



HONG KONG SPORTS INSTITUTE LIMITED  
香港體育學院有限公司

5 June 2015

Mr Anthony CHU  
Clerk  
Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central Hong Kong  
(Fax : 2543 9197)

Dear Mr CHU,

We are very grateful for the Public Accounts Committee's (PAC) interest in, and support of the HKSIL, following the publication of Chapter 5 of the Director of Audit's Report No 64.

One of our core values is accountability to process and outcome and the Audit Report together with the PAC's detailed consideration of such, provides us with an opportunity to answer to both. We have endeavored to answer as best we can the PAC's detailed questions, and we are of course happy to supplement further if necessary, in the interests of ensuring the HKSIL maintains best practice for the athletes to maximize their opportunities on the world stage as they strive for medal glory for Hong Kong.

We once again express our thanks to the Audit and to the PAC for providing the HKSIL an opportunity to clarify and improve its process at just the right time as we are preparing to enter the final preparations for the fully post- redevelopment operation.

Yours sincerely

Dr Trisha LEAHY, BBS  
Chief Executive  
Hong Kong Sports Institute

cc Secretary for Home Affairs (fax no. 2537 6319)  
Secretary for Financial Services & the Treasury (fax no.2147 5239)  
Director of Audit (fax no. 2583 9063)  
Chairman of HKSIL

**Public Accounts Committee**  
**Information on Chapter 5 of Report N. 64 of the Director of Audit**  
**Hong Kong Sports Institute Limited**

Issue	Response
<b>Issue 1</b>	<b>Elite Athlete Training and Support</b>
1 a)	<p>Coaches’ monitoring of athletes training attendance is very strict, as proper training is the key to successful performance. Elite teams are relatively small and sport specific, training is highly focused consisting of individual or small group face-to-face sessions. Training records exist in multiple documents, as each training modality keeps athletes’ records. For example, Strength and Conditioning, Sports Science, Sports Medicine modalities, etc. In completing the summary attendance record, the coaches use the sport specific training schedule document, in addition to the other records from the other training modalities to create a summary version. The Hong Kong Sports Institute Limited (“HKSIL”) accepts the Audit recommendation to systematise the attendance training records. Improvement of the recording process is now underway. A unified record form is being drafted and will be discussed with both coaches and athletes in July 2015 to gauge practicality and effectiveness. This review process will be completed and result in a final training record form within the 2<sup>nd</sup> quarter of the 2015/16 financial year.</p>
1 b)	<p>Perhaps we can clarify that, in the Audit report, the issue of high demand in some Tier A sports (paragraph 2.22(b)) and the weak dollar issue (paragraph 2.22(c)) referred to the full-time Assistant Coach grade only. As mentioned in the Audit report paragraph 2.19 (c), the Assistant Coach grade is the entry grade of a three tier structure which facilitates succession planning and a pipeline (and career path) for local high performance coaches. Generally, therefore Assistant Coaches are local, or Mainland coaches. Only in sports with a popular and lucrative part-time local private market has the HKSIL experienced some difficulty in recruiting full-time coaches at the Assistant Coach entry level. However the HKSIL has no difficulty attracting part-time Assistant Coaches.</p>

Issue	Response
1 b) Cont'd	<p>Similar to our overseas counterparts with whom we have established links, the HKSIL finds that given elite sport is a highly specialised market, finding the best fit candidates can sometimes be challenging. However, this is not unusual in the high performance world where recruitment cycles generally follow Major Games timing. This means that a vacancy occurring for example one year before the Olympic Games is unlikely to attract reputable coaches from another country who are already committed to their own country's Olympic goals. This may cause a vacancy period longer than expected in other industries.</p> <p>International comparisons on elite coaches' salaries are not publically available as winning the competition to hire the best coaches is a key strategy of all elite sports systems, and seen as commercially sensitive. Furthermore, each sport is benchmarked to the market differently depending on its perceived priority within each country's sports system.</p> <p>During the past five years, the HKSIL has experienced no particular difficulty in attracting high performance coaches at Coach and Head Coach levels within a reasonable time frame. Therefore the HKSIL's current coaching salary structure appears to be generally market compatible from that perspective.</p> <p>The HKSIL agreed with the audit recommendation that it should continue to implement its current approaches to monitoring the coaching situation. Current approaches to this task include:</p> <ol style="list-style-type: none"> <li>1) An annual salary scale review system. The review is conducted by a reputable external consultant and is benchmarked against the Hong Kong market trends and analysis of the percentage of staff that will be over 90% of the band width of the respective salary bands to assess whether the salary scale needs a further in-depth review. This percentage is 23% in last assessment conducted in 2014, which is well below the 30% benchmark according to the consultant.</li> <li>2) A performance based remuneration structure. As well as being part of the annual HKSIL-wide salary adjustment review mechanism, the Coaches' salary structure is additionally performance based, with Major Games, Asian and World championships being benchmark criteria for automatic salary increase.</li> </ol>

Issue	Response
1 b) Cont'd	<p>3) The HKSIL recruits coaches in full partnership with the Tier A National Sports Associations (“NSA”) who are involved at all stages of recruitment.</p> <p>4) The HKSIL’s extensive, formal and informal international networks as well as the NSAs’ international networks are fully utilised in the recruitment process.</p> <p>In summary, ensuring the effective delivery and monitoring of the elite training programmes is a joint effort between the HKSIL and the Tier A NSAs. The HKSIL will continue to use this successful approach and keep track of relevant international trends and make improvements as necessary.</p>
<b>Issue 2</b>	<b>Governance and Government Monitoring</b>
2 a)	<p>A comprehensive Governance Manual covering the overall governance structure of the HKSIL such as functions of the Board, roles and duties of the Directors, functional committees, board proceedings and administration will be established. Clear guidelines to address the relevant issues including the attendance rates, a two-tier disclosure of conflict of interest, a code of conduct using the Independent Commission Against Corruption’s (“ICAC”) advice, etc will all be included in the Governance Manual. The Manual will be presented to the Board of Directors for consultation with approval to be given within the 2015/16 financial year.</p>
2 b)	<p>The operations of the HKSIL are overseen by the following 6 functional committees set up by the Board:</p> <ul style="list-style-type: none"> <li>● <b>Corporate Management Committee</b> – the ambit is similar to an audit committee overseeing the financial and administration issues of the HKSIL</li> <li>● <b>Elite Training and Athletes Affairs Committee</b> – overseeing the elite training function including athletes’ grants and education, and scientific and medical support to athletes</li> <li>● <b>Hong Kong Jockey Club Elite Athletes Fund Committee of Trustees</b> – overseeing the investment strategy of the Trust Fund</li> </ul>

Issue	Response
2 b) Cont'd	<ul style="list-style-type: none"> <li>● <b>Hong Kong Sports Institute (“HKSI”) Redevelopment Project Steering Committee</b> – overseeing the Redevelopment Project of the HKSI</li> <li>● <b>HKSI Development Committee</b> – overseeing the brand development strategies and community engagement activities of the HKSI</li> <li>● <b>Hong Kong Coaching Committee</b> – a joint The Sports Federation &amp; Olympic Committee of Hong Kong, China (“SF&amp;OC”)-HKSIL committee overseeing the development of coach education programmes</li> </ul> <p>The HKSIL has also developed comprehensive financial and administration polices and procedures to govern the financial and administration operations of the company.</p> <p>A stringent annual planning and budgeting process is exercised in the allocation of resources and the progress against budget was presented to the Corporate Management Committee and the Board at each of its meetings.</p> <p>Furthermore, ICAC has been regularly invited to look at and assess high risk operational areas like tenders, procurements and the elite training functions. There is also a programme to continuously engage the ICAC to review the redeveloped operations as they evolve.</p> <p>Regarding the recommendation that the HKSIL should consider setting up an internal audit function and an audit committee under the Board, the HKSIL has agreed with this and plans execution within the 2015/16 financial year with due consideration being given to the fundamental principles of ensuring independence of the internal audit function, and articulation of the internal audit function into the existing HKSIL governance structure for an effective governance framework in a cost effective manner. In pursuing this outcome, the HKSIL will draw references from other public bodies with comparable business nature to ensure a best practice approach.</p>

Issue	Response
<b>Issue 3</b>	<b>Administrative Issues</b>
3 a)	<p>Regarding sports facilities utilisation rates, perhaps the HKSIL can be permitted to provide some background to facilitate Public Accounts Committee (“PAC”) members’ understanding. The HKSIL is the Government’s elite sports training delivery agent, training tasked with providing and maintaining a world standard infrastructure environment and system to eligible NSAs, in order to identify and nurture gifted athletes to reach world levels of performance as benchmarked by international competition results. Elite Training is a complex multidisciplinary, evidence based system which is measured on quality rather than quantity. The HKSIL measures optimal utilisation of sports venues in terms of the HKSIL’s core task of the provision of elite training systems to the eligible NSAs. Relevant considerations include, for example, Coaches, particularly in outdoor sports, needing to change training plans due to weather, wind conditions, and other factors, ie they need to be able to move between indoor and outdoor venues according to prevailing conditions. Likewise athletes scheduled to train in a certain modality may need to change to another, at short notice, for rehabilitation, recovery, adaptation or other reasons. Facilities must be available at all key training times if coaches are to have the required flexibility to ensure the high performance outcomes expected by the NSAs and the community.</p> <p>However, the HKSI maintains quite an open environment in terms of access when compared to many elite training venues around the world – which are often totally closed to the public. Outside of elite training times, the HKSI has maintained an active community engagement schedule both on site and through outreach events. For example, in 2014/15 approximately 200 community engagement programmes were undertaken, providing access to approximately 20,000 participants at the HKSI and an additional approximately 20,000 at outreach events.</p> <p>As well as organising events itself, the HKSIL actively collaborates with Government, the SF&amp;OC, NSAs and other organisations in the community to enhance the community engagement with elite athletes and provide organised added-value community events. These include for example, the Hong Kong Elite Athletes Association, the Leisure &amp; Cultural Services Department, Shatin District Council, Elite Athlete Friendly Network Schools, and many more.</p>

Issue	Response
3 b)	<p>The HKSIL had initiated an energy audit in June 2014 for the completed buildings of the Redevelopment (Main Building, Swimming Complex, Rowing Center and Sports Complex Annex). The energy audit reports were finalised by the Registered Energy Assessor in February 2015. The findings of the reports indicated that these buildings are in general energy efficient with two recommendations for the HKSIL to consider as follows:</p> <ol style="list-style-type: none"> <li>1) The HKSIL to provide reminder labels to users to switch off the air-conditioning and lighting when leaving the space to reinforce the energy saving concept and message. The HKSIL targets to complete this in June 2015.</li> <li>2) The HKSIL to install occupancy sensors for lightings along staircases. The HKSIL will consider this recommendation and perform a feasibility and cost-benefit analysis.</li> </ol> <p>The Main Building, Rowing Center and Swimming Complex were completed at different timelines; therefore the HKSIL can only apply general service accounts for Non-Residential Tariff (“NRT”) for these buildings in the interim.</p> <p>According to CLP Power Hong Kong Limited (“CLP”), the NRT accounts could be consolidated to a Bulk Tariff (“BT”) account via application to CLP if the monthly consumption exceeds 20,000 kWh over a certain period (a 12-month statistics will normally be required according to CLP’s practice). Since the Main Building only started to operate at the end of 2013, the 12-month consolidated statistics concerning electricity consumption for the above buildings were only available by December 2014. Upon the availability of the statistics, the HKSIL submitted its application for a BT account on 8 January 2015 which is now still under processing by CLP.</p>

<b>Issue</b>	<b>Response</b>
3 b) Cont'd	<p>Further upgrade to the next level – the Large Power Tariff (“LPT”) would require firstly the approval of a BT account mentioned above followed by electricity consumption statistics for the entire campus for normally 12-month. As the redevelopment of the HKSIL had only just been completed in January 2015 and the application of a BT account is still in processing by the CLP, application for a LPT account is not feasible at the moment. However, the HKSIL will continue monitoring the electricity consumption of the HKSIL campus and apply to the CLP for a LPT account in due course and as appropriate.</p> <p>The energy audit requires a review of a past 12-month electric consumption. As the major renovation of a part of the Sports Complex has only been completed in January 2015, therefore, the earliest time that an energy audit appropriate for the entire Sports Complex is about February 2016. We shall also consider a carbon audit by then, as appropriate.</p>
3 c)	<p>Audit has recommended the HKSIL should continue to keep under review the justifications and cost-effectiveness of providing the shuttle bus services to its staff and athletes. The HKSIL accepted the audit recommendation and will continue the review process. In consideration of the provision of the shuttle bus services, the HKSIL will consider both financial (cost-effectiveness) and non-financial factors such as being a responsible and caring company. The reason that Route 6 was maintained was in order to provide a safe and ready means of transportation to staff on the night shift taking into account the difficulty to call for other public transport (taxi) and during inclement weather.</p>
<b>Issue 4</b>	<b>Redevelopment Project</b>
4 a)	<p>The proposed site for the Rowing Boat Launching Facilities is not within the HKSI campus. It is located outside the HKSI boundaries at the Shing Mun River. The outstanding issues involve technical, lands, planning and public concerns.</p> <p>The outstanding issues are as follows:</p> <ol style="list-style-type: none"> <li>1) <u>Technical</u> The facilities would be constructed at the sea wall of the Shing Mun River and would extend into the River.</li> </ol>



Issue	Response
<p>4 a) Cont'd</p>	<p>2) <u>Lands</u> Acquisition of land is required. Government land lease or land allocation to a government department would be necessary.</p> <p>3) <u>Planning</u> The Sha Tin Outline Zoning Plan shows the area for the proposed site as “Shing Mun River Channel”. The proposed construction of the Rowing Boat Launching Facilities at the Shing Mun River Channel would involve planning process.</p> <p>4) <u>Public Concern</u> The facilities would be separated from the HKSI campus by a cycle track, a pedestrian footpath and public amenities. There are safety and traffic issues in transporting the rowing boats across the cycle track and pedestrian footpath.</p> <p>There were no cost implications caused by the delays to the construction of the Rowing Boat Launching Facilities in the past 3 years.</p> <p>The annual inflation of construction cost due to delays to the construction of the Rowing Boat Launching Facilities is estimated to be \$2 million per annum.</p> <p>The following 10 government departments are involved in the discussions with the HKSIL:</p> <ol style="list-style-type: none"> <li>1) Civil Engineering and Development Department;</li> <li>2) Drainage Department;</li> <li>3) Highways Department;</li> <li>4) Marine Department;</li> <li>5) Environmental Protection Department;</li> <li>6) Transport Department;</li> <li>7) Leisure and Cultural Services Department;</li> <li>8) Lands Department;</li> <li>9) Planning Department; and</li> <li>10) Home Affairs Department.</li> </ol>

<b>Issue</b>	<b>Response</b>
4 a) Cont'd	<p>Preliminary discussions have been conducted with all the relevant government departments. Their feedbacks are being consolidated into a proposal for formal submissions.</p> <p>The Home Affairs Bureau is carrying out the co-ordination between the HKSIL and the relevant government departments to resolve the outstanding issues.</p>