice Reference for Governance of National Sports Associations - Towards Excellence in Sports Professional Development" by SF&OC and NSAs as one of the requirements in the new subvention agreement with SF&OC; and**

The dedicated team will examine the implementation of best practices in the ICAC's "Best Practice Reference for Governance of NSAs — Towards Excellence in Sports Professional Development" by all NSAs and consider incorporating the best practices into the code of governance to be formulated.

- (d) a copy of the new subvention agreements between the Government and SF&OC and between the Government and the Management Company of Olympic House Limited for 2020-2021 once available.**

After signing the subvention agreements with SF&OC and MCOHL for the subvention to be provided to them in 2020-2021, HAB will provide a copy of the subvention agreements to the Public Accounts Committee as soon as possible.