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民政事務局

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**GOVERNMENT SECRETARIAT
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8 June 2015

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

Dear Mr. Chu,

Public Accounts Committee

Consideration of Chapter 5 of the Director of Audit's Report No.64

Hong Kong Sports Institute Limited

I refer to your letter dated 12 May 2015 under reference.

Please note that our responses on the questions raised by the Public Accounts Committee on issues related to the Home Affairs Bureau are attached at **Annex** for your reference.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Petty Lai'.

(Miss Petty Lai)
for Secretary for Home Affairs

c.c. Chief Executive, Hong Kong Sports Institute

**Proposed Responses to PAC's Questions on
Consideration of Chapter 5 of the Director of Audit's Report No. 64**

Hong Kong Sports Institute Limited

(For issues related to HAB)

Issue 2	Governance and Government Monitoring
a)	What actions have been taken by the HKSI and HAB so far to rectify the problems of lax governance identified by the Director of Audit, such as the low meeting attendance rates, non-compliances of rules on prevention of conflicts interest and Corporate Government Manual?
	<p>An HAB representative always attends HKSI committee meetings as observer if the designated committee member is not available due to prior engagements. HAB has requested the HKSI to advise members on the potential dates for various committee meetings as early as possible to facilitate attendance. HAB's representatives will abstain from voting at the boards and committees of the HKSI when approval of the Institute's Annual Plan and Budget is sought in future.</p> <p>HAB will continue to take into account the attendance rates of individual members of the HKSI Board when making recommendations on future appointments.</p> <p>The HKSI management will compile a Corporate Governance Manual to provide specific guidelines for its Board of Directors and committee members in order to avoid any actual or perceived conflict of interest. It will also regularly remind Board and committee members to follow the procedures on avoidance of conflict of interest, including early declaration of any relevant interests. We understand that the HKSI management is working out a plan to include regular internal audit as part of its governance.</p>
Issue 3	Administrative Issues
a)	Concerning the low utilization rates of the HKSI's facilities, HAB has said that in consultation with the HKSI, it will work out performance target on the utilization rates of the HKSI's sports facilities. Will HAB reveal its plans to boost the utilization rates of the HKSI's sports facilities?

	<p>The HKSI is built to accommodate the planned significant growth in the number of full-time and part-time athletes to be trained at the Institute in the coming years. The gradual increase in the number of elite athletes attending training at the institute will increase the utilisation rate of the training facilities. Upon full completion of the redevelopment of the Institute premises in 2015, the HKSI will review the venue utilisation rates in the light of the requirements of athletes, including those preparing for the 2016 Rio Olympics and Paralympics. As mentioned in para. 4.2 of the Audit Report, “When there are residual timeslots, other users including NSAs, sports organisations and training course users may use some of the facilities for a fee.”</p> <p>HAB will work with the HKSI to develop targets for utilisation rates in the light of this review and taking account of the planned increase in the number of athletes to be trained at the HKSI.</p>
Issue 4	Redevelopment Project
a)	How will the Government enhance the co-ordination between the HKSI and relevant government departments to revolve the outstanding issues? If such co-ordination cannot be done at the department level, will the Government elevate it to the bureau level to break through the impasse: if it will, of the details: if not, of the reasons?
	<p>On the outstanding issue related to the redevelopment project, i.e., the construction of rowing-boat launching facilities, HAB is assisting the HKSI in consulting the relevant departments, including the Lands Department and the Planning Department, on the way forward with a view to expediting action on this issue and coming up with a feasible way forward.</p>
Issue 5	Lease Arrangement for HKSI
a)	Will HAB explain why it did not pursue the nominal-rent proposal as the lease arrangement for HKSI after FSTB expressed concerns on the matter?
	<p>HAB is still pursuing with FSTB the option of charging the HKSI a nominal rent for the lease of the Fo Tan premises. We aim to come to a view within the Government before the expiry of the current tenancy agreement in March 2017.</p>

b)	<p>Will HAB inform the PAC what follow-up actions have been taken about the future use of the Stable site in Fo Tan so far?</p>
	<p>The subject site is adjacent to the Sha Tin Racecourse (STRC) and is currently leased to the Hong Kong Jockey Club (HKJC) under short term tenancy (STT) for use as stables, training arenas and facilities for jockeys and horses, an equine swimming pool and ancillary facilities.</p> <p>Given that the quarantine, stable and training facilities at the STRC are not adequate to support HKJC's racing operations, and that the facilities currently provided on the subject site are proved necessary to support the racing operations, the Government agrees to grant the STRC site and the subject site to HKJC under a special purpose lease for 50 years. The proposed grant of the STRC site and the subject site will follow the established procedures, including local consultation. Subject to completion of the necessary amendments to the Outline Zoning Plan, the subject site will be included in the 50-year land lease to be granted to HKJC for the operation of the STRC.</p>
c)	<p>According to paragraph 5.31, the Secretary for Home Affairs has said that the HAB will consider a suitable form of land grant for any future site that may be allocated for use by the HKSI. Has the HAB's comprehensive policy review on Private Recreational Leases any bearing on this issue? Given the HAB said that the preliminary findings of the review on Private Recreational Leases were expected to complete by the end of 2014, what is the latest progress of the policy review?</p>
	<p>The site being occupied by the HKSI has been allocated to LCSD since 2004 which in turn leases to HKSI under a tenancy agreement. It is therefore not a Private Recreational Lease (PRL). While the review of the PRL policy is still underway, we do not consider that PRL is a suitable form of land grant for the HKSI. As stated in the Audit report, HAB will consider a suitable form of land grant for any future sites that may be allocated to HKSI.</p>