

Letterhead of HONG KONG SPORTS DEVELOPMENT BOARD

29 October 1998

The Hon Miss Choy So-yuk
Chairman, LegCo Panel on Home Affairs
3/F Citibank Tower
3 Garden Road
HONG KONG

Dear the Honourable Miss Choy

Thank you for the opportunity given to us to make a presentation at the Home Affairs Panel meeting on 12.10.98.

You may recall that, during the meeting concern was raised about the administration expenses of the Hong Kong Sports Development Board (“SDB”) which expense was described as having taken up almost half of the SDB annual budget. We provided Panel Members with some breakdown figures on the SDB’s income and expenditure. I did mention that sports development and management staff costs are only around 18%, not 45%. I also mentioned that the balance of around 27% of the budget was attributable to “coaching and athletes support” expenses. I append below a detailed account of the relevant expenses and hope that it helps to clarify the matter.

Training of elite athletes is a “labour-intensive” function requiring a lot of human resources. As we have explained at the meeting, coaches are vitally important in the training of elite athletes. Coupled with the high cost for employing these coaches, there are also costs involved in the support services, e.g. sports science, sports medicine, strengthening & conditioning, and training facilities etc. Staff costs attributable to elite athletes training accounts for **25%** of the Board’s total expenditure (or 65% of the expenditure on our Elite Training Programme). These costs are expenses directly incurred towards actual sports development purposes in much the same way as subventions allocated to NSAs in furtherance of their sporting objects. It is not appropriate to regard these costs as “administration”.

Likewise, promoting and developing sports is one of the core objectives of the Board. Staff costs attributable to this function is **8%** of the Board’s total expenditure.

The other 12% of our total expenditure spent on staff costs is attributable to our revenue generating commercial operations (**6%**), management and administration (**6%**). We do not believe these are too high percentages in any healthy service organisation.

To enable Panel Members a clearer understanding of our points, and to avoid any further misunderstanding, we would appreciate if you could circulate this letter and the attached HKSDB—1998/99 Budget Summary to all Home Affairs Panel Members for information.

Thank you.

Yours sincerely

Billy Kong
Vice Chairman

HONG KONG SPORTS DEVELOPMENT BOARD

1998/99 BUDGET SUMMARY

In \$ Million

Total

INCOME

●	Government subvention	193
●	Sponsorships and donations	8
●	Commercial operations and other income	42
●	Contributions from SDB/SI Trust Funds	<u>33</u>
		<u>\$276</u>

EXPENDITURE

	Saff Costs % of Total Expenditure	\$M	Block Grants & Programme Expenses	Facility Operating & General Expenses	
● Elite training programme	(25%)	68	17	20	105
● Sports development	(8%)	22	91	6	119
● Commercial operations	(6%)	18	-	13	31
● Management & administration	(6%)	16	-	5	<u>21</u>
	(45%)	124	108	44	<u>\$276</u>