

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE
ON
REPORT NO. 74 OF THE DIRECTOR OF AUDIT
ON
THE RESULTS OF
VALUE FOR MONEY AUDITS**

July 2020

P.A.C. Report No. 74

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Introduction

The Establishment of the Committee The Public Accounts Committee is established under Rule 72 of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region, a copy of which is attached in *Appendix 1* to this Report.

2. **Membership of the Committee** The following Members are appointed by the President under Rule 72(3) of the Rules of Procedure to serve on the Committee:

Chairman : Hon Abraham SHEK Lai-him, GBS, JP

Deputy Chairman : Hon Kenneth LEUNG

Members : Hon Paul TSE Wai-chun, JP
Hon Steven HO Chun-yin, BBS
Hon LAM Cheuk-ting
Hon SHIU Ka-fai, JP
Hon Tanya CHAN

Clerk : Anthony CHU

Legal Adviser : YICK Wing-kin

Procedure

The Committee's Procedure The practice and procedure, as determined by the Committee in accordance with Rule 72 of the Rules of Procedure, are as follows:

- (a) the public officers called before the Committee in accordance with Rule 72 of the Rules of Procedure, shall normally be the Controlling Officers of the Heads of Revenue or Expenditure to which the Director of Audit has referred in his Report except where the matter under consideration affects more than one such Head or involves a question of policy or of principle in which case the relevant Director of Bureau of the Government or other appropriate officers shall be called. Appearance before the Committee shall be a personal responsibility of the public officer called and whilst he may be accompanied by members of his staff to assist him with points of detail, the responsibility for the information or the production of records or documents required by the Committee shall rest with him alone;
- (b) where any matter referred to in the Director of Audit's Report on the accounts of the Government relates to the affairs of an organisation subvented by the Government, the person normally required to appear before the Committee shall be the Controlling Officer of the vote from which the relevant subvention has been paid, but the Committee shall not preclude the calling of a representative of the subvented body concerned where it is considered that such a representative could assist the Committee in its deliberations;
- (c) the Director of Audit and the Secretary for Financial Services and the Treasury shall be called upon to assist the Committee when Controlling Officers or other persons are providing information or explanations to the Committee;
- (d) the Committee shall take evidence from any parties outside the civil service and the subvented sector before making reference to them in a report;
- (e) the Committee shall not normally make recommendations on a case on the basis solely of the Director of Audit's presentation;
- (f) the Committee shall not allow written submissions from Controlling Officers other than as an adjunct to their personal appearance before the Committee; and

Procedure

- (g) the Committee shall hold informal consultations with the Director of Audit from time to time, so that the Committee could suggest fruitful areas for value for money study by the Director of Audit.

2. **Confidentiality undertaking by members of the Committee** To enhance the integrity of the Committee and its work, members of the Public Accounts Committee have signed a confidentiality undertaking. Members agree that, in relation to the consideration of the Director of Audit's reports, they will not disclose any matter relating to the proceedings of the Committee that is classified as confidential, which shall include any evidence or documents presented to the Committee, and any information on discussions or deliberations at its meetings, other than at meetings held in public. Members also agree to take the necessary steps to prevent disclosure of such matter either before or after the Committee presents its report to the Council, unless the confidential classification has been removed by the Committee.

3. A copy of the Confidentiality Undertakings signed by members of the Committee has been uploaded onto the Legislative Council website.

4. **The Committee's Report** This Report by the Public Accounts Committee corresponds with Report No. 74 of the Director of Audit on the results of value for money audits which was tabled in the Legislative Council on 29 April 2020. Value for money audits are conducted in accordance with the guidelines and procedures set out in the Paper on Scope of Government Audit in the Hong Kong Special Administrative Region - 'Value for Money Audits' which was tabled in the Provisional Legislative Council on 11 February 1998. A copy of the Paper is attached in *Appendix 2*.

5. **The Government's Response** The Government's response to the Committee's Report is contained in the Government Minute, which comments as appropriate on the Committee's conclusions and recommendations, indicates what action the Government proposes to take to rectify any irregularities which have been brought to notice by the Committee or by the Director of Audit and, if necessary, explains why it does not intend to take action. It is the Government's stated intention that the Government Minute should be laid on the table of the Legislative Council within three months of the laying of the Report of the Committee to which it relates.

Consideration of the Director of Audit's Report tabled in the Legislative Council on 29 April 2020 As in previous years, the Committee did not consider it necessary to investigate in detail every observation contained in the Director of Audit's Report. The Committee has therefore only selected two chapters (i.e. Chapters 1 and 2) in the Director of Audit's Report No. 74 which, in its view, referred to more serious irregularities or shortcomings for detailed investigation.

2. To enhance the accountability of the Government, the Committee has decided to adopt a new arrangement by holding short public hearings to examine chapters in which the issues identified have been repeatedly found in the previous the Director of Audit's reports. At the short public hearings, the witnesses would be invited to give a response, in particular on measures that would be taken to rectify the problems identified in the Director of Audit's Report No. 74, and to take questions from the Committee. Three chapters (i.e. Chapters 3, 6 and 7) have been selected for short hearings, and the major deliberations have been included in this Report. The Committee would like to take the opportunity in this Report to thank the representatives of the relevant bureaux/departments and organizations for attending the short public hearings to address the issues of concern raised by the Committee.

3. For the remaining three chapters of the Director of Audit's Report No. 74 (i.e. Chapters 4, 5 and 8), the Committee has sought and obtained information from the Administration on some of the issues. The Committee appreciates that, in response to the Committee's written questions, the relevant bureaux/departments have provided the Committee with useful information to facilitate the Committee's better understanding of the subjects. The Administration's response has been included in this Report.

4. **Meetings** The Committee held a total of five meetings and 11 public hearings (including three short public hearings) in respect of the subjects covered in this Report. During the public hearings, the Committee heard evidence from a total of 24 witnesses, including four Directors of Bureau and three Heads of Department. The names of the witnesses are listed in *Appendix 3* to this Report.

Committee Proceedings

5. **Arrangement of the Report** Chapters 1 and 2 of Part 4 in this Report contain the evidence of the witnesses who appeared before the Committee, and the Committee's specific conclusions and recommendations, based on the evidence and on its deliberations on the two chapters of the Director of Audit's Report selected for detailed investigation. The major deliberations of the three short public hearings on the relevant chapters of the Director of Audit's Report are incorporated in Chapters 3, 6 and 7 of Part 4 respectively.

6. The video and audio record of the proceedings of the Committee's public hearings is available on the Legislative Council website.

7. **Acknowledgements** The Committee wishes to record its appreciation of the cooperative approach adopted by all the persons who were invited to give evidence. In addition, the Committee is grateful for the assistance and constructive advice given by the Secretary for Financial Services and the Treasury, the Legal Adviser and the Clerk. The Committee also wishes to thank the Director of Audit for the objective and professional manner in which he completed his Report, and for the many services which he and his staff have rendered to the Committee throughout its deliberations.

*Management of funding for sports development through
the Arts and Sport Development Fund (Sports Portion)*

A. Introduction

The Audit Commission ("Audit") conducted a review to examine the Administration's work in management of funding for sports development through the Arts and Sport Development Fund (Sports Portion) ("ASDF" - hereinafter ASDF refers only to its sports portion) (including funding for district and school sports schemes and Hong Kong Paralympic Committee & Sports Association for the Physically Disabled programmes, which were previously funded through ASDF and are now funded through the Home Affairs Bureau ("HAB")'s recurrent expenditure).¹ Audit has previously conducted several reviews on the subject of the provision of sports services and facilities.²

2. Hon Kenneth LEUNG declared that he had taken part in the Harbour Race, an "M" Mark event ("MME").

Background

3. According to HAB, ASDF is an important source of funding for sports development in Hong Kong. As at 31 March 2019, ASDF had a balance of \$2,396 million. ASDF funds: (a) projects of Sports Federation & Olympic Committee of Hong Kong, China ("SF&OC")³ and National Sports Associations ("NSAs")⁴ for supporting athletes to prepare for and participate in major international games; (b) projects for hosting international sports events locally by NSAs and sports organizations; (c) projects for the development of local football;

¹ The schemes and the programmes have been funded through HAB's recurrent expenditure since 2016-2017 and January 2019 respectively. For the period 2016-2017 to 2018-2019, 1 881 approved projects were funded through HAB's recurrent expenditure for the schemes and programmes. The total amount of approved grants was \$72 million.

² In March and October 2004, Audit completed reviews entitled "Provision of aquatic recreational and sports facilities" (Chapter 7 of the Director of Audit's Report No. 42) and "Provision and management of indoor recreational and sports facilities" (Chapter 8 of the Director of Audit's Report No. 43) respectively. In October 2008, Audit completed a review entitled "Provision of recreation and sports services" (Chapter 10 of the Director of Audit's Report No. 51). In October 2009, Audit completed a review entitled "Administration of the Sports Subvention Scheme" (Chapter 1 of the Director of Audit's Report No. 53).

³ A review of SF&OC was included in Chapter 2 of the Director of Audit's Report No. 74. The Committee's Report can be found in Chapter 2 of Part 4 of this Report.

⁴ NSAs are the local governing bodies for various types of sports. Their main objectives are to promote and develop sports in Hong Kong, and to train and select delegations to participate in international sports events.

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(d) the Five-Year Development Programme for Team Sports (covering eight team sports); and (e) other one-off initiatives that are important to the development and promotion of sports in Hong Kong organized by SF&OC and NSAs. In 2018-2019, the total number of ASDF approved projects was 166 with an approved amount of \$123.8 million.

4. ASDF provides funding to the Hong Kong Football Association ("HKFA") for the development of local football through the implementation of football development plans, which comprised the Project Phoenix (in the period November 2011 to October 2014 (subsequently extended to March 2015)) and the Five-Year Strategic Plan ("FYSP") (in the period April 2015 to March 2020). HKFA is an NSA in Hong Kong, China responsible for promoting football development in Hong Kong and operating the Hong Kong football team, which represents Hong Kong to compete in international football events. Like all other NSAs, HKFA is an independent legal entity with full autonomy to run its affairs. The Board, comprising 11 directors, is responsible for the governance of HKFA.

5. HAB is advised by the Sports Commission ("SC") on the policies, strategies and implementation framework for sports development and the provision of funding and resources in support of sports development in Hong Kong, taking into account the input from various stakeholders in sports through partnership and collaboration. The members are appointed by Secretary for Home Affairs.

6. The Committee held four public hearings on 16 May (two hearings in morning and afternoon), 5 and 8 June 2020 to receive evidence on the findings and observations of the Director of Audit's Report ("Audit Report").

The Committee's Report

7. The Committee's Report sets out the evidence gathered from witnesses. The Report is divided into the following parts:

- Introduction (Part A) (paragraphs 1 to 14);
- Funding for Hong Kong athletes to prepare for and participate in international games (Part B) (paragraphs 15 to 36);

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- Funding for international sports events (Part C) (paragraphs 37 to 48);
- Funding for football development (Part D) (paragraphs 49 to 96);
- Funding for other sports programmes and schemes (Part E) (paragraphs 97 to 110);
- Governance of the Sports Commission and its committees (Part F) (paragraphs 111 to 118); and
- Conclusions and recommendations (Part G) (paragraphs 119 to 121).

Speech by Director of Audit

8. **Mr John CHU Nai-cheung, Director of Audit**, gave a brief account of the Audit Report at the beginning of the Committee's public hearing held in the morning on 16 May 2020. The full text of his speech is in *Appendix 4*.

Opening statement by Secretary for Home Affairs

9. **Mr Caspar TSUI Ying-wai, Secretary for Home Affairs**, made an opening statement on the Audit Report (except Part 4: Funding for football development) at the beginning of the Committee's public hearing held in the morning on 16 May 2020. The full text of Secretary for Home Affairs's opening statement is in *Appendix 5*.

Opening statement by Director of Leisure and Cultural Services

10. **Mr Vincent LIU Ming-kwong, Director of Leisure and Cultural Services**, made an opening statement at the beginning of the Committee's public hearing held in the morning on 16 May 2020. The full text of Director of Leisure and Cultural Services's opening statement is in *Appendix 6*.

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Opening statements by Secretary for Home Affairs and Chairman, HKFA on funding for football development

11. **Secretary for Home Affairs** made a statement at the beginning of the Committee's second public hearing held in the afternoon on 16 May 2020 about the development of football in Hong Kong and the role of HAB in monitoring the work of HKFA. The full text of Secretary for Home Affairs's opening statement is in *Appendix 7*.

12. **Mr PUI Kwan-kay, Chairman, HKFA**, made an opening statement at the beginning of the Committee's second public hearing held in the afternoon on 16 May 2020. The full text of Chairman, HKFA's opening statement is in *Appendix 8*.

13. With reference to paragraph 1.4 of the Audit Report, the Committee sought details on the management of ASDF, in particular the investment policy of the Fund.

14. **Mr YEUNG Tak-keung, Commissioner for Sports** said at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 1 June 2020 (*Appendix 9*) that:

- ASDF was a sub-fund of the Sir David Trench Fund for Recreation ("SDTFR") established under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128). Secretary for Home Affairs was authorized by the Chief Executive to manage the use of funds, including disbursing money to projects that in his opinion, would make a significant contribution to the development of sports in the community. Director of Accounting Services was the Trustee of SDTFR; and
- as required by the said Ordinance, the Administration set up the SDTFR Investment Advisory Committee to formulate and to review from time to time the investment strategies for SDTFR and its sub-funds and to advise on matters in relation to investment. ASDF had all along been adopting a prudent strategy as approved by the Investment Advisory Committee with a diversified investment portfolio (mainly comprising overseas and Hong Kong equities managed by external fund managers and placements with the Exchange

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Fund) having regard to the prevailing market conditions and cash flow requirements to strike a balance between investment returns and risks.

B. Funding for Hong Kong athletes to prepare for and participate in international games

15. The Committee enquired about the funding principles of the ASDF funding for Hong Kong athletes to prepare for and participate in international games and competitions (hereinafter the funding is referred to as preparation and participation funds), in particular whether setting performance targets on athletes' achievements at sports events was one of the funding criteria; and whether the funding amount would depend on details of the proposals, such as training programmes to be provided, in addition to the categories of competitions.

16. **Secretary for Home Affairs** and **Commissioner for Sports** said at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 1 June 2020 (*Appendix 9*) that:

- the main funding criterion for granting preparation and participation funds was the level of the events to be participated by the athletes concerned. As long as the level of the event or competition fell into one of the eligible multi-sports events (such as the Olympic Games, the Paralympic Games, the Asian Games, the Asian Para Games, the Summer Youth Olympic Games and the National Games) and the athletes were qualified to participate in that event or competition, the Administration would be prepared to provide the necessary funding to help the athletes prepare properly and increase their chance to perform their best at the event or competition. The setting of performance targets on athletes' achievements at multi-sports or team sports events was currently not one of the funding criteria;
- since 2016, the preparation and participation funds was extended to team sports in view of their potential for greater spectator appeal and public participation. Funding support was provided to Hong Kong teams preparing for or participating in world championships and inter-continental championships or equivalent events sanctioned by the international or regional sports federation concerned; qualifying events for world championships and inter-continental championships, and other international events where participation of which was a

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pre-requisite for the entry into world championships and intercontinental championships;

- for the assessment of the amount of funding support necessary, the applicant was required to submit the relevant training or competition programme, delegation list and a budget with itemized breakdown of the estimated costs involved; and
- the objective of providing preparation and participation funds was to increase the exposure of Hong Kong's athletes and enhance their competitiveness. The athletes' actual performance in the relevant major sports events was not one of the funding criteria and did not form part of the basis of assessment of the effectiveness of the preparation or participation funding support provided.

17. With reference to paragraph 2.7 of the Audit Report about the 28 applications approved under the preparation and participation funds, the Committee enquired about how performance targets were set and whether HAB and the Leisure and Cultural Services Department ("LCSD") had specific guidelines in place for applicants on the setting of performance targets.

18. **Secretary for Home Affairs** and **Commissioner for Sports** explained at the public hearings, and **Secretary for Home Affairs** and **Director of Leisure and Cultural Services** advised in their letters dated 1 June 2020 (*Appendices 9 and 10* respectively) that:

- NSAs were in the best position to set performance targets such as rise in world ranking, breaking of personal best record, mode of training and number of training sessions attended etc. Since the nature of sports and competition level of international games varied significantly, it was not practical for HAB nor LCSD to draw up guidelines or set targets for applicants. The purpose of setting performance targets and reporting the achieved results was to facilitate the grantee for self-assessment rather than deciding the amount of fund to be granted; and
- the review on performance targets was expected to be completed by the end of June 2020. If some measurable or quantitative performance

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indicators were identified and considered suitable, the Administration would specify the requirements for grantees' compliance.

19. With reference to paragraph 2.27 of the Audit Report, the Committee enquired about the timetable to review the funding guidelines for the preparation and participation funds in respect of performance targets and whether the new guidelines would provide suggestions on the setting of more practical and achievable performance targets.

20. **Secretary for Home Affairs** advised in his letter dated 1 June 2020 (*Appendix 9*) that:

- HAB and LCSD were currently reviewing the guidelines on setting of performance targets and planned to complete the review by the end of June 2020;
- the Administration considered it useful to require the applicant to provide the projected achievements and report on the results with an assessment of the actual performance as this would be a useful tool for self-assessment by the applicant, as well as for the Administration to keep track of the development of the sport concerned; and
- the Administration would make clear that the projected achievements and actual results were not part of the funding criteria.

21. In reply to the Committee's enquiry about how HAB and LCSD could monitor whether the grantees used the funding approved under the preparation and participation funds in a value-for-money manner, **Secretary for Home Affairs** advised in his letter dated 1 June 2020 (*Appendix 9*) that:

- between 2014-2015 and 2018-2019, ASDF granted 22 applications for preparation funding support for major multi-sports games involving a total amount of \$53 million. During the same period, 23 applications from four team-only sports for preparation funding support involving a total amount of \$11 million had been granted; and
- in vetting of these applications, there were ceiling amounts for each eligible item stated in the training plan. Eligible items included

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expenses for flights and local transportation, accommodation, meals, medical services, employment of additional coaches, additional training at home and abroad, purchase of additional equipment and provision of on-field support. For applications for preparation funding support from team-only sports, there was an additional ceiling for the overall amount that could be granted. HAB and LCSD would monitor the use of the approved grants according to the capped ceiling amounts of eligible items.

22. With reference to paragraph 2.10 and Table 6 of the Audit Report on applications for the preparation and participation funds, the Committee asked whether there was any policy or mechanism governing the variances of significant amount or percentage between estimated and actual amounts of income as well as variances between estimated and actual amounts of expenditure. The Committee also sought details about the 24 cases with variances in income and/or expenditure in Table 6, including the one with a large variation of \$5.4 million.

23. **Secretary for Home Affairs** said at the public hearings, and **Secretary for Home Affairs** and **Director of Leisure and Cultural Services** supplemented in their letters dated 1 June 2020 (*Appendices 9 and 10* respectively) that:

- at present, there was no requirement for the applicants to report variances of significant amount or percentage between the estimated and actual amounts of income and those of expenditure. As the estimated expenditure was only the requested amount of subsidy, it was subject to revision by the applicant and vetting and approval by HAB/LCSD;
- the Administration considered it more appropriate to compare the approved expenditure and the actual expenditure;
- HAB would consider requiring the applicants to provide explanations for variances over 25% between the approved and actual expenditures in future applications. LCSD would modify the current report form for programmes under ASDF to require an explanation of variance of 25%. LCSD would work with HAB to draw up new programme report proforma by the end of June 2020; and

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- as for the case with the large variation of \$5.4 million, the variances were mainly due to a smaller delegation size which was 15% lower than the original estimate; and securing in-kind sponsorships for air-tickets, uniform, sportswear set and transportation of equipment after the budget was approved.

24. **Secretary for Home Affairs** and **Director of Leisure and Cultural Services** provided in their letters dated 1 June 2020 (*Appendices 9 and 10* respectively) details of the 24 cases in Table 6.

25. With reference to paragraph 2.12 of the Audit Report, the Committee enquired about the reasons for not formulating any guidelines on the scope of audit, i.e. items that were subject to audit examination, in respect of applications for the preparation and participation funds.

26. **Secretary for Home Affairs** and **Director of Leisure and Cultural Services** said at the public hearings, and **Secretary for Home Affairs** and **Director of Leisure and Cultural Services** supplemented in their letters dated 1 June 2020 (*Appendices 9 and 10* respectively) that:

- there were no specific guidelines on the scope of audit for ASDF applications. Most grantees of ASDF were NSAs which also received subsidies from the Sports Subvention Scheme. As part of the funding requirement under the Sports Subvention Scheme, NSAs were required to comply with, amongst other things, an Auditor's Guide as provided in the Handbook for NSAs. The Auditor's Guide specified that auditors should certify grantee's compliance with the procurement requirements and the Code of Conduct;
- since NSAs were familiar with the Auditor's Guide under the Sports Subvention Scheme, the Administration would revise the ASDF guidelines to make clear that auditors of ASDF grantees should follow the same requirements;
- with effect from 1 June 2020, HAB and LCSD would remind grantees to request their auditors to certify their compliance with the procurement requirements and the Code of Conduct in compiling the audited accounts of programmes under ASDF. HAB and LCSD

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would also follow up with the grantees if any non-compliance was spotted; and

- HAB and LCSD would explicitly state in the approval letter of programmes under ASDF to remind grantees to comply with the requirement.

27. According to paragraph 2.5 of the Audit Report, the grantee for the preparation and participation funds was required to submit the programme report and audited accounts within four months after the completion of a preparation programme (for preparation fund) or a sports competition (for participation fund). Paragraph 2.6 of the Audit Report stated that if a grantee failed to submit the programme report and/or audited accounts after the ultimate deadline (i.e. six months after the completion of preparation programme or the sports competition), the grantee should be liable to refund the ASDF grant, calculated as 1% of the approved grant amount for every month of further delay, until the grantee submitted the programme report and audited accounts. HAB/LCSD reserved the right to suspend processing further funding applications for any ASDF funding from the same grantee. The Committee asked about the number of refund cases handled by HAB and LCSD during the period 2015-2016 to 2018-2019.

28. **Secretary for Home Affairs** advised in his letter dated 1 June 2020 (*Appendix 9*) that during 2015-2016 to 2018-2019, there were two cases handled by HAB in which the grantees were requested to make refund due to late submission of programme reports and/or audited accounts for over six months. Details of the two cases were listed in the letter. **Director of Leisure and Cultural Services** advised in his letter dated 1 June 2020 (*Appendix 10*) that during 2015-2016 to 2018-2019, LCSD handled five cases of preparation and participation funds in which the grantees were requested to make refund due to late submission of programme reports and/or audited accounts for over six months. Details of the five cases were listed in the above letter.

29. According to paragraph 2.17 of the Audit Report, for 6 out of 28 applications approved under the preparation and participation funds, the preparation programmes and sports competitions of which had been completed, despite that the delay in submission of programme reports and/or audited accounts was more than six months, the 1% charge under the enhanced measures had not been imposed. The Committee noted that Secretary for Home Affairs and Director for

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Leisure and Cultural Services had not responded to nor explained these six applications in the Audit Report. The Committee asked at the public hearings the reasons for not imposing the 1% charge for these six applications.

30. **Secretary for Home Affairs** and **Commissioner for Sports** said at the public hearings that the Administration exercised some flexibility in dealing with late submission cases and the 1% charge would not be imposed on all late submission cases.

31. The Committee further asked how such flexibility and discretion were exercised in that the 1% charge was not imposed on some late submission cases. **Director of Leisure and Cultural Services** explained in his letter dated 1 June 2020 (*Appendix 10*) that LCSD currently adopted an approach of counting calendar months instead of calendar days to calculate the deadline. For example, if an event was completed on 15 January, charges would only be imposed after 31 July which was the end of the sixth calendar month upon event completion instead of 15 July by counting on calendar day. Under this approach, these cases would not be counted as overdue. Details of the six applications and the reasons why they were not considered overdue were explained in the letter. **Secretary for Home Affairs** and **Director of Leisure and Cultural Services** confirmed in their letters dated 1 June 2020 (*Appendices 9* and *10* respectively) that there was no mechanism for exercising discretion to waive the 1% fee for late submission of programme reports and/or audited accounts.

32. With reference to Case 1 in paragraph 2.21 of the Audit Report, the Committee noted that a grantee was repeatedly late in returning unspent balances to the Administration in eight applications in the period 2016-2017 to 2018-2019. The Committee asked whether all unspent balances had been returned to the Administration, reasons for the delays and measures to address the situation.

33. **Secretary for Home Affairs** said at the public hearings and supplemented in his letter dated 1 June 2020 (*Appendix 9*) that:

- all applications concerned the same grantee. For the five applications which had not yet returned the unspent balances as at 31 October 2019, the grantee returned the unspent balance to the Administration in the period November 2019 to April 2020;

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- the delay was due to an oversight on verifying the audited accounts and returning of unspent balances, as well as changes of the handling officers in both HAB and the grantee during the relevant period. It took time for the new staff to familiarize themselves with the mechanism of ASDF. As the grantee had requested for adjustments to the unspent balances, it took a few more rounds of exchanges on how the unspent balances should be calculated before HAB and the grantee finally reached agreement on the amount;
- there was currently no sanction or penalty regarding delay in return of unspent balances in the guidelines. The reminders and warnings issued by HAB had insufficient deterrent effect;
- there were no other grantees who were repeatedly late for returning unspent balances in the period from 2014-2015 to 2018-2019; and
- HAB was reviewing the case with LCSD and would draw up guidelines on the sending of reminders, issuing warnings and consider introducing punitive measures for the late return of unspent balances. The review was expected to be completed by the end of June 2020.

34. With reference to paragraph 2.23 and Table 10 of the Audit Report, **Director of Leisure and Cultural Services** replied to the Committee's question at the public hearings that it took such a long time to issue letters requesting grantees to return unspent balances of the approved grant amount because of the lengthy process for vetting the eligibility of expenditure items for funding with grantees. The Committee sought details of the relevant workflow.

35. **Secretary for Home Affairs** provided the workflow of verification in his letter dated 1 June 2020 (*Appendix 9*). Two staff members of HAB were responsible for handling the verifications and the recovery of unspent balances from grantees as part of their duties. HAB would review the existing mechanism with LCSD and consider imposing penalties for delays in returning unspent balances. The relevant measures would be announced by the end of June 2020.

36. **Director of Leisure and Cultural Services** said at the public hearings and provided in his letter dated 1 June 2020 (*Appendix 10*) the workflow in LCSD. The administration work on funding application of programmes under ASDF was only

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part of the duties of LCSD staff concerned. There were 45 staff being involved for undertaking the administration work of programmes under ASDF. The current manpower was considered adequate for the tasks.

C. Funding for international sports events

37. With reference to Table 12 in paragraph 3.4 of the Audit Report, the Committee sought details of the matching grant, including the sports events funded by this grant.

38. **Commissioner for Sports** said at the public hearings and **Secretary for Home Affairs** advised in his letter dated 1 June 2020 (*Appendix 9*) that:

- before 2019, world championships, world class level events (such as world cup, one stop of the world series or world tour), inter-continental championships or equivalent events sanctioned or endorsed by the respective International Federation and/or listed on its event calendar might apply for matching fund under the "M" Mark system subject to a ceiling of \$6 million for each event; and
- in the 2018-2019 Budget, \$500 million was allocated for setting up of a new "Major Sports Events Matching Grants Scheme" to encourage the business sector to sponsor large-scale sports events, thereby providing athletes with more opportunities to compete in high-level competition on home ground. The Scheme was launched in April 2019. Key enhancement measures included increasing the ceiling of matching fund to \$10 million per MME and extending the coverage to exhibition matches or tournaments featuring world-class teams or players.

39. With reference to Table 13 in paragraph 3.5 of the Audit Report, the Committee asked about the information on the composition and membership of the Major Sports Events Committee ("MSEC"), the election of the Convenor and three other members of MSEC's Vetting Panel, as well as the system of declaration of interests for the Vetting Panel members.

40. **Commissioner for Sports** said at the public hearings and **Secretary for Home Affairs** advised in his letter dated 1 June 2020 (*Appendix 9*) that:

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- MSEC comprised 15 non-official members and five ex-officio members from HAB, LCSD, the Information Services Department, the Tourism Commission and SF&OC. The non-official members were appointed by Secretary for Home Affairs every two years;
- at the first MSEC meeting of each new term, members were invited to join the Vetting Panel. Vetting Panel members would then nominate and elect a Convenor among themselves. When an application for "M" Mark was received, the Convenor would call for a Vetting Panel meeting with five members, comprising the Convenor, one official member from HAB or LCSD and three Vetting Panel members according to the order of the list and subject to their availability. The Vetting Panel meeting would assess the application and make recommendations to MSEC for consideration; and
- MSEC adopted a one-tier declaration system. The Chairman of MSEC and Convenor of the Vetting Panel would invite members to declare interests at the beginning of each meeting.

41. With reference to paragraphs 3.5 to 3.7 of the Audit Report, the Committee asked about the reasons for adopting different assessment criteria between MMEs and Major Local International Events ("MLIEs").

42. **Secretary for Home Affairs** and **Director of Leisure and Cultural Services** explained in their letters dated 1 June 2020 (*Appendices 9 and 10* respectively) that the variances were due to significant differences in the scale and nature of the events under the two categories:

- MMEs were large-scale events (such as the Hong Kong Marathon and Hong Kong Sevens) that could attract a large number of spectators and participants including overseas visitors. These events had the potential to attract larger amount of sponsorship and a maximum matching funding of \$10 million could be granted and the assessment criteria for MMEs included economic impacts of the event and the possibility to secure private and business sector sponsorship; and
- MLIEs were of much smaller scale (such as Asian or major regional championships) which were not expected to generate substantial economic impact or attract large amount of sponsorship.

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43. In reply to the Committee's enquiry on the processing and scoring system for assessing MMEs and MLIEs, **Secretary for Home Affairs** and **Director of Leisure and Cultural Services** advised in their letters dated 1 June 2020 (*Appendices 9 and 10* respectively) that:

- for MMEs, assessment of the applications took place throughout the year. All applications would be scrutinized and vetted by the Vetting Panel with the support of the Secretariat in accordance with the vetting criteria and the scoring table for MMEs. The recommendations from the Vetting Panel would then be presented to MSEC and SC for endorsement and approval respectively. The vetting criteria and scoring table for MMEs were provided in Secretary for Home Affairs's letter; and
- for MLIEs, LCSD would issue invitation letters to NSAs and Sports Organizations under LCSD Sports Subvention Scheme in August/September every year for submission of applications in the coming three years. All applications would be scrutinized and vetted by the Vetting Committee for Sports Subvention⁵ in accordance with the vetting criteria and the scoring table for MLIEs. The recommendations from the Vetting Committee for Sports Subvention on applications would then be submitted to HAB for approval. An approval-in-principle would be given to NSAs/Sports Organizations. NSAs/Sports Organizations were required to submit a formal application with full details of concerned MLIEs to LCSD at least four months before the date of event. The assessed applications would then be submitted to the Vetting Committee for Sports Subvention for endorsement and HAB for approval. The scoring system for MLIEs was provided in the letter of Director of Leisure and Cultural Services.

44. **Secretary for Home Affairs** also supplemented in his letter dated 1 June 2020 (*Appendix 9*) that the MSEC Secretariat would conduct briefing for all new MSEC members and provide each of them with a copy of the application guidelines. In addition, the Secretariat would remind the Vetting Panel members of the vetting criteria before assessing the "M" Mark applications at the Vetting Panel meetings.

⁵ The Vetting Committee comprises an Assistant Director of LCSD and six LCSD staff (i.e. one Senior Treasury Accountant, one Senior Executive Officer and four Chief Leisure Managers).

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45. With reference to Case 2 in paragraph 3.9 of the Audit Report, the Committee asked the Administration to provide the length of delay, if any, in the submission of programme reports and audited reports by the concerned NSAs for Events C and D.

46. **Director of Leisure and Cultural Services** said at the public hearings and advised in his letter dated 1 June 2020 (*Appendix 10*) that:

- the original requirement was that the audited report and programme report should be submitted within four months after the end of the event. An enhancement (see paragraph 27 above for more details) had been made that it was acceptable for grantee to submit the reports within six months and they would not be considered as late submission;
- for Event C, the end date of event was 28 May 2017. The grantee submitted audited report and programme report on 2 November 2017 and 25 September 2017 (both within six calendar months) respectively. There was no late submission of report;
- for Event D, the end date of event was 4 July 2016. The grantee submitted the audited report and programme report on 25 November 2016 (within six calendar months) and there was no late submission of report; and
- due to the above, scores were still awarded for the grantee under the sub-criterion "timeliness in submission of programme report and audited report before the deadline".

47. In reply to the Committee's enquiry on the nature of MLIE A and MLIE B, two events with significant surplus amounts in Table 17 in paragraph 3.25 of the Audit Report, **Director of Leisure and Cultural Services** explained in his letter dated 1 June 2020 (*Appendix 10*) that:

- MLIE A was an Asian Olympic Qualification Tournament (Table Tennis). The Vetting Committee for Sports Subvention recommended to grant subsidy from ASDF at the maximum amount of \$800,000, approved the LCSD subvention on notional venue charges at \$1,562,878 and recommended reserving a ceiling amount of \$200,000

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in the form of matching fund from ASDF to the event. The event also attained significant amount of income mainly from sponsorship, entry fee and advertising fees, TV License fees and accommodation charge to participants that contributed to the significant surplus amount; and

- MLIE B was an Asian Junior Team Championships (Squash). The Vetting Committee for Sports Subvention recommended to grant subsidy from ASDF at the maximum amount of \$800,000, recommended reserving a ceiling amount of \$150,000 in the form of matching fund from ASDF to the event and approved the LCSD subvention on notional venue charges at \$45,666. The event also attained significant amount income from sponsorship and athletes' entry fee that contributed to the significant surplus amount.

48. With reference to Table 15 in paragraph 3.14 of the Audit Report, the Committee noted that more events under MMEs and MLIEs (over 75%) experienced delays in submission of programme reports and audited accounts than those under the Local International Events, and asked whether the Administration would conduct a review on the stipulated timing for the submission of programme reports and audited accounts by grantees under different categories of events. **Secretary for Home Affairs** replied at the public hearings and supplemented in his letter dated 1 June 2020 (*Appendix 9*) that HAB and LCSD were considering the adjustment of timelines for the submission of programme reports and audited accounts by grantees. The review was expected to be completed by the end of June 2020.

D. Funding for football development

49. In reply to the Committee's enquiry about the Administration's policy on football development in Hong Kong, **Secretary for Home Affairs** said at the public hearings and supplemented in his letter dated 1 June 2020 (*Appendix 11*) that the policy objectives of the Administration were to promote sports in the community, support elite sports development and promote Hong Kong as a centre for major international sports events. HKFA played an important role in various Government-funded football development programmes, such as those under the Sports Subvention Scheme, the Project Phoenix and FYSP. A Football Training Centre at Tseung Kwan O was managed by HKFA. Separately, LCSD had implemented the School Sports Programme which covered 90% of the schools in Hong Kong and football was one of the 47 sports under the Programme. HAB had been providing funding for the District Football Funding Scheme ("DFFS"). The

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Administration had also been providing public football pitches (61 11-a-side natural turf and artificial turf pitches, 21 7-a-side turf pitches and 234 hard-surface pitches of 5-a-side or 7-a-side) in different districts in Hong Kong to support football development.

50. The Committee enquired about HAB's monitoring mechanism on the work of HKFA in fostering the development of local football through the Football Task Force ("FTF"). In particular, whether this included the governance and daily administrative work of HKFA.

51. **Secretary for Home Affairs** and **Commissioner for Sports** said at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 15 May 2020 (*Appendix 12*) that:

- the Administration had all along respected the principles of autonomy in organization, management and operations of sports, and would not participate in the internal governance or daily operations of HKFA. HKFA management and HKFA Board had the responsibility for daily operation and oversight respectively;
- FTF was set up by HAB in May 2010 to assist HKFA in implementing the various recommendations under the Project Phoenix. Its terms of reference was to advise Secretary for Home Affairs on matters relating to the development of football in Hong Kong, in particular to monitor the progress of HKFA in implementing its FYSP against the agreed targets and indicators; monitor and advise on the allocation of funding earmarked for HKFA to implement FYSP; exchange views with stakeholders on the further development of football in Hong Kong; and advise on any other strategic matters relating to the further development of football in Hong Kong. HAB would also consult FTF on HKFA's annual budget application and consider the reasonableness of the resources sought by HKFA;
- according to the funding agreement on FYSP signed between the Administration and HKFA, HKFA must allow the Government and Director of Audit to have unhindered access and to enquire, examine and audit the records and accounts in relation to the funding and the management and control procedures, and follow and act upon any corruption prevention advice rendered by the Independent Commission

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Against Corruption and the Government. HKFA must adopt and comply with the Code of Conduct, accounting and payment procedural guidelines and procurement guidelines to avoid conflict of interest and ensure compliance with procedures. The funding agreement also required HKFA to submit to the Administration an annual account and an annual budget application;

- in the funding agreement, performance indicators and targets were set to facilitate the Administration's monitoring of HKFA's implementation of FYSP. It was stipulated in the agreement that HKFA should submit half-yearly reports on the progress against these performance indicators and targets. According to the report in March 2020, HKFA ultimately achieved 23 of the 33 final indicators and targets in the funding agreement. Details were in the letter; and
- the mid-term review under FYSP completed in 2018 indicated that the performance of HKFA in various areas had improved but the performance in some areas, including the international ranking of the Hong Kong Team, the organization and match attendance of the Hong Kong Premier League ("HKPL"), HKFA's communication and relationship with stakeholders, and its reliance on public funding, still required improvement.

52. According to **Commissioner for Sports** at the public hearings, the remedial measures taken by HKFA against under-achievements in the four areas as mentioned in the last paragraph were not quite effective. The Committee sought details of the follow-up actions taken by HAB.

53. **Secretary for Home Affairs** advised in his letter dated 22 June 2020 (*Appendix 13*) that HKFA was working on measures to address the four areas with details set out in the letter. HAB completed the final review on FYSP in 2019. The review findings indicated that the measures adopted on the above four areas had not brought any notable improvements.

54. As LCSD also provided subventions for HKFA under the Sports Subvention Scheme, the Committee asked how LCSD determined the subvention amount. **Director of Leisure and Cultural Services** explained in his letter dated 26 May

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2020 (*Appendix 14*) that LCSD would take into account the following factors in determining the amount of subvention to HKFA under Sports Subvention Scheme:

- staff strength and past expenditure pattern;
- performance of HKFA against the targets set for the last financial year, including HKFA's effectiveness in managing programmes and administering subvention; and
- practicability and effectiveness of the annual plan and the mid-term development plan submitted by HKFA.

55. As FYSP was concluded on 31 March 2020, the Committee asked whether a new five-year plan would be prepared and implemented for football development. **Secretary for Home Affairs** and **Commissioner for Sports** said at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 1 June 2020 (*Appendix 11*) that after the conclusion of FYSP, HKFA was still working to finalize its next five-year strategic plan due to the epidemic. The plan would soon be presented to its Board of Directors for consideration. Upon receipt of the official documents on the new five-year strategic plan, HAB would handle the funding application and consult FTF expeditiously.

56. In reply to the Committee's enquiry about the actions taken/to be taken by HAB for better monitoring of the corporate governance of HKFA, **Secretary for Home Affairs** advised in his letter dated 22 June 2020 (*Appendix 13*) that HAB wrote to HKFA on 8 May 2020 requesting it to submit an action plan on how it intended to address the issues identified in the Audit Report for FTF's consideration. When handling the funding application of HKFA's new strategic plan, HAB would consider the HKFA's action plan and consider setting performance targets related to HKFA's governance to monitor the progress of HKFA's follow-up and implementation of relevant recommendations.

57. As for the other measures to improve the governance of HKFA, **Secretary for Home Affairs** advised at the public hearings that HAB had earmarked a time-limited funding of \$5 million per year for five years from 2020-2021 to 2024-2025 for conducting a review to examine the operation of all NSAs (including HKFA) and their internal monitoring mechanism. Given the leading role of SF&OC in the sports sector and that all NSAs were its member associations, HAB

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had engaged SF&OC to take charge of the review. The Committee requested for further details of the plan in using the funding.

58. **Secretary for Home Affairs** supplemented in his letter dated 1 June 2020 (*Appendix 11*) that:

- according to the proposal submitted by SF&OC, it would establish a steering committee comprising independent professionals to oversee the review. In addition, a dedicated team of full-time staff would be recruited to carry out the various relevant tasks of the review including:
 - (a) examining the operation of all NSAs, including the conduct of an audit on the following, with recommendations:
 - (i) Articles of Association;
 - (ii) composition of executive boards and election mechanism;
 - (iii) selection mechanism of athletes for participation in international competitions and the appeal mechanism;
 - (iv) membership application mechanism;
 - (v) financial reporting and auditing compliance;
 - (vi) 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; and
 - (vii) status of compliance with the Olympic Charter, Code of Ethics of the International Olympic Committee and the Articles of Association of SF&OC;
 - (b) formulating a code of governance for compliance by all NSAs;
 - (c) arranging regular thematic seminars for serving and new office bearers and staff of NSAs;

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- (d) implementing the recommendations for improvement and monitoring the compliance by NSAs; and
- (e) compiling an annual report on the progress of the review and implementation of the recommendations.

59. Noting from Figure 2 in paragraph 4.2 of the Audit Report that the consultancy report recommended in 2009 that HKFA should recruit qualified and professional officers for a transformation process, the Committee asked the Administration and HKFA about the funding support under the Project Phoenix and FYSP earmarked to improve the governance and management of HKFA, details of new staff positions created for these two purposes, and the Administration's way to monitor that HKFA had made improvements in its governance and management.

60. **Secretary for Home Affairs** advised in his letter dated 1 June 2020 (*Appendix 11*) that the reform of the HKFA's organizational structure was a core part of Project Phoenix and some of the measures implemented under the plan included:

- establishing a new organizational structure and creating 27 positions. Up to March 2015, the total amount of funding provided to HKFA for implementing the Project Phoenix amounted to \$55.45 million, of which around \$48 million was used to create the 27 positions; and
- setting performance targets on improving its governance under Project Phoenix in its funding agreement with HAB. For example, HKFA had updated its Articles of Association and adopted a new structure for its Board of Directors. HKFA had also set three performance targets and indicators in improving its governance under FYSP. They included electing a minimum of four independent (non-club-linked) directors to the Board of Directors and reviewing the constitution bi-annually, while continuing to work towards achieving its indicator on expanding its membership.

61. **Chairman, HKFA** said at the public hearings and supplemented in his letter dated 1 June 2020 (*Appendix 15*) that of the 27 positions, the duties of some posts, such as Chief Executive Officer, Head of Corporate Governance, Financial Controller, Internal Control Manager and Human Resources Manager included improving the governance and management of HKFA.

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62. In response to the Committee's enquiry on how the non-club-linked directors in HKFA were selected to ensure their representativeness, **Chairman, HKFA** advised in his letter dated 19 June 2020 (*Appendix 16*) that there were five non-club-linked directors in the HKFA Board according to the existing set-up. All directors (club-linked and non-club-linked) positions were appointed by election and candidates must be nominated by voting members. Non-club-linked directors were required to declare not to 'link' (usually defined as not holding any official position and/or interest) with any member clubs. An independent Electoral Committee would be responsible for vetting the candidature.

63. With reference to Table 23 in paragraph 4.8 of the Audit Report, the Committee sought explanation on the low attendance of some members of HKFA's Board and committees. **Chairman, HKFA** and **Mr Paul WOODLAND, Chief Executive Officer, HKFA Secretariat** explained at the public hearings that Member A in Table 23 was the President of HKFA who represented HKFA in international summits, and he just chaired the Assembly and General Meetings while the Chairman chaired the Board meetings. It was a practice that the President did not attend regular Board meetings.

64. On the measures to encourage the attendance of HKFA's Board and committee meetings, **Chairman, HKFA** and **Chief Executive Officer, HKFA Secretariat** said at the public hearings and supplemented in his letter dated 1 June 2020 (*Appendix 15*) that the following proposed measures and timeline were initial ideas subject to final approval of the Board:

- to propose a consolidated calendar for HKFA meetings at the start of each season for the Board's adoption and implementation, with regular meeting schedules and a regular pattern of the day, time and venue for meetings;
- to enhance communications with members;
- to draft "HKFA Organisational Regulations" for Board's adoption and implementation;
- to review time of holding meetings, including outside office hours;
- to report attendance of Board and committee members at meetings in HKFA Annual Report; and

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- to adopt a policy for non-attendance e.g. termination of appointment for attendance lower than a rate to be agreed by the Board of Directors.

Chairman, HKFA supplemented in his letter dated 19 June 2020 (*Appendix 17*) that "HKFA Organisational Regulations" would be proposed to the Board of Directors for consideration. The General Secretary office would be responsible for preparing the regulations upon the endorsement of the Board. Timeline for completion and approval would be made available within 2020.

65. With reference to Table 24 and paragraphs 4.13 to 4.15 of the Audit Report, the Committee sought information on the Audit Committee, a standing committee of HKFA, and its status during the period from July 2015 to 30 June 2019 (the end of the football season 2018-2019) as it was stated in the Audit Report that the Committee consisted of one member (the Chairman) only from July 2015 onwards.

66. **Secretary for Home Affairs** provided the terms of reference of the Audit Committee in his letter dated 1 June 2020 (*Appendix 11*) and the terms of reference was extracted in *Appendix 18*.

67. **Chairman, HKFA, Chief Executive Officer, HKFA Secretariat, and Mr Vincent YUEN Mun-chuen, General Secretary, HKFA Secretariat** explained at the public hearings and **Chairman, HKFA** supplemented in his letter dated 1 June 2020 (*Appendix 15*) that:

- the "Chairman" of the Audit Committee referred to in the Audit Report was in fact the Convenor of the Audit Committee. At the first Board meeting of the football season 2015-2016 held on 6 July 2015, a Director was appointed the "Convenor" of the Audit Committee. There was misunderstanding because the minutes of that meeting named the appointed director of all committees as "Convenor/Chairman" without further differentiation nor elaboration;
- a convenor would only be responsible for: (a) nominating committee members for Board's appointment and (b) a bridge for communication between the Board and the committee which consisted of only independent (non-Board Member) chairman and members, such as the Audit Committee, but without the rights of a chairman including: (a) calling, attending and conducting a meeting and (b) voting; and

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- the Audit Committee was not set up during the period due to personal and health reasons of the Convenor.

68. In response to the Committee's enquiry about whether HKFA had given comments on paragraph 4.13 and Table 24 of the draft Audit Report, **Chairman, HKFA** advised in his letter dated 19 June 2020 (*Appendix 17*) that the Corporate Service Department was responsible for reading the contents of the paragraph and the table. HKFA's comment was provided to HAB for consolidation and Note 23 to paragraph 4.15 was added.

69. In reply to the Committee's enquiry about whether HKFA Secretariat had drawn the attention of the Board to the fact that the Audit Committee was not formed from July 2015 to June 2019, **Chairman, HKFA** said at the public hearings and supplemented in his letters dated 1 and 19 June 2020 (*Appendices 15 and 16* respectively) that:

- HKFA Secretariat did draw the Board's attention that the Audit Committee was not formed in the terms 2015-2017 and 2017-2019. The Secretariat had reported to the Board that no membership was confirmed for the Audit Committee at the meetings on 7 December 2015, 1 February 2016 and 5 April 2016. In the 2017-2019 term, the Secretariat twice presented membership list (proposed and adopted) to the Board's attention (but without highlighting) and discussion at the meetings on 17 July and 9 October 2017. However, HKFA accepted that HKFA Secretariat should have been more forceful to inform the Board; and
- although the Audit Committee was not formed, external audit company was appointed to carry out internal audit exercise services.

70. As there was clear differentiation between the responsibilities of a convenor and chairman (see paragraph 67 above), the Committee asked whether the Board had discussed and decided their respective responsibilities. **Chairman, HKFA** replied in his letter dated 19 June 2020 (*Appendix 17*) that there was mutual consent on the responsibilities of a convenor and chairman at Board meeting but no written record could be found.

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71. The Committee referred to the statement in HKFA Annual Report 2016-17 that "[t]he accounts of the HKFA are endorsed by the Finance Sub-committee and Audit Committee, and subsequently approved by the Board" (*Appendix 19*) and sought confirmation from HKFA about the accuracy of this sentence as the Audit Committee was not set up in this period.

72. **Chairman, HKFA** and **General Secretary, HKFA Secretariat** explained at the public hearings and **Chairman, HKFA** supplemented in his letter dated 1 June 2020 (*Appendix 15*) that:

- HKFA's Annual Report was a publicity material prepared for the consumption of HKFA voting and non-voting members only, but was also made available publicly on HKFA's website to interested persons;
- it was confirmed that all the audited accounts from the football season 2013-2014 onwards had already been approved by both the Finance Sub-Committee and the Board;
- the Audit Committee was established in the football season 2013-2014. The annual audited financial statements for the year ended 30 June 2014 was presented to the Audit Committee and was passed at a meeting on 13 February 2015. As a result, there was a statement shown in the Annual Report 2013-14 that "The accounts of HKFA are endorsed by the Finance Sub-Committee and Audit Committee, and subsequently approved by the Board";
- the annual accounts 2014-2015 to 2017-2018 of HKFA were endorsed by the Finance Sub-committee but not by the Audit Committee prior to Board approval because the Audit Committee was not formed. The statement concerned in the Annual Report 2016-17 inadvertently mentioned the Audit Committee. In future, HKFA would be more careful and accurate on the statements made on Annual Report; and
- in 2019, a new Audit Committee had been formed. The annual audited financial statements of 2018-2019 had been endorsed by the Audit Committee in February 2020.

73. With reference to the terms of reference of the Audit Committee (*Appendix 18*) and the reply from **Chairman, HKFA** at the public hearings, the

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Committee sought the HKFA's rationale on adopting a more restrictive practice that a director of the HKFA Board could not be the Chairman nor member of the Audit Committee, which was more restrictive than that stated in the terms of reference and whether this was discussed and endorsed by the Board.

74. **Chairman, HKFA** explained in his letter dated 19 June 2020 (*Appendix 16*) that the HKFA Board did not see it inappropriate to adopt a more restrictive appointment policy for the Audit Committee, which was imperatively seen to be independent and impartial. Any direct involvement of directors in the work of the Audit Committee had a potential conflict of interest and this explained the understanding why directors should not be the Chairman nor members of the Audit Committee. Minutes of HKFA Board meeting did not usually show common understanding by the time a decision was made that no written record could be found.

75. With reference to the terms of reference of the Audit Committee (*Appendix 18*), the Committee noted that the Chairman of the Finance and Strategy Committee should play the role as the Convenor and sought explanation on the reasons for not following this practice in the football seasons 2015-2016 to 2018-2019.

76. **Chairman, HKFA** and **General Secretary, HKFA Secretariat** explained at the public hearings and **Chairman, HKFA** supplemented in his letter dated 19 June 2020 (*Appendix 16*) that the practice of appointing the Chairman of the Finance and Strategy Committee as the Convenor of the Audit Committee was followed in the football seasons 2014-2015 and 2019-2020 but not for the terms 2015-2017 and 2017-2019. This requirement was not made aware of by the group of newly-elected directors in 2015 when working out the division-of-labour in an informal setting, nor was the Secretariat in a position to advise without being involved in this kind of pre-meeting of directors. The appointment list was presented and officially endorsed by the Board at its first meeting of the football season 2015-2016 with a director other than the Chairman of the Finance and Strategy Committee appointed the Convenor of the Audit Committee.

77. The Committee noted from Article 41 of the Articles of Association of HKFA (*Appendix 20*)⁶ that "[a]uditors shall be appointed by the Assembly at the

⁶ Source: The website of HKFA: <https://www.hkfa.com> (last accessed on 9 July 2020)

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AGM [Annual General Meeting] and shall audit the accounts approved by the Finance and Strategy Committee" but as stated in paragraph 71 above, the accounts were only endorsed by the Finance Sub-committee. The Committee asked whether such delegation of power and responsibility was discussed and endorsed by the HKFA Board.

78. **Chairman, HKFA** and **General Secretary, HKFA Secretariat** explained at the public hearings and **Chairman, HKFA** supplemented in his letter dated 19 June 2020 (*Appendix 16*) that:

- the split of the works of the Finance and Strategy Committee into Finance Sub-committee and Strategy Sub-committee was proposed by the then Committee Chairman at the Board meeting on 2 August 2011;
- the rationale was that finance and strategy were two very diverse matters and it was inappropriate to invite outside experts to serve under both purviews. The proposal was that the Finance and Strategy Committee should compose of only core members (Chairman, ex-officios, directors), whereas outside experts would be invited to join the sub-committees of their discipline and interest only. Most of the meetings of the two sub-committees were arranged to be held on the same day one after the other so that the core members could take part in both sessions while the sub-committee members would attend one of their relevance;
- the above proposal was not documented in details in the meeting minutes but only recorded in form of the membership list annexed to the minutes; and
- for HKFA directors, they had never come down to detailed requirements of the Articles of Association and the Finance and Strategy Committee operated in such a way of splitting up the finance-related matters and strategy-related matters to be handled by two sub-committees. There might be a missing formality in having the meetings of the Finance and Strategy Committee as only meetings of the sub-committees were held. However, the accounts did go through the three-tier scrutiny, i.e. committee-board-general meeting.

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79. According to paragraphs 4.16 to 4.18 of the Audit Report, HKFA replied to Audit that the Marketing and Communications Committee had held meetings in the football seasons 2014-2015 to 2018-2019 but the minutes, other than those for the meetings held in April, May and June 2019, could not be located. The Committee also noted from the letter provided by **Chairman, HKFA** dated 1 June 2020 (*Appendix 15*) that the Marketing and Communications Committee did not hold a meeting from July 2014 to June 2015 and from January 2016 to March 2019. The Committee queried how the Marketing and Communications Committee could discharge its functions if no meetings were held.

80. **General Secretary, HKFA Secretariat** explained at the public hearings and **Chairman, HKFA** supplemented in his letter in his letters dated 1 and 19 June 2020 (*Appendices 15 and 21* respectively) that as the relevant Chairperson was abroad for a long period of time due to personal reasons, the relevant Chairperson gave no instruction to call meetings during 2014-2015. Given that no meetings were held, no further inputs could be provided from the committee members. Nonetheless, the Marketing and Communications Department still operated upon the Chief Executive Officer's instructions during the mentioned period of time. A new Chairperson was appointed at the start of the football season 2015-2016 for the 2015-2017 term. After searching the HKFA server, a document entitled "Notes of the 2015-16 Marketing and Communications Committee Meeting on 5 November and 9 December 2015" was found. It was believed that the Marketing and Communications Committee had held two meetings in this term.

81. Regarding the agenda of a meeting of the Marketing and Communications Committee held in 2017 as mentioned in paragraph 4.18 of the Audit Report, **Chairman, HKFA** explained in his letter dated 19 June 2020 (*Appendix 21*) that an agenda was found without any details of the meeting (date, time and venue) mentioned. The 'agenda' included two items, namely, Briefing session on Marketing plan for 2017-18 BOC Life HKPL and New appointment of member of HKFA Marketing and Communications Committee. The same content was found in a report submitted to the Board at the meeting held on 9 October 2017.

82. With reference to paragraphs 4.24 to 4.26 of the Audit Report, the Committee asked about the guidelines for recruitment exercises to handle applications received after deadlines or not sent to the designated recipients and whether any enhancements/revisions had been made to guidelines to deal with these cases.

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83. **Chairman, HKFA** explained in his letter dated 1 June 2020 (*Appendix 15*) that:

- the existing Staff Recruitment Policy and Procedures did not specifically list out the procedures or approving authority where appropriate on handling applications received after deadlines or not sent to the designated recipients; and
- existing practices addressing the concerned areas had been adopted under special circumstances, e.g. a vacant position did not have sufficient number of applicants meeting the minimum requirements after repeated job postings, the time and cost effectiveness of continued reposting the job, the level of skillset required for the position and the limited supply of the talents in the labour market. The hiring manager was required to provide justifications for accepting the applications and to seek proper approval if warranted.

84. According to paragraph 4.26 of the Audit Report, Audit noted that the revised Staff Recruitment Policy and Procedures did not specifically address the inadequacies relating to applications received after deadlines or not sent to the designated recipients. The Committee asked about the reasons for not addressing these inadequacies in the HKFA's review on the Staff Recruitment Policy and Procedures in 2018.

85. **Chairman, HKFA** explained in his letter dated 1 June 2020 (*Appendix 15*) that:

- HKFA engaged an external audit firm to review its Staff Recruitment Policy and Procedures from October to November 2018. The policy was then refined with the necessary guidelines to address the interview panel arrangements and the approval process for the forthcoming recruitment exercises of the three senior management posts, namely the Chief Executive Officer, Head Coach and Technical Director at the time. The Staff Recruitment Policy and Procedures were revised and endorsed by the Board in February 2019;
- handling late applications and applications not sent to designated recipients had not been specifically addressed in the external audit review; and

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- some specific guidelines to address the concerned inadequacies in regard to dealing with late applications and when applications not sent to the designated recipients would be an agenda item for discussion at the coming Organisational Development Committee meeting and recommendations would be presented to the Board of Directors.

86. With reference to paragraph 4.28 of the Audit Report, the Committee enquired about the guidelines in respect of declarations of conflicts of interest in recruitment exercises.

87. **Chairman, HKFA** explained at the public hearings and supplemented in his letter dated 1 June 2020 (*Appendix 15*) that:

- the existing HKFA Code of Conduct contained the abridged guidelines in respect of the declarations of conflicts of interest for recruitment and all staff members were required to strictly follow. The Code of Conduct stipulated that: "Directors and staff members are in the best position to decide or not there is a conflict of interest warranting declaration. If in doubt, it is prudent for the director or staff member to seek clarification from the Board or supervisor respectively";
- the following relationships for which a declaration should be made had been stated in the Code of Conduct: "One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the staff member involved in the process"; and
- under the current practice, the hiring manager was required to indicate whether he/she personally knew the applicants applying for the position when he/she filled in the shortlisting record. A form confirming the composition of interview panel needed to be approved by the approving authority for the interview arrangement. All members of the interview panel were required to make their declarations of interest by filling a declaration form for handling conflicts of interest.

88. According to paragraph 4.38 of the Audit Report, quite a number of complimentary tickets for some matches were not used. The Committee sought

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details on the existing mechanism for HKFA to distribute complimentary tickets and whether reviews would be conducted on the use of complimentary tickets in order to adjust the allocation channels and proportion to boost attendances.

89. **Chairman, HKFA** explained in his letter dated 15 May 2020 (*Appendix 22*) the mechanism in allocating the complimentary tickets. **Chairman, HKFA** further said in his letter dated 1 June 2020 (*Appendix 15*) that no official/comprehensive study on complimentary tickets had been carried out. For the international matches, HKFA had records of those complimentary tickets distributed and could carry out study on the information in order to understand more and review the distribution list.

90. With reference to Table 31 in paragraph 4.40 of the Audit Report, the Committee sought the reasons for the general decrease in self-generated incomes of HKFA, in particular gate receipts and sponsorship, from the football seasons 2014-2015 to 2017-2018, the difficulties encountered by HKFA in increasing such incomes, and measures to address them.

91. **Chairman, HKFA** and **Chief Executive Officer, HKFA Secretariat** said at the public hearings and **Chairman, HKFA** advised in his letter dated 1 June 2020 (*Appendix 15*) that:

Reasons for the general decrease in gate receipts

- the level of the local matches might not be high enough to attract more spectators to go into the stadium to support the games;
- over the four football seasons from 2014-2015 to 2017-2018, 82% of HKFA gate receipts were generated from HKFA major international matches/exhibition matches and Hong Kong team matches held in Hong Kong. The remaining 18% of HKFA gate receipts were generated from HKPL, cup matches, sanction fees and levies. HKFA only received 5% of the gate receipts of HKPL and matches. HKFA would rely heavily on international competitions and exhibition matches of high level and quality to attract higher attendance rates and generate more gate receipts for HKFA. However, the level and quality of international competitions depended on the draw results and was out of HKFA's control. The years with a smaller number of

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quality international matches held in Hong Kong resulted in the lower gate receipts generated;

Reasons for the general decrease in sponsorship

- potential sponsors took into consideration the market value and positive branding image that HKFA and local football could bring. HKFA must focus on being a positive brand for sponsors to be associated;
- HKFA lost some secondary sponsors and individual sponsors, especially after the momentum of 2015 World Cup Qualifier Hong Kong vs China;
- the cash sponsorship amount had been relatively high for some potential sponsors, for example, the standard package of one local cup competition, i.e. FA Cup, was currently \$300,000 in order to cover most fee of professional cup matches;
- sponsors interested in football might choose to support HKPL teams instead of HKFA because of the different objectives and marketing strategies of the sponsors. Currently many HKPL teams were supported by commercial sponsors and some of them had increased their investments substantially in recent years;
- HKFA had been receiving sponsorship in goods and kinds. From the 2014-2015 to 2019-2020 financial years, the amount of non-cash sponsorship ranged from \$10.6 million to \$12.1 million;

Measures to increase sponsorship

- strengthening marketing to proactively retain existing sponsorship and solicit new sponsorship, as well as developing an effective sponsorship sales strategy;
- targeting sponsorship that lasted longer and sponsors that would engage in multi-matches in order to create a sustainable financial situation;
- revising sponsorship strategies that allowed lower investment requirement and/or secondary sponsors to generate more sponsorship;

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- creating more opportunities for advertising and brand exposure including enhancing the technology such as LED stadium advertising;
- utilizing the opportunities from government matching grants in order to diversify and strengthen the financial sources of HKFA;
- forming a working group under the HKFA Secretariat to work on a timeline which would be passed to the Marketing and Communications Committee to review;

Measures to increase the gate receipts

- increasing the number of Hong Kong Representative Team friendly matches;
- putting all the Hong Kong Representative Team matches at the Hong Kong Stadium rather than Mong Kok Stadium starting from the football season 2020-2021. HKFA must make effort to market and promote the international matches. The Hong Kong Representative Team should develop a "home venue" at the Hong Kong Stadium;
- making effort to market and promote HKPL from the football season 2020-2021 to rebrand and raise the image of the League and the clubs. HKFA would closely cooperate with LCSD to explore various proposals on marketing activities and initiatives to facilitate HKPL clubs;
- supporting HKPL clubs to develop a fan base within the catchment area of the stadium, including residence and surrounding schools with marketing and promotion campaigns with the objective of increasing attendance and therefore gate receipts; and
- changing the current stadium/sports ground assignment in the Premier Division to a minimum period of three years instead of the current practice of just one year to allow the clubs time to build up a fan base around the stadium location.

92. Noting the views that the level of local football should be raised in order to attract more spectators, the Committee asked for information on the highest ranking achieved by the Hong Kong men's football team in the world ranking of the

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Fédération Internationale de Football Association as well as a brief history of the change in the ranking. **Chairman, HKFA** said in his letter dated 1 June 2020 (*Appendix 15*) that the highest ranking of the Hong Kong's football team was 90 (out of 181 countries/territories) in February 1996. Hong Kong ranked 103 (out of 167) in August 2013 and the latest ranking in April 2020 was 143 (out of 211).⁷ Significant changes to the calculation method were made in 1999 and 2006, and the rankings in 1996 and 2020 were not directly comparable.

93. According to paragraph 4.53 of the Audit Report, HKFA could not provide any explanations for the discrepancies between the amounts of sponsorship and advertising gross revenue in 2017-2018 and 2018-2019 as reported in the half-yearly progress reports and the amounts provided by HKFA to Audit in August 2019. The Committee sought an explanation on the discrepancies.

94. **Chairman, HKFA** said in his letter dated 1 June 2020 (*Appendix 15*) that at the time of submission of the half-yearly reports to HAB, the figures were based on preliminary figures on hand. It was not unusual to adjust the figures after the submission of half-yearly reports or when errors were discovered. The breakdown submitted to Audit in August 2019 included all the subsequent adjustments and resulted in the discrepancies. The time intervals of the two sets of figures were also different.

95. With reference to Table 39 in paragraph 4.58 of the Audit Report, the Committee requested HKFA to explain in detail the reasons for obtaining no quotations for each of the five cases.

96. **Chairman, HKFA** provided in his letters dated 1 and 19 June 2020 (*Appendices 15 and 17* respectively) details of five cases. In most cases, the responsible staff considered that a sole supplier/service provider was identified but the justifications had not been recorded. With the enhancement of the Procurement Policies and Guidelines made in October 2018, all the procurement cases requiring an exemption from the procurement procedures, including single quotation, should provide a full justification with a special approval from the designated approving authority/person holding a higher office. The Procurement Policies and Guidelines were first circulated to all staff through email in October 2018, and once in the

⁷ Source: <https://www.fifa.com/fifa-world-ranking/associations/association/hkg/men/>

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subsequent years. In future, HKFA would arrange seminars/meetings and other training for procurement staff to raise their awareness and knowledge on the Procurement Policies and Guidelines and require staff to strictly follow the laid-down procedures.

E. Funding for other sports programmes and schemes

97. With reference to paragraph 5.11 of the Audit Report, the Committee noted that nine teams did not achieve the performance targets in the 2018 Asian Games under the Five-Year Development Programme for Team Sports and asked how the teams would prepare so that they could achieve the performance targets in the next Asian Games in 2022. **Secretary for Home Affairs** and **Commissioner for Sports** explained at the public hearings that the Programme was launched in January 2018 when the teams for the 2018 Asia Games had been formed. Under the Programme, venues and resources for recruiting coaches and supporting personnel would be provided to the teams to devise and implement a five-year training plan with a view to improving the performance of the relevant team sports in the 2022 Asian Games.

98. The Committee sought the policy objective(s) of DFFS. Apart from the four performance targets listed out in paragraph 5.19 of the Audit Report, namely, the average number of training hours with coaches per month; the average number of spectators in home matches; the position in the league compared with the previous DFFS funding period; and the target for community building activities ("four performance targets"), the Committee asked how HAB would monitor DFFS.

99. **Secretary for Home Affairs** advised in his letter dated 22 June 2020 (*Appendix 23*) that:

- HKFA, with the assistance of LCSD, established 18 District Football Teams ("DFTs") in 2002, which represented the District Councils to compete in the HKFA leagues. Since the football season 2011-2012, HAB had implemented DFFS with the aim to improve the performance and governance of DFTs, as well as to strengthen the cohesion of the community and enhance district-level enthusiasm for football;
- HAB had set the performance targets of the average number of spectators in home matches and community building activities to monitor the performance of DFTs in community building and

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generating interests in football. In reviewing the effectiveness of DFFS, HAB would make reference to the DFTs' mid-term reports and final reports submitted to the District Offices ("DOs"), DFTs' achievements against the four performance targets and DOs' evaluation; and

- when DFTs were established in 2002, 12 DFTs participated in the lowest Third Division of the HKFA's league in the football season 2002-2003, while the remaining six DFTs joined the other teams to participate in the same division of the HKFA's league in the football season 2003-2004. Many teams were qualified for promotion to higher divisions of the league. In the football season 2019-2020, there were three DFTs participating in HKPL, six in the First Division, six in the Second Division and three in the Third Division. In the football season 2018-2019, Tai Po Football Club won the HKPL championship and was the first ever DFT to attain this achievement. DFTs had all along been providing young players with training and competition opportunities, which were conducive to improving the standard of play in Hong Kong. This demonstrated that DFFS had been effective in promoting football development at district-level.

100. With reference to paragraph 5.19 of the Audit Report, the Committee asked about the level of four performance targets set for DFFS. **Secretary for Home Affairs** advised in his letter dated 22 June 2020 (*Appendix 23*) that HAB set the indicators (i) to (iii) of the following table in the light of the review outcome of DFFS by FTF in 2014. Subsequently, HAB added the indicator (iv) of the following table in the light of FTF's review of DFFS in 2017.

Indicator	Minimum target
(i) Average number of training hours with coaches per month	40 hours (HKPL teams) 12 hours (other teams)
(ii) Average number of spectators in home matches	500 (HKPL teams) / 100 (First Division teams) / 50 (Second and Third Divisions teams)
(iii) Relative position in league compared with previous season	No lower than the position achieved in the previous season

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Indicator	Minimum target
(iv) Community building activities	At least three projects / activities

101. In reply to the Committee's request for an explanation on why some DFTs could not meet the performance targets, **Commissioner for Sports** explained at the public hearings that most of the cases not achieving performance targets were related to the following two targets: "Average number of spectators in home matches" and "Relative position in league compared with previous season" which could be affected by a lot of factors, some of which were beyond the control of the teams.

102. The Committee asked whether HAB would consider requesting the DFTs with significant differences between the achievements and the set targets to give an explanation on the differences. **Secretary for Home Affairs** advised in his letter dated 22 June 2020 (*Appendix 23*) that currently, DFTs were required to provide explanations to DOs in case of significant differences between the indicators and the actual situation. In reviewing DFFS, HAB would provide the definition for "significant difference".

103. Noting that some DFTs did not have a 11-a-side natural turf pitches in their districts and their home matches were played in other districts, the Committee asked whether these teams would have any difficulties in achieving the target: Average number of spectators in home matches.

104. **Commissioner for Sports** explained at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 22 June 2020 (*Appendix 23*) that LCSD allocated natural turf pitches as home venues of DFTs participating in HKPL. In the football season 2019-2020, the home venues of the three HKPL DFTs were the Mong Kok Stadium,⁸ the Yuen Long Stadium and the Tai Po Stadium respectively. Regarding the other DFTs participating in the First, Second and Third Divisions, LCSD would allocate artificial turf pitches for HKFA to conduct matches concerned, and HKFA would endeavour to arrange several fixed venues for DFTs to conduct their home matches. However, due to rental and supply of public football pitches, the home matches of DFTs participating in the First,

⁸ The Aberdeen Sports Ground, which was the usual home venue of the Southern District-based football team, was closed for maintenance in the first half of the football season.

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Second and Third Divisions would sometimes be conducted in venues other than their respective districts, which would lower the interests of district-based fans to watch the matches.

105. The Committee enquired why some teams could not achieve the two targets "Average number of training hours with coaches per month" and "Community building activities". To make up for any shortfall in training hours, the Committee asked whether HAB could expand the definition of training to include more types of training.

106. **Commissioner for Sports** explained at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 22 June 2020 (*Appendix 23*) cases in which the teams could not achieve the two targets mentioned in the last paragraph. HAB preliminarily considered the indicator of 12 hours of training with coaches per month on average reasonable and noted that there were only several cases where DFTs could not meet this indicator, with some cases missing the indicator narrowly. HAB would consider the two performance targets in the DFFS review.

107. The Committee asked whether any of the 18 DFTs had been changed since the launch of DFFS and whether the Administration would consider new applications for DFTs to encourage competition.

108. **Commissioner for Sports** explained at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 22 June 2020 (*Appendix 23*) that DFTs were authorized by the District Councils to represent their respective districts to participate in the league. Under the current system, there was only one DFT in each district. Since the launch of the DFFS, the District Councils of Kowloon City, Sai Kung and Yuen Long had changed the team that they authorized to represent the district in the league in 2012, 2012 and 2013 respectively. Under DFFS, DFTs were required to sign an undertaking form, in which they promised to commit to achieve the four performance targets and understood that their funding applications in the future might not be accepted if they did not follow the relevant requirements. HAB would consider ways to increase the incentives for DFTs to improve their performance and meet the performance targets in the review.

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109. According to paragraph 5.20 of the Audit Report, for 22 of 90 reports, there was no DOs' documentation of their follow-up actions for the unmet performance indicators. The Committee sought the reasons for having no documentation. **Secretary for Home Affairs** advised in his letter dated 22 June 2020 (*Appendix 23*) that when a DFT failed to meet an indicator, the relevant DO would make enquiries and take follow-up actions as appropriate. HAB agreed that DOs should document their follow-up actions properly. When the HAB reviewed DFFS, clearer guidelines would be devised for DOs on the documentation of their assessment and follow-up actions.

110. In response to the Committee's enquiry about the reasons for not requiring DFTs to report their achievements against their performance targets in their reported achievements as mentioned in paragraph 5.21 of the Audit Report, **Secretary for Home Affairs** advised in his letter dated 22 June 2020 (*Appendix 23*) that DFTs were required to report information on their training and community activities held in their reports. League positions of DFTs were listed on the HKFA's website, hence they did not need to be reported. However, HAB had not specifically required DFTs to report the average number of spectators in home matches, and such information was reported by DFTs on their own initiatives or enquired by DOs. When HAB reviewed DFFS, HAB would devise clearer guidelines to improve the situation.

F. Governance of the Sports Commission and its committees

111. With reference to paragraph 6.6 of the Audit Report, the Committee sought the reasons for the decrease in the total number of meetings of SC and its committees by 36% from 11 in 2015 to 7 in 2019. **Commissioner for Sports** explained at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 22 June 2020 (*Appendix 23*) that the number of meetings depended on the number of issues that needed to be discussed. The other reason was that SC and its committees had formed some ad hoc working groups to tackle specific issues. In 2015-2019, seven working groups had been formed under SC and its committees. These working groups had held a total of 49 meetings.

112. With reference to Table 50 in paragraph 6.13 of the Audit Report, the Committee enquired about the reasons for some members not attending any meetings from 2015-2019, in particular six members of the Community Sports Committee did not attend any meetings in 2019. **Director of Leisure and Cultural Services** explained at the public hearings that in 2019 there were social unrest situations and

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the Community Sports Committee only held one meeting. Four working groups had been formed under the Community Sports Committee and six meetings had been held for these working groups in 2019. Members of the Community Sports Committee had attended these working groups meetings.

113. In response to the Committee's enquiry about measures taken to improve members' attendance/participation in the meetings of SC and its three committees, **Secretary for Home Affairs** explained at the public hearings and supplemented in his letter dated 22 June 2020 (*Appendix 23*) that in 2020, SC and its committees used video conferencing according to their respective needs to encourage members' active participation in the meetings.

114. At the request of the Committee, **Secretary for Home Affairs** provided in his letter dated 22 June 2020 (*Appendix 23*) a table setting out the attendance rates of members of SC and its three committees for the past three terms.

115. With reference to Case 5 in paragraph 6.20 and paragraph 6.22 of the Audit Report, the Committee enquired how a member's directorship of an organization being discussed in a proposal should be dealt with under the guidelines of declaration of interests of SC and its three committees and about improvements made to the guidelines on declaration of interests.

116. **Secretary for Home Affairs** explained at the public hearings and advised in his letter dated 22 June 2020 (*Appendix 23*) that SC did not make any decisions but only provide advice to Secretary for Home Affairs. Under the existing mechanism, if a member had potential conflict of interest in any discussion item under the meeting agenda, the member concerned should declare it before the discussion. The chairperson might decide whether to allow the member to participate in the discussion and vote. HAB would strengthen the implementation of the requirements on declaration of interests, such as consider requesting members to declare their interests in writing before the meeting.

117. The Committee asked whether briefings had been arranged for members of SC/its committees/its working groups on the requirements about declaration of interests upon their appointment.

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118. **Secretary for Home Affairs** advised in his letter dated 22 June 2020 (*Appendix 23*) that in 2019, at the start of the new term of SC and its committees, HAB introduced the work, responsibilities and obligations of the relevant committees, including the requirements on declaration of interest, to newly appointed members of SC and its committees. Instead of briefing sessions, HAB arranged meetings or dialogues for this purpose with individual members to suit their schedules.

G. Conclusions and recommendations

Overall comments

119. The Committee:

- notes that:

- (a) the sports portion of the Arts and Sport Development Fund ("ASDF" - hereinafter ASDF refers only to its sports portion) is an important source of funding for sports development in Hong Kong. As at 31 March 2019, ASDF had a balance of \$2,396 million. In 2018-2019, the total number of ASDF approved projects was 166 with an approved amount of \$123.8 million; and
- (b) ASDF provides funding to the Hong Kong Football Association ("HKFA") for the development of local football through the implementation of football development plans, which comprised the Project Phoenix. A maximum of \$20 million annually was earmarked for allocation to HKFA for the implementation of the recommendations in the Project Phoenix. Up to March 2015, the total amount of government funding to HKFA for this purpose amounted to around \$55.45 million. HKFA then put forward the Five-Year Strategic Plan ("FYSP") for the period April 2015 to March 2020. A maximum of \$25 million was earmarked for allocation annually under ASDF for FYSP from 2015-2016 to 2019-2020. FYSP was concluded on 31 March 2020. Apart from ASDF, the Leisure and Cultural Services Department ("LCSD") has also been providing recurrent subvention under the

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Sports Subvention Scheme to HKFA for the development and promotion of local football. In 2019-2020, the LCSD's subvention to HKFA was \$19.2 million;

- stresses that:
 - (a) HKFA, a national sports association ("NSA"), is an independent legal entity with full autonomy to run its affairs and should not be subject to political or religious pressures as stipulated in the Olympic Charter and the Fédération Internationale de Football Association Statutes. HKFA's Board of Directors is responsible for HKFA's governance. HKFA has a unique role to promote the development of football in Hong Kong and the Hong Kong community and Hong Kong's football fans have high expectation of it to raise the standards of football in Hong Kong and the international ranking of the football teams, and promote the sport to a wider community. With 37% of its incomes from the Administration in the football season 2017-2018, HKFA should attach great importance and set it as a top priority to increase its accountability on the use of public monies to the Administration and the community. High standards of corporate governance are essential for HKFA to gain public trust that it could perform effectively in its functions and roles;
 - (b) a consultancy report from a study commissioned by the Home Affairs Bureau ("HAB") in 2009 recommended HKFA to undergo a transformation process involving, among other things, changes to HKFA's governance structure and recruitment of qualified and professional officers. The report also stated that a well managed governing body was needed to deliver the vision for football in Hong Kong and transform the sport into a world class product. For the funds disbursed under the Project Phoenix and FYSP, more than 80% were expended on staff and related costs; and
 - (c) football is one of the most popular sports in Hong Kong. According to a survey, around 17% of the respondents were most interested in watching football, the top sport on the list;⁹

⁹ Source: Thematic Household Survey Report No. 47, Census and Statistics Department, March 2011

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- considers that with tens of millions of dollars government funding allocated for HKFA since November 2011 on football development in Hong Kong, the overall achievement had been disappointing, and in that regard, it reflects that HAB and LCSD had failed to closely monitor HKFA's overall performance from a value-for-money perspective;
- expresses dismay and disappointment that representatives of bureaux/departments and government-funded organizations which are reviewed by the Audit Commission ("Audit") do not provide complete information and appropriate response to the observations in the Director of Audit's Report ("Audit Report") and the Committee's questions at the public hearings as illustrated by the following case:
 - (a) according to the Audit Report, Audit examined 28 applications approved under ASDF for funding to support Hong Kong athletes to prepare for and participate in international games. Despite that the delay in submission of programme reports and/or audited accounts for six of these applications was more than six months, a 1% charge had not been imposed as required under the enhanced measures implemented since 2015-2016. Neither Secretary for Home Affairs nor Director of Leisure and Cultural Services had responded to this observation nor provided an explanation on these six applications; and
 - (b) as the Committee's questions at the public hearing on this subject were not answered satisfactorily, Director of Leisure and Cultural Services stated in a written reply subsequent to the public hearing that LCSD counted calendar months instead of calendar days to calculate the deadline and there were no delays for the six applications in question;
- urges the Administration to ensure that:
 - (a) bureaux/departments and government-funded organizations which are reviewed by Audit should treat the audit review exercises seriously as these exercises could help reveal the deficiencies and irregularities and improve their operations and governance. The bureaux/departments and organizations should provide appropriate responses and complete information to Audit for

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inclusion in the Audit Report to provide a full picture on the subject matter; and

- (b) representatives of bureaux/departments and government-funded organizations who are invited to attend the Committee's public hearings should familiarize themselves thoroughly with the materials/cases mentioned in the Audit Report and should be prepared to answer the questions raised on the spot to facilitate the smooth conduct of the hearings;
- finds it appalling and inexcusable that the Audit Committee, a standing committee of HKFA which is responsible for, among other things, the important task to monitor and review the effectiveness of HKFA's internal audit function, was not formed from July 2015 to 30 June 2019. The Audit Report and the public hearings have revealed the following non-compliances, irregularities and deficiencies:
- (a) it is stated in the terms of reference of the Audit Committee that it shall meet at least four times a year. While a convenor was appointed in July 2015 by the Board to form the Audit Committee, it had not been formed from July 2015 to 30 June 2019 with no Chairman and members and no meetings held. The Board was notified of this situation but no measures were taken to rectify the non-compliances;
 - (b) the statement "[t]he accounts of the HKFA are endorsed by the Finance Sub-committee and Audit Committee, and subsequently approved by the Board" appeared in the Corporate Governance Statement section of the HKFA Annual Reports 2014-15, 2015-16 and 2016-17 despite that the Audit Committee was not formed during these years;
 - (c) while the terms of reference of the Audit Committee only places restriction on who could not be the Chairman of the Audit Committee,¹⁰ the HKFA Board adopted a more restrictive approach in 2015 that no directors of the Board should be the Chairman or members of the Audit Committee without updating the terms of reference on such restriction; and

¹⁰ It is stated in the terms of reference of the Audit Committee that "[i]n order to maintain the independence, the Chairman of the Audit Committee shall neither be the Chairman of the Board, nor the Chairman/member of other functional committee.

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- (d) while it was stated in the Audit Report that the Audit Committee only had the Chairman from July 2015 onwards, that person was actually acting in the capacity of a Convenor. HKFA had not corrected this error when given the chance and sufficient time to review the draft Audit Report before its publication;
- finds it appalling and inexcusable about the other inadequacies and irregularities relating to the corporate governance and operations of HKFA as evidenced by the following:
 - (a) HKFA could not provide, for Audit's examination, most of the agendas and minutes of meetings of the HKFA Marketing and Communications Committee for the period July 2014 to March 2019. In the football seasons 2014-2015 to 2018-2019, there were meetings held but the minutes, other than those for the meetings held in April, May and June 2019, could not be located;
 - (b) according to Article 41 of the Articles of Association of HKFA, "[a]uditors shall be appointed by the Assembly at the AGM [Annual General Meeting] and shall audit the accounts approved by the Finance and Strategy Committee ...". However, it was stated in the Annual Reports that the accounts were only endorsed by the Finance Sub-committee and the Finance and Strategy Committee has not held any meeting since 13 May 2015;
 - (c) in the football seasons 2014-2015 to 2018-2019, certain members of HKFA's Board, committees and sub-committees attended less than half of the relevant meetings;
 - (d) in the football seasons 2014-2015 to 2018-2019, no first-tier declarations were made by members of the HKFA Board, committees and sub-committees;
 - (e) for the 10 HKFA recruitment exercises conducted in the period 2014-2015 to 2018-2019, some applications were successful despite that they were received after the application deadlines or not sent to the designated recipients;
 - (f) in examining the 10 recruitment exercises mentioned in (e) above, there was room for improvement in the declarations of conflicts of interest in recruitment exercises. For example, in 3 of the

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10 recruitment exercises, the dates of declaration forms signed by five recruitment panel members were later than the dates of interviews; and

- (g) of the 50 items of procurement of goods and services in the period June 2014 to September 2019, for 10 items (20%), HKFA did not obtain any quotations and there was no documentation on the justifications for not obtaining any quotations;
- expresses dismay and disappointment about HKFA's effectiveness in achieving the performance targets and indicators and promoting football to the community as revealed by the following:
 - (a) in the period 2015-2016 to 2018-2019, the average number of spectators of the matches organized by HKFA had decreased by 3.6% from 1 403 in 2015-2016 to 1 352 in 2018-2019;
 - (b) funding from the Government and other organizations accounted for 47% of the total incomes of HKFA in the football season 2014-2015, but the percentage rose to 73% in the football season 2017-2018. In addition, apart from programme and registration fees income, all other self-generated incomes were decreasing;
 - (c) in the period 2015-2016 to 2018-2019, the number of HKFA's under-achievements against performance targets and indicators ranged from 2 to 11. In 2018-2019, there were under-achievements in nine performance targets and three performance indicators. The extent of individual under-achievements ranged from 1% to 50%; and
 - (d) up to the end of September 2019, some achievements against the key targets set in the consultancy report on football development issued in December 2009 (e.g. the "National" Team Fédération Internationale de Football Association world and Asia rankings for the ladies) were lower than the targets set and even lower than the achievements in 2009;
- notes that:
 - (a) HAB will urge the HKFA Board to take effective measures to address the governance issues identified by Audit;

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- (b) HAB will provide the Sports Federation & Olympic Committee of Hong Kong, China with a time-limited allocation of \$5 million per year for five years starting 2020-2021 for setting up a dedicated team to examine the existing governance structure and operation of all NSAs, including HKFA, formulate a code of governance and monitor NSAs' compliance with the code, with a view to enhancing their corporate governance and transparency;
 - (c) HAB will urge the HKFA Board to take effective measures in improving HKFA's human resources management and ensure that recruitment is conducted in a fair and transparent manner in full compliance with the relevant policies and procedures of HKFA;
 - (d) HAB will require HKFA to submit an action plan for consideration by the Football Task Force ("FTF") on how it intends to address the issues on governance and human resources management identified by Audit, and submit progress reports on the implementation of the action plan at six-months' intervals;
 - (e) HAB will urge the HKFA Board to take effective measures to ensure that HKFA's procurement activities are conducted in full compliance with the relevant policies and guidelines of HKFA. HAB will require HKFA to submit an action plan on how it intends to address the issues identified by Audit; and
 - (f) in both the mid-term review conducted in mid 2017 and final review at the end of 2019 of HKFA's performance under FYSP, FTF has expressed concerns about HKFA's poor performance in boosting attendance at Hong Kong Premier League ("HKPL") games and generating additional commercial revenue. FTF urged HKFA to demonstrate its utmost effort in making improvements in both areas. HAB will urge HKFA to ascertain the reasons for the decrease in the number of spectators and self-generated income, and require it to submit an action plan for consideration by FTF on how it intends to address the issues identified by Audit;
- understands that some directors of the HKFA Board had devoted their time on the development of football in Hong Kong but the outcome or achievement of HKFA's work in improving the performance of

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Hong Kong football is not commensurate with their good intention and input; and

- strongly urges and cautions that:
 - (a) the directors of HKFA Board, together with the assistance of the paid management staff, should review whether HKFA's existing governance model is effective for attaining and maintaining high levels of corporate governance;
 - (b) as part of an effective governance model, HKFA should formulate clear guidelines and practices, adhere to the guidelines and practices, make decisions through proper procedures, authorization and channels, maintain documentation of all decisions (including the grounds of decisions), in particular those exceptional cases. This would also facilitate the monitoring of the Administration and the public on the proper use of public monies;
 - (c) HKFA should implement a rigorous and robust internal monitoring and audit mechanism for the directors and senior management to check non-compliance cases and to rectify any non-compliance cases in a timely manner;
 - (d) as short-term measures, HKFA should immediately formulate rectification measures with an implementation timetable to address the inadequacies and irregularities in respect of its corporate governance and other operational aspects as revealed in the Audit Report and in the Committee's Report;
 - (e) as a medium-term measure, HKFA should make use of the five-year review of all NSAs to make a thorough review of its corporate governance and formulate and implement any improvement measures as appropriate;
 - (f) while the review of the governance model, policies and practices for HKFA should be undertaken by the Board with the input of senior management, HKFA should consider how staff at different levels could be engaged to contribute to achieving high standards of good governance for HKFA;

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- (g) HKFA should make use of a new five-year strategic plan to target improving under-achieving performance targets and indicators, such as the attendance of HKPL games and the ranking of the Hong Kong men's football team, and raising the amount of commercial sponsorships; and
- (h) HAB and LCSD, as the bureau/department responsible for approving the government funding to HKFA, should take up a more pro-active role in monitoring the use of the funding. While key performance indicators have been set for the football development programmes, the monitoring of the use of funding on staff and related costs, in particular, staff responsible for improving the governance, only falls on the HKFA Board. While respecting the independence of HKFA, HAB should urge HKFA to increase the transparency, say, by uploading onto its website more details of the governance models, measures done to improve its governance, the effectiveness of these measures and how internal monitoring is carried out. In evaluating the new five-year strategic plan for football development, HAB should consider how it could enhance the monitoring of the governance of HKFA and the implementation of the new strategic plan.

Specific comments

120. The Committee:

Funding for Hong Kong athletes to prepare for and participate in international games

- expresses grave concern that:
 - (a) of 28 applications approved under ASDF preparation and participation funds examined by Audit, for seven applications, the grantees had not set performance targets; for 12 applications, some achievements against performance targets were not reported in the programme reports; and for two applications, the grantees failed to achieve all or some of the performance targets. There

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was no evidence indicating that HAB and LCSD had taken any follow-up actions;

- (b) for 24 (86%) of 28 applications mentioned in (a) above, there were significant variances (i.e. over 25%) between the estimated and actual amounts of expenditure and/or between those of income, and the grantees had not provided explanations for the variances in their programme reports;
- (c) of the 28 applications mentioned in (a) above, the assurance provided by auditors in the audited accounts submitted by the grantees varied. There was, however, no evidence indicating that HAB and LCSD had taken any follow-up actions;
- (d) in the period 2014-2015 to 2018-2019, while the delay in submission of programme reports and audited accounts was generally on the decrease, there were still 62% of cases of delay in respect of the preparation fund in 2018-2019 and still 50% of cases of delay in respect of the participation fund for games sanctioned by the International Olympic Committee, the Olympic Council of Asia, the International Paralympic Committee or the Asian Paralympic Committee in 2018-2019. In addition, the percentage of cases of delay in respect of the participation fund for other competitions had increased from 18% in 2017-2018 to 40% in 2018-2019;
- (e) for 1 of 28 applications mentioned in (a) above, it appeared that the self-generated income had been wrongly included in the calculation of return of unspent balance; and
- (f) in the period 2014-2015 to 2018-2019, for six applications under the preparation fund, the grantees returned the unspent balances over one year after the submission of audited accounts. Moreover, of 28 applications mentioned in (a) above, apart from one application where the late return could be attributable to both HAB (9.8 months had elapsed since receipt of audited accounts by HAB) and the grantee (seven months had elapsed since the date HAB issued letter requesting return), the late return was mainly due to the long-time interval between the dates of receipt of audited accounts by HAB and the dates HAB issued letters requesting return of unspent balances;

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- notes that:
 - (a) HAB and LCSD will make clear in the funding guidelines for the grantees that athletes' performance targets and actual results in any particular competition are not among the factors of their consideration in approving applications for preparation and participation funds. They nevertheless would take into account the performance of the athletes, over time, in the sports concerned;
 - (b) HAB and LCSD will modify the relevant guidelines for the grantees to ensure that their auditors certify their compliance with the procurement requirements and the Code of Conduct, and alert them on the consequence if any non-compliance is spotted;
 - (c) HAB and LCSD will review the relevant guidelines for the grantees to provide explanations for variances over 25% between estimated and actual amounts of expenditure as well as between those of income and devise a new programme report proforma;
 - (d) HAB and LCSD will re-assess the timelines for submission of programme reports and audited accounts and devise a new assessment mechanism to differentiate different degree of late submission and assessment consequences. New designated assessment form will be devised accordingly if considered necessary;
 - (e) HAB will clarify the calculation of unspent balances that grantees are required to return;
 - (f) LCSD will step up the follow-up actions with grantees for ensuring timely return of unspent balances to HAB;
 - (g) Secretary for Home Affairs has accepted Audit's recommendation in paragraph 2.25 of the Audit Report; and
 - (h) Secretary for Home Affairs and Director of Leisure and Cultural Services have accepted Audit's recommendations in paragraph 2.26 of the Audit Report;

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- strongly urges that:
 - (a) HAB and LCSD should consider drawing up clear guidelines for ASDF applicants on the setting of more realistic and achievable performance targets; and
 - (b) to ensure timely return of unspent balances of the approved funding amount by grantees, HAB and LCSD should step up efforts to expedite the verification of grantees' audited accounts, and provide grantees with clear guidelines setting out the types of eligible expenditures under ASDF preparation and participation funds to avoid unnecessary arguments with grantees; and consider imposing penalties for those grantees' who are repeatedly late in returning unspent balances to the Administration;

Funding for international sports events

- expresses grave concern that:
 - (a) of 10 international sports events, comprising three "M" Mark events ("MMEs"), three Major Local International Events ("MLIEs") and four Local International Events ("LIEs"), organized in the period 2017-2018 and 2018-2019 and examined by Audit, in one MLIE, the application had not been properly assessed;
 - (b) between 2015-2016 and 2018-2019, the percentage of events with delay in submission of programme reports and audited accounts had either remained the same (at 75% for MMEs) or was on the increase (from 60% to 78% for MLIEs and from 6% to 10% for LIEs);
 - (c) grantees of MMEs were not required to report any significant variances between the estimated and actual amounts of expenditure or between the estimated and actual amounts of income;
 - (d) of the 10 events mentioned in (a) above, in three MLIEs and four LIEs, of a total of 44 performance targets, six targets (e.g. expected number of spectators) had not been achieved and the achievements of 29 targets (e.g. expected achievement of

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Hong Kong team/athletes for the event) had not been reported. In all the three MLIEs and four LIEs, there was no evidence indicating that LCSD had taken any follow-up actions;

- (e) for 2 of the 17 MLIEs and 11 of the 49 LIEs inspected by LCSD (out of 19 MLIEs and 95 LIEs organized by 55 NSAs and 1 sports organization in 2018-2019), there were no inspection reports documenting the details of inspections. In addition, LCSD had not laid down guidelines on selection of MLIEs and LIEs for inspections. No inspections were conducted for any of the MLIEs and LIEs organized by 11 (out of 55) NSAs and 1 sports organization;
- (f) for the 10 events mentioned in (a) above, in one MLIE and one LIE, some information (e.g. the number of spectators) was missing in the inspection reports. In addition, LCSD had not laid down guidelines on the number of on-site inspections to be conducted for events that were held for a number of days;
- (g) despite the surpluses of all four MLIEs and five of the six LIEs which had other incomes (e.g. sponsorships and ticket sales) in addition to ASDF grants and were organized in the period 2014-2015 to 2018-2019, contrary to the arrangement that MME grantees need to return their surpluses to the Government, the grantees of the four MLIEs and five LIEs were not required to do so (they were only required to return their unspent balances); and
- (h) a long time had elapsed (e.g. some 10 months) before the unspent balances of some MLIEs and LIEs organized in the period 2014-2015 to 2018-2019 were returned to the Government, and a major reason for the long lapse of time was the long time taken by LCSD to verify the amounts of unspent balances and issue request letters;

- notes that:

- (a) LCSD will work with HAB to re-assess the timelines for submission of programme reports and devise a new assessment mechanism to differentiate different degree of late submission and assessment consequences. A new designated assessment form

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for MLIEs will also be devised accordingly if considered necessary;

- (b) LCSD will work with HAB to refine the assessment mechanism to ensure that applications from an NSA with late submission of required reports in the last application would not be awarded scores unless there are acceptable reasons for the late submission. Such justifications would be clearly documented. LCSD would also revise the application form to clearly state the above arrangement in order to highlight to NSAs the importance of timely submission of the required reports;
- (c) HAB and LCSD will review the relevant guidelines for the MME, MLIE and LIE grantees to provide explanations for variances over 25% between estimated and actual amounts of expenditure. Related information will be required in the new programme report for future reference;
- (d) HAB and LCSD will review and examine the need for aligning the existing arrangements for returning surpluses for MMEs and unspent balances of MLIEs and LIEs;
- (e) HAB and LCSD will review the assessment mechanism for MLIEs and LIEs and clarify to what extent explanation for variation against the performance target would be required and modify the programme report proforma accordingly;
- (f) HAB and LCSD will modify the relevant guidelines for MME, MLIE and LIE grantees to ensure that their auditors certify the grantees' compliance with HAB/LCSD requirements;
- (g) LCSD will issue reminders to chase up submission of late programme reports and audited accounts as well as review and enhance the follow-up mechanism with a view to deterring protracted late submission;
- (h) LCSD will devise a set of guidelines and checklist of on-site inspection for MLIEs and LIEs;
- (i) LCSD will review and improve the monitoring system for on-site inspection;

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- (j) LCSD will step up the follow-up actions for ensuring timely return of unspent balances;
- (k) Director of Leisure and Cultural Services has accepted Audit's recommendations in paragraph 3.10 of the Audit Report;
- (l) Secretary for Home Affairs has accepted Audit's recommendation in paragraph 3.38 of the Audit Report; and
- (m) Secretary for Home Affairs and Director of Leisure and Cultural Services have accepted Audit's recommendations in paragraphs 3.31 to 3.33 of the Audit Report;

Funding for football development

- expresses grave concern that:
 - (a) in the period 2014-2015 to 2018-2019, the staff turnover rates of ASDF-funded posts in HKFA were on the high side (i.e. at 30% or more) in three years. For some departments of HKFA (e.g. the Marketing and Communications Department), the staff turnover rates were particularly high in some years (i.e. more than 60%);
 - (b) the proportion of spectators holding complimentary tickets to total number of spectators of HKFA matches had increased from 9% in 2015-2016 to 14.6% in 2018-2019. In some matches, the number of spectators holding complimentary tickets was greater than those holding sold tickets. Furthermore, the results of using complimentary tickets to improve attendances were not always satisfactory. For example, of the 1 778 complimentary tickets distributed for the Asian Football Confederation Asian Cup held in June 2017, 1 158 (65%) tickets were not used;
 - (c) in respect of a performance target (namely "increase sponsorship and advertising gross revenue") reported in HKFA's half-yearly progress reports, there were discrepancies between the amounts reported in the half-yearly progress reports and the amounts provided by HKFA in August 2019. In addition, in respect of a performance indicator (namely "average attendance per HKPL match"), there were discrepancies between the attendances

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reported in the half-yearly progress reports and those published on HKFA website; and

(d) in the period 2015-2016 to 2019-2020, there were late disbursements (up to 163 days late) of the instalment of the annual grants to HKFA. In addition, in 2016-2017, 2018-2019 and 2019-2020, FTF meetings to endorse the annual grant applications were held after the beginning (i.e. 1 April) of the grant periods;

- notes that:

(a) HAB will review the process for releasing funds to HKFA and make improvements as appropriate to ensure that future disbursements will be made in a timely manner; and

(b) Secretary for Home Affairs has accepted Audit's recommendations in paragraphs 4.19, 4.33, 4.43 and 4.65 of the Audit Report;

Funding for other sports programmes and schemes

- expresses dismay and disappointment that:

(a) while the performance targets set for the first development stage of the Five-Year Development Programme for Team Sports were that the final positions of the teams in the 2018 Asian Games should be higher than those in the 2014 Asian Games, 9 of the 12 teams that participated in the 2018 Asian Games did not achieve the performance targets;

(b) for the District Football Funding Scheme ("DFFS") in the funding periods 2014-2015 to 2018-2019, of the 18 District Football Teams ("DFTs"), out of the four performance targets, four DFTs continuously did not achieve one or more of the targets, while the other 14 DFTs did not achieve at least one of the targets in one or more years. Furthermore, explanations for the under-achievements had not been provided by 10 DFTs;

(c) there was no requirement stipulating that DFTs should report their achievements in their reports; and

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- (d) in the DFFS funding periods 2014-2015 to 2018-2019, the two respective DFTs (of the two District Offices ("DOs") visited by Audit) had not provided any information on quotations obtained for some purchases, contrary to the requirements;
- notes that:
 - (a) with input from DOs, HAB would review the performance reporting and assessment mechanism as well as update the guidelines for DFTs as appropriate. HAB will ask DOs to follow up the review with a view to ensuring DFTs' compliance with the revised guidelines, and revised performance reporting and assessment mechanism;
 - (b) HAB will ask DOs to step up monitoring of the procurement activities of DFTs, including the submission of information on quotations obtained in making purchases, to ensure compliance with DOs' Manual on the use of District Funds; and
 - (c) Secretary for Home Affairs has accepted Audit's recommendations in paragraphs 5.13, 5.27, 5.28 and 5.37 of the Audit Report;

Governance of the Sports Commission and its committees

- expresses concern that:
 - (a) while according to the Standing Orders, regular meetings of the Sports Commission ("SC") may be held once every three to four months (i.e. four or three meetings a year), and regular meetings of SC underpinning committees may be held every three months (i.e. four meetings a year), for the period 2015 to 2019, on average, each of the SC and its underpinning committees held only two meetings per year;
 - (b) for the period 2015 to 2019, each year, there were members who did not attend any meetings of SC or an underpinning committee. The number of such members totalled 32 in the period. Records did not indicate that HAB and LCSD had taken actions to encourage members to attend meetings;

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- (c) for the period 2015 to 2019, there were occasions where members of SC did not adequately declare potential conflicts of interest;
 - (d) records did not indicate that HAB and LCSD had reviewed, from time to time, the system for declaring interests of SC and its underpinning committees;
 - (e) notices of meetings had not been posted for all 43 SC and its underpinning committees meetings held in the period 2015 to 2019, and agendas had not been posted for 11 (26% of 43) meetings; and
 - (f) while according to the practice of HAB and LCSD, members are requested to sign a confidentiality agreement upon appointment, in the period 2015 to 2019, the agreements of some committee members were missing; and
- notes that:
- (a) HAB and LCSD would review the frequency of meetings laid down in the Standing Orders and update the Standing Orders as appropriate, and step up efforts to encourage members to attend meetings;
 - (b) HAB would remind members of SC to declare potential conflicts of interest as required by the Standing Orders;
 - (c) to ensure that the due process regarding declarations of interest is complied with, HAB and LCSD would record the deliberations on such a process in the minutes of the meetings of SC and its underpinning committees even when none of the members have declared interests for the discussion items;
 - (d) HAB would work with LCSD to periodically review the system for declaration of interests of SC and its underpinning committees;
 - (e) HAB and LCSD would update the Standing Orders of SC and its underpinning committees as and when necessary;

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- (f) HAB and LCSD would disclose to the public information on the meetings of SC and its underpinning committees in accordance with the latest Standing Orders;
- (g) HAB would take measures to ensure that agreements on confidentiality are duly signed and returned by members of SC and its underpinning committees; and
- (h) Secretary for Home Affairs and Director of Leisure and Cultural Services have accepted Audit's recommendations in paragraphs 6.16, 6.25, 6.26, 6.34 and 6.35 of the Audit Report.

Follow-up action

121. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and Audit.

A. Introduction

The Audit Commission ("Audit") conducted a review to examine the management and funding of the Sports Federation & Olympic Committee of Hong Kong, China ("SF&OC").

2. Hon Abraham SHEK Lai-him declared that he was an independent non-executive director of NWS Holdings Limited, the parent company of the constructor of Kai Tak Sports Park. Hon Kenneth LEUNG declared that he had taken part in various activities organized by Hong Kong Amateur Swimming Association.

Background

3. SF&OC¹ is recognized by the International Olympic Committee ("IOC") as the National Olympic Committee of Hong Kong, China. SF&OC received funding from the Government through the Arts and Sport Development Fund (Sports Portion), the Home Affairs Bureau ("HAB")'s funding and the Leisure and Cultural Services Department's recurrent subvention. In 2018-2019, the total amount of government funding provided to SF&OC was \$38.9 million.² HAB will increase its recurrent subvention to SF&OC from \$20 million in 2019-2020 to \$40.6 million in 2020-2021.

4. SF&OC has three affiliated companies, namely the Management Company of Olympic House Limited ("MCOHL"),³ the SF&OC Sports Legacy Company

¹ SF&OC was established in November 1950 as a non-profit-making non-governmental organization and registered under the Societies Ordinance (Cap. 151). In March 2017, SF&OC was incorporated under the Companies Ordinance (Cap. 622) as a company limited by guarantee.

² The total government funding of \$38.9 million comprised: (a) the HAB subvention of \$23,481,000; (b) \$12,517,000 from the Arts and Sport Development Fund (Sports Portion) to support Hong Kong athletes' preparation for and participation in international games and organizing one-off sports projects; and (c) \$2,900,000 from the Leisure and Cultural Services Department for organizing programmes and activities under the Sports Subvention Scheme.

³ MCOHL was registered as a charitable organization under section 88 of the Inland Revenue Ordinance (Cap. 112) in August 2004, and has been entrusted by the Government to manage the Olympic House since 2004.

Limited ("SLCL")⁴ and the Hong Kong Olympic Fans Club Limited.⁵ SF&OC comprises the SF&OC Secretariat,⁶ the Office of the Hong Kong Athletes Career and Education Programme ("HKACEP")⁷ and the Office of the Hong Kong Anti-Doping Committee ("HKADC").⁸

5. As at 31 December 2019, SF&OC had 82 members comprising 79 National Sports Associations ("NSAs")⁹ (NSA members are known as member associations) and three individual ordinary members.¹⁰ Only NSAs can nominate athletes to SF&OC to participate in international multi-sports games ("international games").

6. SF&OC is governed by a Board of Officers ("the Board"), which consists of 15 Officers.¹¹ The Board may exercise all the powers, which are laid down in SF&OC's Articles of Association.¹² The Board is supported by 29 committees/sub-committees/panels/working groups (hereinafter collectively referred to as committees). Of the 29 committees, 27 are standing committees and two are non-standing committees formed on a need basis. As at 31 December 2019, the 27 standing committees had a total of 249 members.¹³

⁴ SLCL was registered as a charitable organization under section 88 of the Inland Revenue Ordinance in March 2016, which promotes sports and blends character and career development for students in underprivileged schools and retired/retiring athlete coaches.

⁵ The Hong Kong Olympic Fans Club Limited being a non-profit making organization provides a platform for the public to interact and contribute to the Olympic Movement and for the promotion of the value of Olympism.

⁶ The SF&OC Secretariat is mainly responsible for handling corporate matters of SF&OC, organizing athletes' participation in international games, organizing major local events and handling membership affairs.

⁷ The Office of HKACEP is mainly responsible for providing post-athletic career, education and life skills support for athletes.

⁸ The Office of HKADC is mainly responsible for the planning and implementation of anti-doping programmes.

⁹ NSAs are the local governing bodies for various types of sports. They were recognized by SF&OC as the official representatives of their respective sports. Of the 79 NSAs, 59 received block grants from the Leisure and Cultural Services Department's Sports Subvention Scheme.

¹⁰ According to SF&OC, to fulfill IOC's requirement, SF&OC has three individual ordinary members, i.e. the Member/Honorary Member of IOC and two representatives of SF&OC's Athletes Committee, which is one of the committees of SF&OC.

¹¹ The 15 Officers comprise one President, eight Vice-presidents, one Honorary Secretary General, three Honorary Deputy Secretaries General, one Honorary Treasurer and one Officer (a representative of SF&OC's Athletes Committee). They are appointed for a term of four years and can be re-appointed after election for another four years.

¹² See the website of SF&OC: <http://www.hkolympic.org>

¹³ Members of the committees are appointed for a term of one year or four years (i.e. varied among different committees).

7. The Committee held four public hearings on 25 May and 1, 6 and 16 June 2020 to receive evidence on the findings and observations of the Director of Audit's Report ("Audit Report").

The Committee's Report

8. The Committee's Report sets out the evidence gathered from witnesses. The Report is divided into the following parts:

- Introduction (Part A) (paragraphs 1 to 11);
- Operation of Sports Federation & Olympic Committee of Hong Kong, China (Part B) (paragraphs 12 to 78);
- Government funding and monitoring (Part C) (paragraphs 79 to 105);
- Governance issues (Part D) (paragraphs 106 to 113); and
- Conclusions and recommendations (Part E) (paragraphs 114 to 116).

Speech by Director of Audit

9. **Mr John CHU Nai-cheung, Director of Audit**, gave a brief account of the Audit Report at the beginning of the Committee's public hearing held on 25 May 2020. The full text of his speech is in *Appendix 24*.

Opening statement by Secretary for Home Affairs

10. **Mr Caspar TSUI Ying-wai, Secretary for Home Affairs**, made an opening statement at the beginning of the Committee's public hearing held on 25 May 2020. The full text of Secretary for Home Affairs's opening statement is in *Appendix 25*.

Opening statement by Honorary Secretary General, SF&OC

11. **Mr Ronnie WONG Man-chiu, Honorary Secretary General, SF&OC**, made an opening statement at the beginning of the Committee's public hearing held

on 25 May 2020. The full text of Honorary Secretary General, SF&OC's opening statement is in *Appendix 26*.

B. Operation of Sports Federation & Olympic Committee of Hong Kong, China

12. With reference to Note 11 to paragraph 2.3(b) of the Audit Report, the Committee enquired about the criteria used by the Chairperson for nominating representatives of NSAs as members of the International Multi-Sports Games Selection Committee of SF&OC ("the Selection Committee"), and the system of declaration of interests adopted by the Selection Committee.

13. **Honorary Secretary General, SF&OC and Mr Abraham CHENG, Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 3 June 2020 (*Appendix 27*) that:

- the Selection Committee for respective games was formed according to Articles 53(3) and 53(4) of SF&OC's Articles of Association. The composition included Honorary Secretary General as the Chairman and the representatives of appropriate NSAs nominated by the Chairman. The nomination criteria included whether the representative sport was one of the participating sports in the respective games, the representation of NSA and the experience of the representative, etc.; and
- each member of the Selection Committee was required to complete a "declaration of interest form" before every meeting. If any potential conflicts of interest arose during the meeting, members were required to make verbal declaration and act in accordance with the "Summary of handling possible conflict of interest scenarios". If the selection decision was to be made by circulation of papers, the member with potential conflicts of interest was required to declare in the reply slip and was not allowed to vote on the related item.

14. With reference to paragraph 2.3(b) of the Audit Report, the Committee enquired about the review mechanism on the Selection Committee's decisions, and asked why the policy on the review mechanism was not set out in SF&OC's Articles

of Association. The Committee was concerned whether the review procedures were well publicized.

15. **Honorary Secretary General, SF&OC and Executive Director, SF&OC** advised at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 3 June 2020 (*Appendix 27*) that:

- under the review mechanism, which was part of the selection process, review requests were made by NSAs and handled by the Selection Committee. The selection mechanism (including the review procedures) had been adopted effectively for years with selection criteria adjusted in accordance with the requirements for different international games. The selection and appeal mechanism for international games, which was provided in the above letter, was disseminated to NSAs at SF&OC's Council meeting in August 2011, and was uploaded to SF&OC's website; and
- if any NSA wished to have its nominations be reviewed, it should file its review request letter with supporting information provided to the Chairman of the Selection Committee before the deadline of entry by name set by the SF&OC's Organizing Committee of respective games. The number of reviews requested by NSAs was not limited. The Selection Committee of the 18th Asian Games received a total of 120 athletes' nomination reviews from 21 NSAs, and 62 of which were finally accepted by the Selection Committee.

16. With reference to paragraphs 2.3(b) and 2.10 of the Audit Report, the Committee enquired about the selection criteria for persons to be included in the list of four to six members of the International Multi-Sports Games Appeal Panel ("the Appeal Panel"), the procedures for handling appeal cases and whether such procedures were clearly published to NSAs.

17. **Honorary Secretary General, SF&OC and Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 3 June 2020 (*Appendix 27*) that:

- the Appeal Panel for respective games was formed in accordance with Articles 53(5) and 53(6) of SF&OC's Articles of Association. The composition included the President of SF&OC as the Chairman, and

the Executive Director as the Secretary (with no voting rights). The list of four to six members of the Appeal Panel was proposed by the Board and endorsed at the annual general meeting for a tenure of four years. The current five members of the Appeal Panel were proposed by the Board through circulation of papers on 19 November 2018 and endorsed at the annual general meeting on 18 December 2018 for a tenure of four years;

- when the Appeal Panel convened a meeting, the Chairman would nominate two persons from the approved list to hear the appeal (i.e. a total of three persons including the Chairman), having regard to their availability and conflicts of interest. The Board would consider the reputation, recognition and professional background of the prospective members of the Appeal Panel when drawing up the list; and
- if any NSA was not satisfied with the results of the Selection Committee, it could file an appeal directly to the Chairman of the Appeal Panel. The Chairman would convene a meeting in accordance with Articles 53(5) and 53(6) of SF&OC's Articles of Association. The Appeal Panel would decide on the way forward for handling the appeal, such as the format of conducting the appeal meeting and submission of evidence, after taking into account the nature and complexity of the case and the supporting argument, etc. There had been no appeal cases lodged with the Appeal Panel so far.

18. The Committee asked whether SF&OC would consider making reference to the overseas practices as recommended in paragraphs 2.11 and 2.12 of the Audit Report to enhance the impartiality and transparency in the existing appeal mechanism. **Honorary Secretary General, SF&OC** responded at the public hearings and supplemented in his letter dated 3 June 2020 (*Appendix 27*) that the Board would study and consider Audit's recommendations, including similar appeal mechanisms adopted in some overseas countries, such as establishment of the Court of Arbitration for Sport, etc.

19. With reference to Table 5 in paragraph 2.7 of the Audit Report, the Committee sought the reasons for the slow progress in implementing the best practices on transparency in selecting athletes for participation in international games as set out in the "Best Practice Reference for Governance of National Sports

Associations - Towards Excellence in Sports Professional Development" ("BPR") drawn up in December 2011 by the Independent Commission Against Corruption.¹⁴

20. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** responded at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 3 June 2020 (*Appendix 27*) that SF&OC had achieved more than 80% of the 29 items on the BPR best practices relating to athlete selection, and aimed to achieve the remaining 20% by the next financial year.

21. With reference to Note 3 to Table 5 in paragraph 2.7 of the Audit Report, the Committee asked whether all NSAs had submitted to SF&OC a set of their own athlete selection criteria, and how SF&OC could ensure that NSAs would follow BPR and their own selection criteria.

22. **Honorary Secretary General, SF&OC** advised in his letter dated 3 June 2020 (*Appendix 27*) that during the selection process, NSAs were required to submit their own selection criteria to SF&OC for record. In view of the principle of respect for sporting autonomy and uniqueness, SF&OC had not reviewed whether the BPR best practices were fully implemented by NSAs. Nevertheless, with the provision of a time-limited funding of \$5 million per year for five years starting from 2020-2021 by HAB, SF&OC would allocate new resources to review the corporate governance of NSAs including but not limited to their selection mechanisms.

23. With reference to Case 1 in paragraph 2.9 of the Audit Report, the Committee asked why the deliberations on and justifications for the Selection Committee's decisions on the selection of athletes for participating in swimming events at the 18th Asian Games were not documented in the minutes of the meeting of the Selection Committee on 24 April 2018.

24. **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 3 June 2020 (*Appendix 27*) that as the selection meeting held on 24 April 2018 lasted for more than seven hours, the minutes of the meeting mainly recorded the selection

¹⁴ Best Practice Reference for Governance of National Sports Associations – Towards Excellence in Sports Professional Development (accessed on 29 June 2020):
https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=159

decisions only. A chronology of events from the submission of nominations by the relevant NSA on 19 April 2018 to the selection meeting on 24 April 2018 was provided in the above letter.

25. At the request of the Committee, **Honorary Secretary General, SF&OC** provided a circular issued by SF&OC to NSAs on 7 March 2018 (*Appendix 28*) setting out the four criteria for selecting athletes to participate in the 18th Asian Games, as mentioned in paragraph 1(a) to (d) of Case 1.¹⁵ According to the circular, one of the criteria required nominated athletes to achieve rank 1st to 8th in the specified international competitions and the top one-third of the total number of participants. The Committee questioned whether those international competitions specified in the circular were of similar scale and nature so that the results in these competitions submitted by different athletes were comparable and objective in assessing their performance.

26. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 10 June 2020 (*Appendix 29*) that the specified competitions were either multi-sports games hosted by the Olympic Council of Asia or highest-level competitions hosted by International Federation/Asian Federation, International Multi-sports Organizations recognized by IOC or General Administration of Sport. Being a member of IOC and the Olympic Council of Asia, SF&OC applied an equal standing for all these competitions. Athletes would be selected as a member of the Hong Kong, China Delegation if they achieved the required ranking in one of these competitions.

27. According to paragraph 3(b) of Case 1, the Selection Committee had taken into account other consideration factors, such as members of relay teams and holders of Hong Kong Sports Institute ("HKSI") Elite C scholarships, apart from the four announced criteria as mentioned in paragraph 25 above in selecting athletes for participating in the swimming events at the 18th Asian Games. The Committee was concerned whether the relevant NSA and its member swimming clubs, coaches and

¹⁵ The four athlete selection criteria for the 18th Asian Games included: (a) athletes' outstanding results in sports games (e.g. ranked 1st to 8th in 2014 to recent World or Asian Championships and ranked 1st to 8th in various multi-sports games, including 2014 Asian Games and 2017 Asian Indoor and Martial Arts Games); (b) participation in the Rio 2016 Olympic Games; (c) in the absence of (a) and (b) above, athletes' best performance in nominated events in years 2014 to 2018; and (d) NSAs' preparation plans for their athletes, including training and competitions in the coming six months leading to the 18th Asian Games.

athletes were well aware of these other factors to be considered in the selection exercise.

28. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** responded at the public hearings and **Honorary Secretary General, SF&OC** added in his letters dated 3 and 23 June 2020 (*Appendices 27* and *30* respectively) that:

- having taken into account the nominations submitted by NSAs, such as the number of nominations received and the number of athletes meeting the criteria in paragraph 1(a) and (b) of Case 1, the Selection Committee would discuss and determine the details of the criteria in paragraph 1(c) and (d) of Case 1 at the meeting (See Note 15 to paragraph 25 above). The details might vary with different games, but each multi-sports event would adopt the same set of criteria; and
- holder of HKSI Elite Training Grant was regarded as a consideration factor under the criterion in paragraph 1(c) of Case 1 (i.e. athletes' best performance in the nominated events in the past four years). NSAs were required to submit this information for each of their nominations, and thus they should clearly understand that this information was one of the important factors for consideration in the selection exercise.

29. At the request of the Committee, **Honorary Secretary General, SF&OC** provided in his letter dated 23 June 2020 (*Appendix 30*) the nomination form provided by SF&OC to NSAs and the letter of invitation for nominations issued by the NSA in Case 1 on 14 March 2018 to its member swimming clubs for the 18th Asian Games. The Committee observed that the nomination form distributed by SF&OC to NSAs provided a column for NSAs to fill in the information on the HKSI scholarships awarded to the nominated athlete, while the nomination invitation letter and its attached nomination form issued by the NSA in Case 1 showed no instructions requiring its member swimming clubs to submit information on the HKSI scholarships received by the nominee.

30. With respect to the selection criterion in paragraph 1(c) of Case 1, the Committee asked why athletes' best performance in the nominated events was, as advised by **Executive Director, SF&OC** at the public hearings, measured in terms of the rankings among all participants rather than their personal best times achieved in competitions. It was noted at the public hearings that specifically, the Selection Committee had drawn the line being in the top one-third among the total participants

of a sports event in international competitions when considering the best performance of athletes under this criterion (see paragraph 25 above).

31. **Mr YEUNG Tak-keung, Commissioner for Sports and Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** added in his letter dated 3 June 2020 (*Appendix 27*) that:

- most NSAs set their nomination criteria based on quantifiable factors, such as time, distance, etc., having regard to the uniqueness of their individual sports. The Selection Committee therefore adopted another set of objective criteria that could be equally applied to all sports. Athletes' rankings in international competitions were used as primary consideration for reflecting their competitiveness among other counterparts; and
- the ranking of 1st to 8th was adopted in most sports competition finals with eight participants, such as athletics, swimming, etc. The rule of top one-third of ranking was also commonly used in sports to ensure that the results achieved by an athlete reached the upper standard among the participants. The above two criteria were used by HKSI in considering the Elite Training Grant.

32. The Committee questioned whether it was appropriate for NSAs and SF&OC to adopt two different sets of criteria in nominating and selecting athletes respectively. Noting from **Honorary Secretary General, SF&OC** at the public hearings that SF&OC would review its existing athlete selection criteria, the Committee asked whether SF&OC would consider developing a standardized set of athlete selection criteria agreed by both NSAs and SF&OC, and making reference to overseas practices to select athletes in an open manner, for example, shortlisting athletes through selection competitions/qualifying matches, with a view to enhancing the transparency and objectivity of the selection process.

33. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** responded at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letters dated 10 and 23 June 2020 (*Appendices 29 and 30* respectively) that according to the Olympic Charter¹⁶ and established arrangement for participating in international games, SF&OC and NSAs had their own autonomy

¹⁶ See the website of IOC: <http://www.olympic.org>

and uniqueness in selecting athletes. The selection process should be conducted into two parts, namely nomination from NSAs and selection from SF&OC. NSAs should set their own nomination criteria based on the uniqueness of their respective sports, while the Selection Committee would select athletes taking into account a set of objective criteria that could be universally applied to all types of sports with a view to facilitating fairness and standardization in the selection system.

34. The Committee asked when the Head Swimming Coach of the Hong Kong, China Delegation made the decision on the athletes filling up the two places for the men's 100 metres ("m") breaststroke event in the 18th Asian Games after the Selection Committee had not selected any athletes for participating in that event at its meeting in April 2018. **Honorary Secretary General, SF&OC** gave two different answers at the first public hearing (i.e. a couple of days before the competition, and on the competition day). He subsequently clarified in his letter dated 3 June 2020 (*Appendix 27*) that the Head Swimming Coach selected two swimmers to fill the vacancies in the men's 100m breaststroke event¹⁷ upon the submission of entry form to SF&OC in June 2018. However, the Committee noted from the above letter that one of the above two swimmers was originally nominated by the relevant NSA for the men's 100m breaststroke event but his nomination had not been accepted by the Selection Committee. The Committee was thus concerned whether the Head Swimming Coach was required to seek prior approval from or report to the Selection Committee on his such arrangement, which departed from the Selection Committee's decision.

35. **Honorary Secretary General, SF&OC** responded in his letter dated 23 June 2020 (*Appendix 30*) that SF&OC understood that NSAs or their coaches might need to make necessary re-deployment of athletes for participating in sports events upon submission of entry by name or right before the competition having regard to the competition schedule, athletes' performance and strategic plan, etc. Therefore, SF&OC respected the professional judgement and decisions made by NSAs for such changes provided that the athletes concerned were on the approved list of athletes taking part in the competition and the re-deployment made no change to the number of participating athletes.

¹⁷ One swimmer had already been selected for participating in men's 50m breaststroke and the other for men's 200m breaststroke by the Selection Committee.

36. The Committee sought confirmation from SF&OC on an incident revealed on the social network about an athlete who was selected by the Selection Committee for competing in men's 50m breaststroke in the 18th Asian Games suffered lower limb injury and received surgery three months before the competition. SF&OC confirmed this incident and provided a letter from the Head Swimming Coach of the Hong Kong, China Delegation with details of the case at the fourth public hearing. SF&OC admitted that it was not aware of the incident until the matter was raised at the public hearings. Noting from the circular issued by SF&OC to NSAs on 7 March 2018 (*Appendix 28*) that one of the selection criteria for participating in the 18th Asian Games required athletes to pass a medical check-up demonstrating fitness for competition, the Committee asked whether there was any mechanism put in place by SF&OC for head coaches or athletes to report any material incidents that might affect athletes' fitness for competition after the selection exercise.

37. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** responded at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 23 June 2020 (*Appendix 30*) that according to the approval letter to take part in competition issued by SF&OC to NSAs and the undertaking signed by athletes, NSAs and the approved athletes should ensure that the athletes kept their physical conditions up to standard and avoid injuries as far as possible. Apart from the medical reports provided by HKSI for its scholarship holders or by SF&OC's Honorary Medical Advisor for non-HKSI scholarship holders indicating selected athletes' fitness for competition, the reporting of any incidents affecting athletes' physical fitness after the selection exercise currently only relied on notification by NSAs of their own accord. SF&OC would actively consider putting in place a reporting mechanism for such incidents.

38. The Committee asked when the medical check-up would normally be conducted for nominated athletes and whether the medical report on the athlete's fitness for competition was required to be submitted with the nomination form. **Honorary Secretary General, SF&OC** advised in his letter dated 23 June 2020 (*Appendix 30*) that after the first meeting of the Selection Committee, SF&OC would issue a circular to NSAs on the medical check-up arrangement for the athletes on the approved list.

39. On the Committee's question about the substitution arrangement for the withdrawal of athletes from competition, **Honorary Secretary General, SF&OC** advised at the public hearings and supplemented in his letter dated 23 June 2020 (*Appendix 30*) that if an approved athlete was not able to attend a competition, the

relevant NSA might assign another athlete selected from the approved list of athletes to take up the place. SF&OC respected the professional judgement and arrangement made by NSAs. If a non-approved athlete was selected, the relevant NSA was required to submit a new nomination with supplementary information provided to the Selection Committee for consideration.

40. As advised by **Honorary Secretary General, SF&OC** at the public hearings, there were three cases of review against the selection decisions of the Selection Committee on the swimming events in the 18th Asian Games. At the request of the Committee, **Honorary Secretary General, SF&OC** provided in his letter dated 3 June 2020 (*Appendix 27*) a chronology of events in respect of the review process.

41. The Committee noted from the above chronology of the review process that one of the athletes' review requests was submitted together with a letter from his coach mentioning the athlete's lack of normal training and performance drop in the recent years. The Committee further requested SF&OC to provide all the information related to the athlete's review case, including a full copy of the above letter from the coach. After scrutinizing the information, the Committee found that the part extracted by SF&OC from the coach's letter was taken out of context and had left out the justifications provided by the coach to request the Selection Committee to consider the review case on compassionate grounds.

42. Noting from *Appendix 27* that the review exercise was conducted by circulation of papers to members of the Selection Committee, the Committee asked why the Selection Committee did not hold a meeting to discuss and consider the review cases, and how SF&OC could ensure that sufficient time was allowed for the review and appeal process before the finalization of the list of members of the Hong Kong, China Delegation.

43. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** added in his letter dated 10 June 2020 (*Appendix 29*) that:

- since the number of reviews requested by NSAs was unlimited and NSAs might submit their review requests at different times, it was difficult for the Selection Committee to fix a meeting schedule in advance. In the circumstances, the SF&OC Secretariat would

circulate the review requests to the Selection Committee members for their prompt response once a certain number of cases were received. Having considered that the athletes' basic information had been well discussed during the selection meeting, members of the Selection Committee would mainly consider through circulation of papers the additional information and supporting grounds provided by NSAs; and

- NSAs could, having regard to their own circumstances, submit their review requests to the Selection Committee or appeal direct to the Appeal Panel at any time before the deadline of entry by name. SF&OC would follow up immediately upon receipt of the case taking into account the deadline of entry by name.

44. The Committee observed that in the review process, members of the Selection Committee were only requested to indicate in a reply slip whether they accepted the nomination, but were not required to provide the justifications for their individual decisions made on each of the review cases.

45. With reference to Case 2 in paragraph 2.19 of the Audit Report, the Committee asked why it took SF&OC two years (from 2016 to 2018) to handle the case. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 3 June 2020 (*Appendix 27*) that SF&OC considered that sufficient time should be allowed for the NSA concerned to improve its internal management efficiency and the selection mechanism. During the period from 2016 to 2018, SF&OC had maintained communication with both the NSA concerned and the complainants in the hope that the former could make improvement. However, SF&OC had not observed any substantial improvement made by the NSA concerned. At the general meeting of SF&OC held on 8 June 2018, it was resolved that the membership of the NSA concerned be suspended indefinitely. **Honorary Secretary General, SF&OC** provided in his letter dated 3 June 2020 (*Appendix 31*) the chronology in respect of the handling of Case 2 by SF&OC from June 2016 to September 2019.

46. In response to the Committee's enquiry about the latest development of Case 2, **Honorary Secretary General, SF&OC** advised in his letter dated 3 June 2020 (*Appendix 31*) that the two observers nominated by the Board of SF&OC would submit a report by the end of September 2020 to make recommendations in respect of the reinstatement of the membership of the NSA concerned.

47. On the Committee's question as to whether the suspension of the membership of the NSA in Case 2 had brought any adverse impact on athletes, **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** responded at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 3 June 2020 (*Appendix 31*) that the membership suspension of the relevant NSA mainly affected its right to select athletes to participate in international games under the jurisdiction of SF&OC and its right to attend all meetings/events/programmes of SF&OC. Nevertheless, SF&OC had formed an independent provisional selection panel for selecting athletes of the relevant sport to participate in the 18th Asian Games.

48. In response to the Committee's enquiry about the handling procedures for public complaints against NSA members by SF&OC, **Honorary Secretary General, SF&OC** advised in his letter dated 3 June 2020 (*Appendix 31*) that upon receiving complaints against NSA members, SF&OC would, with the complainant's consent, forward the case to the relevant NSA for follow-up actions. The progress of complaint cases about NSA members would be reported and discussed at the meetings of the Membership Affairs Committee in a timely manner.

49. According to paragraph 2 of Case 2, SF&OC was not empowered to investigate complaint cases. The Committee asked why SF&OC subsequently looked into the complaints against the relevant NSA in Case 2 in June 2016.

50. **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 3 June 2020 (*Appendix 27*) that without the power of investigation, SF&OC could only handle the complaint case based on the information provided by the relevant NSA and the complainants. In view of the substantial increase in the complaints against the NSA concerned, SF&OC had taken a series of follow-up actions and discussed the case regularly at the meetings of the Board and the Membership Affairs Committee. As no substantial improvement was made by the relevant NSA, SF&OC decided to hold a general meeting in accordance with the Articles of Association for discussion on the handling of this case. With the provision of a time-limited funding of \$5 million per year for five years starting from 2020-2021 by HAB, SF&OC would review the corporate governance of NSAs, including the monitoring of their compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC¹⁸ and SF&OC's Articles of Association, etc.

¹⁸ See the website of IOC: <http://www.olympic.org>

51. The Committee asked whether there was any mechanism put in place by SF&OC for NSA members to appeal against the decisions made by SF&OC in respect of membership affairs, such as the suspension of membership, and the actions that an NSA could take if it disagreed with SF&OC's decisions.

52. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** advised at the public hearings, and **Honorary Secretary General, SF&OC** supplemented in his letter dated 3 June 2020 (*Appendix 31*) that according to Article 59(4) of SF&OC's Articles of Association, "[a] member may appeal against a decision made by the general meeting, the Board of Officers or any committee under these Articles by written notice delivered to the Federation within 21 days from the date of the decision". The relevant procedure was contained in the press release on the suspension of membership of the NSA in Case 2, which was provided in the above letter.

53. The Committee asked how SF&OC could ensure NSA members' compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC, SF&OC's Articles of Association and BPR given that no monitoring mechanism was established by SF&OC for such purpose.

54. **Honorary Secretary General, SF&OC** advised in his letter dated 3 June 2020 (*Appendix 27*) that with the provision of a time-limited funding of \$5 million per year for five years starting from 2020-2021 by HAB, SF&OC would allocate the new resources to review corporate governance of NSAs including but not limited to reviewing their Articles of Associations, the composition of their executive boards and election mechanisms, athlete selection mechanism, financial reporting and auditing compliances, etc.

55. Referring to paragraphs 2.24 to 2.26 of the Audit Report about the slow progress of some athletes in English online course provided under HKACEP, the Committee enquired about the measures to support them and to monitor their study performance. **Honorary Secretary General, SF&OC** advised at the public hearings and supplemented in his letter dated 9 June 2020 (*Appendix 32*) that:

- the Office of HKACEP had liaised with the course provider to offer appropriate assistance to the athlete participants with learning difficulties, such as re-assigning appropriate level of English online

course, providing private tutorial lessons and face-to-face workshops; and

- the Office of HKACEP had also introduced a new regulation that course participants were required to advance one level in four years after the successful enrolment or advancement of one level. Those who failed to meet the above requirement would be requested to drop out.

56. Referring to Table 8 in paragraph 2.29 of the Audit Report about the claiming status of HKACEP scholarships by athletes, the Committee asked how the unclaimed scholarships would be handled and whether SF&OC would consider setting a time limit for claiming scholarships by athletes.

57. **Executive Director, SF&OC** advised at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 9 June 2020 (*Appendix 32*) that the unclaimed scholarships would be returned to the HKACEP Education Scholarship Reserve Fund for other new eligible applications. To better monitor the claiming of scholarships by athletes, the Office of HKACEP had imposed a new regulation that all applicants were required to submit and follow the reimbursement schedules set out in their undertaking forms, and to make the first reimbursement within 24 months. Failure to do so would lead to cancellation of the approved scholarship.

58. On the Committee's question as to whether the HKACEP Committee of SF&OC had regularly discussed or reviewed the support measures for the further development of retiring or retired athletes, **Commissioner for Sports and Honorary Secretary General, SF&OC** advised at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 9 June 2020 (*Appendix 32*) that the HKACEP Committee held ten meetings in the past three years, and had introduced a number of supporting initiatives for retiring or retired athletes as follows:

- the launch of Enhancement of HKACEP Education Scholarship Programmes, Ontario eSchool Athlete Scholarship Programme and Test of English for International Communication were aimed at promoting and facilitating the further study of serving and retired athletes;

- the introduction of "Stars to Shine Mentorship Programme", which was aimed at providing newly retired Hong Kong athletes (mentees) with an additional avenue of learning through experience sharing and interaction with seasoned retired famous Hong Kong athletes who had successfully developed their second career and gained a wealth of working experience (mentors);
- the Office of HKACEP would organize a series of new and practical courses conducive to athletes' integration into the mainstream society and future career development or transformation; and
- new team building activity would also be conducted to sharpen athletes' positive mindset and interpersonal skills, enhance HKACEP's bonding with the existing athlete members and attract new athlete members to join the life skills training programme.

59. Noting from the public hearings that a cadre of 30 part-time Doping Control Officers ("DCOs") was set up to assist in conducting doping tests for athletes, the Committee sought the details about the employment of these part-time staff, as well as the staff establishment and strength of the Office of HKADC.

60. **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 9 June 2020 (*Appendix 32*) that recruitment advertisement of the post of DCO would be publicly posted on the website of HKADC and forwarded to some organizations such as the Auxiliary Medical Service when vacancy arose. Certified DCOs were remunerated for their services at \$880 for out-of-competition test and at \$220 per hour for in-competition test. New recruits must attend mandatory basic training and examinations for certification. After successful certification, DCOs must attend annual training and a re-certification examination every two years. The Office of HKADC had an establishment of seven staff members and further details were provided in the above letter.

61. Referring to paragraphs 2.37 and 2.38 of the Audit Report regarding the unsuccessful attempts to conduct doping test by the Office of HKADC from 2014-2015 to 2018-2019, the Committee was advised at the public hearings that the Office of HKADC had not sent emails requesting two of the six athletes to report on their whereabouts because they had already provided the updates to the Office but just the updated information could not reach DCOs in time. The Committee sought

the work flow from updating information by athletes to forwarding such information to DCOs, and the measures to prevent the reoccurrence of such cases.

62. **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** added in his letter dated 9 June 2020 (*Appendix 32*) that:

- in order for the Office of HKADC to conduct doping test without advance notice, athletes were required to submit information on their expected whereabouts to an online system on a quarterly basis, and update the information anytime during the quarter when required. Based on the submitted information on whereabouts, the Office of HKADC would then assign the task to DCOs within a specified period before the day of collection of samples; and
- with the implementation of new internal guidelines, if an athlete made the update before the assigned DCO performed the duty, the Office of HKADC would be alerted and immediately inform the responsible DCO of the change as far as practicable. To ensure strict adherence to the anti-doping requirements, enhanced workflow would be implemented by the Office of HKADC and a more senior staff of the Office would be assigned to follow up on the cases.

63. With reference to paragraph 2.38 of the Audit Report, the Committee asked why the Office of HKADC had not asked all the six athletes at any point in time to provide explanations for not being able to be located, and why subsequently no doping test had been conducted for Athletes E and G.

64. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 9 June 2020 (*Appendix 32*) that the World Anti-Doping Agency had only formulated guidelines for the management of unsuccessful attempts on top tier athletes under which notice was required to be issued to request explanations from these athletes. As the six athletes were from a lower tier, the Office of HKADC misunderstood that such requirement was not applicable to them. However, the Office of HKADC had actually put in place guidelines for the management of unsuccessful attempts on lower tier athletes. For the cases of Athletes E and G, no doping tests were conducted for them because

doping tests were performed on athletes on a random basis and the two athletes were not selected.

65. The Committee asked whether the Office of HKADC had taken disciplinary actions against the athletes who failed to comply with the anti-doping requirements in the past five years and whether there was an internal appeal mechanism in the disciplinary procedures. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** advised at the public hearings and **Honorary Secretary General, SF&OC** added in his letter dated 9 June 2020 (*Appendix 32*) that:

- disciplinary actions, such as prohibition against participation in competition, would be taken if an athlete had accumulated a certain number of failures to update whereabouts information within a period. The number of whereabouts failures recorded in the past five years was 24 times, but no athlete had accumulated the number of failures up to the limit that would lead to disciplinary actions. Nonetheless, notices had been issued to the athletes with records of whereabouts failures; and
- athletes could request an administrative review on each record of whereabouts failure. The review would be conducted by the Doping Control Panel, which currently consisted of a Chairman and four members. In the past five years, the Panel had dealt with two administrative review cases through circulation of papers, and all the decisions made were to uphold the whereabouts failure records of the relevant athletes.

66. With reference to Table 10 in paragraph 2.47 of the Audit Report, the Committee sought the reasons for the large variations in general in the average gross floor area per staff of NSAs in the Olympic House in 2018-2019, and the remedial measures to improve the allocation of office spaces in the Olympic House. **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 9 June 2020 (*Appendix 32*) that:

- the office spaces in the Olympic House for each tenant NSA were allocated based on the number and the rank of its staff members by the

then Hong Kong Sports Development Board.¹⁹ After the taking over of the building by SF&OC in 2004, the development of Hong Kong sports had been growing tremendously, along with the surging number of tenants' staff, which resulted in the disparity of the average gross floor area per staff among tenants; and

- to address the over-crowded situation of the Olympic House in the short term, MCOHL would, in consultation with HAB, review and re-allocate the office spaces taking into account the existing staff number of each tenant.

67. With reference to paragraph 2.51 of the Audit Report, the Committee asked whether HAB and SF&OC would consider Audit's recommendation of converting some meeting rooms or board room with low utilization rates into office spaces. **Secretary for Home Affairs** responded at the public hearings and **Honorary Secretary General, SF&OC** added in his letter dated 9 June 2020 (*Appendix 32*) that after studying the existing staff number of each tenant and the possibility of re-allocating the tenants' offices in the Olympic House, MCOHL would liaise with HAB to explore the feasibility of converting some meeting rooms into office spaces. The initial proposal would be put forward in the current fiscal year. In the meantime, MCOHL would also strengthen the promotion to the public on the use of the meeting facilities in the Olympic House.

68. With reference to paragraph 2.54 of the Audit Report, the Committee enquired about the collaborative efforts to be made by HAB in taking forward the redevelopment of the Olympic House with SF&OC, the short- and long-term measures to address the over-crowding in the Olympic House and the long-term requirement for office spaces by NSA tenants.

69. **Secretary for Home Affairs** and **Commissioner for Sports** advised at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 9 June 2020 (*Appendix 33*) that the Financial Secretary announced in the 2018-2019 Budget that a technical feasibility study would be conducted on the redevelopment of the Olympic House. HAB had been actively following up the matter and joined hands with SF&OC to take forward the preparatory work. SF&OC had

¹⁹ The Hong Kong Sports Development Board, which was established in 1990 under the Hong Kong Sports Development Board Ordinance (Cap. 1149) for the promotion and development of sports and physical recreation, was dissolved in June 2004.

preliminarily worked out the overall requirements for office and activity space after consulting various NSAs. HAB was assessing SF&OC's proposal with the relevant departments and conducting the traffic and noise impact assessments. Upon completion of the assessments, HAB would consult the Wan Chai District Council and work with the Architectural Services Department on the technical feasibility study and the works schedule.

70. **Honorary Secretary General, SF&OC** added in his letter dated 9 June 2020 (*Appendix 32*) that SF&OC had reflected to HAB the over-crowded situation of the Olympic House since 2011. In 2013, SF&OC proposed using some areas of the office building in the Kai Tak Sports Park as the office accommodation for NSAs. In 2015, SF&OC issued a questionnaire to gauge the accommodation needs of NSAs in the Kai Tak Sports Park. After the Olympic House redevelopment project was put forth in the 2018-2019 Budget, HAB started to discuss regularly with SF&OC the technical feasibility study. During the period from 2018 to 2020, HAB and SF&OC collected statistics on the five-year plan and manpower forecast of each NSA, with a view to facilitating the office space allocation in the future Olympic House.

71. With reference to paragraph 2.59(a) of the Audit Report, the Committee enquired about the improvement measures to address improper procurement practices, to avoid sole and single source procurement as far as possible, and to ensure proper documentation for decisions to adopt single quotations.

72. **Executive Director, SF&OC** responded at the public hearings and **Honorary Secretary General, SF&OC** added in his letter dated 9 June 2020 (*Appendix 32*) that SF&OC had reviewed the 20 procurements made on the basis of single quotation as mentioned in the Audit Report, and had already rectified the relevant procurement practices to ensure that all purchases of goods and services complied with the procurement requirements by obtaining the required numbers of written quotations and seeking approval from the appropriate authorities. Details of the above 20 procurements (including the follow-up actions taken by SF&OC) and the procurement requisition forms indicating the level of authorization required were provided in the above letter.

73. With reference to paragraph 2.59(b) of the Audit Report, the Committee asked whether there were any guidelines in place on the setting of maximum reimbursable amount. **Executive Director, SF&OC** responded at the public

hearings and **Honorary Secretary General, SF&OC** further explained in his letter dated 9 June 2020 (*Appendix 32*) that:

- to set a maximum reimbursable amount for air fare, SF&OC would make reference to the air fares for the economy class trip previously purchased for different games attended by members of the Hong Kong, China Delegation. As an illustration, SF&OC had received a request from a few athletes and coaches, who had to travel to other cities for another competition immediately after the 18th Asian Games, for reimbursing the payment of air fares to be made by them for attending that competition. The request was submitted to Honorary Secretary General for consideration and a maximum reimbursable amount was suggested with reference to the average air fare for economy class round trip made by other members of the Hong Kong, China Delegation (i.e. the air fare offered under the sponsorship agreement), which was lower than the amount approved by HAB. After obtaining Honorary Secretary General's approval, the NSA concerned was requested to present the original invoices within one month after the conclusion of the 18th Asian Games for reimbursement; and
- SF&OC would try to formulate guidelines on fee reimbursement before the games, and emphasize to NSAs the importance of following the guidelines.

74. With reference to paragraph 2.59(c) of the Audit Report, the Committee enquired about the process of sourcing and deciding on the airline companies with which the sponsorship agreements were signed. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** added in his letter dated 9 June 2020 (*Appendix 32*) that:

- the Organizing Committee of SF&OC would usually conduct a Chef de Mission Seminar half to one year before the games. After the seminar, SF&OC would decide the route for members of the Hong Kong, China Delegation to the games cities taking into account factors including port of entry, shortest route between Hong Kong and the games cities, frequency of flights, baggage transfer, etc.; and
- as required by the HAB subvention approval letter, SF&OC would then approach the airlines offering flights to the selected route for the provision of sponsorship, including discounted air fare, excess baggage

allowance and transit facilitation, etc. If the airline could provide the requested arrangement, SF&OC would discuss with the airline further details on the sponsorship agreement. The sponsorship agreement would be reviewed by Honorary Secretary General before submission to the President for signature. SF&OC would then make the procurement with the airline according to the exemptions for the purchase made under sponsorship agreement as set out in the procurement guidelines.

75. The Committee was concerned whether exempting the purchase made under sponsorship agreements from procurement requirements would give rise to corruption risks, and whether SF&OC would conduct any review or implement measures to enhance the transparency in making sponsorship agreement and to facilitate the monitoring by the management.

76. **Honorary Secretary General, SF&OC** responded at the public hearings and added in his letter dated 9 June 2020 (*Appendix 32*) that since the sponsorship agreement would be vetted by different levels of staff and directors, the risk level was reduced to a minimum. Nevertheless, SF&OC would, in response to Audit's recommendation, draw up guidelines for exemption procedure and obtain quotations from other airlines which could fulfill the same service requirements.

77. Referring to paragraph 2.59(d) of the Audit Report about the procurement of a two-year maintenance service for the passenger lift in the Olympic House, the Committee sought the reasons why the procurement was made without obtaining the required number of written quotation and approving authority.

78. **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 9 June 2020 (*Appendix 32*) that the responsible staff members by mistake had only invited quotations from two instead of three service providers as required, and had not sought the approval from the President via a director in accordance with the procurement guidelines. The staff members concerned had been reminded to observe the relevant procurement requirements.

C. Government funding and monitoring

79. With reference to paragraph 3.5(c) of the Audit Report, the Committee enquired about the updated position of the one-off allocations totalling \$27 million to SF&OC and MCOHL. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** advised at the public hearings and **Honorary Secretary General, SF&OC** provided in his letter dated 3 June 2020 (*Appendix 27*) the relevant information as at 31 March 2020. **Honorary Secretary General, SF&OC** also explained in the above letter that the one-off allocations were only provided by HAB to cover the programme expenses of the Office of HKACEP, the Office of HKADC and MCOHL. The deficits mentioned in paragraph 3.5(c) of the Audit Report were incurred mainly due to the fact that HAB had not increased the recurrent subvention since 2014-2015 to cover the salary adjustment and inflated office expenses. The deficits were subsequently financed by SF&OC's own funding.

80. With reference to paragraphs 3.7 and 3.8 of the Audit Report, the Committee sought explanations for the long delays in making the second quarterly payment of recurrent subvention by HAB to SF&OC in 2017-2018 (i.e. 104 days of delay), and the last three quarterly payments in 2018-2019 (over 30 days of delay for each instalment). The Committee enquired about the measures to ensure timely disbursement of recurrent subventions to SF&OC and MCOHL.

81. **Commissioner for Sports** explained at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 9 June 2020 (*Appendix 33*) that:

- the second quarterly payment of subvention to SF&OC in 2017-2018 was delayed because the staff handling the case failed to process the disbursement in a timely manner, whereas the delay in the last three quarterly payments in 2018-2019 was due to misunderstanding by the staff handling the case that the disbursements should be made after the latest quarterly report was scrutinized; and
- HAB would step up its internal monitoring to make sure that the matter was attended to by the handling officer in good time, and arrange internal staff redeployment to ensure that the subvention was disbursed in accordance with the payment schedule as specified in the subvention agreement. HAB was following up with MCOHL Audit's recommendations to prescribe a payment schedule of disbursement and suitably adjust the deadline for submission of the quarterly management accounts by revising the relevant clauses in the

subvention agreement. The related amendment work was expected to be completed within June 2020.

82. Noting that the funding agreements between the Government and SF&OC and MCOHL for the provision of subventions in 2019-2020 (*Appendix 34*) were signed in July 2019, the Committee asked why there was a three months' delay in signing the agreements, and whether such delay had caused late disbursement of recurrent subventions to SF&OC and MCOHL, and hence resulted in their operational difficulties.

83. **Secretary for Home Affairs, Commissioner for Sports and Honorary Secretary General, SF&OC** explained at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 9 June 2020 (*Appendix 33*) that:

- as a general practice, SF&OC submitted its annual work plan and budget (including those of MCOHL) for the following financial year for consideration by HAB at the beginning of a year (usually in January or February). After the vetting procedure, HAB would discuss with SF&OC the details before signing the subvention agreements with SF&OC and MCOHL respectively. This process would take about four months, and thus the subvention agreements were normally signed in May or June each year;
- for the subvention agreements for 2019-2020, SF&OC had included a funding proposal for a new initiative in its 2019-2020 work plan and budget on which HAB and SF&OC had some discussion before the work plan and budget were finalized. HAB had also reviewed, in consultation with SF&OC and MCOHL, the text of the subvention agreements and made some textual amendments. As a result, the whole process took more time than usual; and
- after the subvention agreements were signed on 11 July 2019, the first quarterly payment for 2019-2020 was disbursed to SF&OC on 24 July 2019 in compliance with the payment schedule as prescribed in the subvention agreement (i.e. ten working days after the signing of the agreement). SF&OC was well aware of the progress, and had made appropriate operational arrangements. In response to Audit's recommendation, HAB would work closely with SF&OC to expedite the signing of subvention agreements in future.

84. With reference to paragraph 3.11 of the Audit Report, the Committee sought the reasons for charging SLCL, which was operating on a self-financing basis, a monthly management fee at subvented rate and the follow-up actions in respect of the management fees of \$345,880 undercharged since the establishment of SLCL in 2015 up to 2018-2019.

85. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 9 June 2020 (*Appendix 32*) that the undercharged management fees would be settled by SF&OC. While further discussion with HAB (i.e. the landlord) was needed on the future charging arrangement for the management fees of SLCL, necessary measures would be taken by SF&OC to avoid the reoccurrence of the cross-subsidization of self-financing activities by subvented programmes.

86. With reference to paragraphs 3.14 and 3.15(d) of the Audit Report, the Committee enquired about the follow-up actions taken by HAB in respect of Audit's suggestion of including MCOHL in the list of organizations receiving recurrent funding from the Government in accordance with the Financial Circular No. 9/2004.²⁰

87. **Commissioner for Sports** responded at the public hearings and **Secretary for Home Affairs** further explained in his letter dated 9 June 2020 (*Appendix 33*) that not all organizations receiving recurrent funding from the Government were explicitly spelt out in the list. Some organizations were listed out by category only. HAB was consulting the Financial Services and the Treasury Bureau on Audit's recommendation and would conclude the relevant follow-up action within June 2020.

88. With reference to paragraph 3.17(a) of the Audit Report, the Committee sought the justifications for HAB's decision to substantially increase its recurrent subvention to SF&OC from \$20 million in 2019-2020 to \$40.6 million in 2020-2021, the job duties of new staff to be covered by the new resources, the expected

²⁰ According to the Financial Circular No. 9/2004 "Guidelines on the Management and Control of Government Funding for Subvented Organisations", the Directors of Bureaux are required to notify the Financial Services and the Treasury Bureau of additions to/deletions from the list of organizations receiving recurrent funding from the Government.

deliverables from SF&OC, and the new/revised performance indicators and targets to ensure that the new funding would be used in a value for money manner.

89. **Secretary for Home Affairs** and **Commissioner for Sports** explained at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 3 June 2020 (*Appendix 35*) that:

- 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 games (including the 6th Children of Asia International Sports Games in 2016, the 1st 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;
- the additional allocation would also 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.; and
- as regards new performance indicators and targets and expected deliverables for the additional subvention, HAB was still in discussion with SF&OC on the details and would include them in the subvention agreement to be signed. HAB would monitor SF&OC's performance and use of subvention by way of quarterly and annual reports to be submitted by SF&OC.

90. With reference to paragraph 3.24 of the Audit Report, the Committee sought the explanation for the under-achievement of 33% in the performance indicator on the attendance to international conference or training courses in 2014-2015, and the rationale behind setting the performance indicator on the production of annual reports on anti-doping activities, which had not been achieved by SF&OC from 2015-2016 to 2017-2018.

91. **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 9 June 2020 (*Appendix 32*) that:

- the performance target on the attendance to international conference or training courses was not met in 2014-2015 because the position of Head of Office was vacant for about four months in the year, and the number of conference/training courses attended decreased; and
- the performance indicator on the production of annual reports on anti-doping activities was set to reflect the work of SF&OC in preparing the above annual report, which summarized statistics and information on NSAs' participation in the testing programme and education programme.

92. The Committee asked why HAB had not taken any follow-up actions in respect of the under-achievement in performance indicators by SF&OC and MCOHL in the period from 2014-2015 to 2018-2019 and SF&OC and MCOHL had also not provided any explanations for their failure to meet the performance targets during the period. The Committee enquired about the improvement measures to address the issue.

93. **Commissioner for Sports** explained at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 9 June 2020 (*Appendix 33*) that when vetting the quarterly reports and management accounts of SF&OC and MCOHL for the period from 2014-2015 to 2018-2019, the officer handling those submissions failed to take follow-up actions on the under-achievement of the performance indicators. The responsible officer had been reminded of the need to examine carefully the reports and take appropriate follow-up actions. HAB would prepare a checklist to facilitate the relevant officers in their assessment on the performance of SF&OC and MCOHL against the indicators. HAB would also step up the monitoring of the performance of SF&OC and MCOHL by deploying staff to review the quarterly reports and take follow-up actions as appropriate.

94. **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 9 June 2020 (*Appendix 32*) that in view of the under-achievement in certain performance indicators over the past years, SF&OC had already established more realistic

indicators since 2018-2019 to better reflect the performance of SF&OC and MCOHL.

95. According to paragraphs 3.28 to 3.30 of the Audit Report, MCOHL had not disclosed in its annual reports of 2014-2015 to 2018-2019 the remuneration of staff of all the top three tiers, which amounted to \$3.25 million in 2018-2019, as required by the subvention agreement. The Committee asked why HAB had not taken any follow-up actions in this regard.

96. **Secretary for Home Affairs** and **Commissioner for Sports** responded at the public hearings and **Secretary for Home Affairs** further explained in his letter dated 9 June 2020 (*Appendix 33*) that in its annual reports for the past five years, MCOHL had disclosed the total remuneration of its top three management staff members (i.e. one Manager and two Assistant Managers). The handling officer of HAB had mistaken such disclosure as being compliant with the relevant requirement in the subvention agreement. HAB would remind MCOHL of the need to make the disclosure in accordance with the subvention agreement and monitor MCOHL's follow-up action in this regard.

97. With reference to paragraphs 3.33 and 3.34 of the Audit Report, the Committee expressed concern over the slow progress of SF&OC in implementing BPR best practices on board governance, integrity management, administration of membership and general administration. The Committee sought the implementation timetable for the outstanding items of these best practices, in particular those relating to membership affairs, and HAB's follow-up actions in this regard.

98. **Secretary for Home Affairs** and **Commissioner for Sports** responded at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 9 June 2020 (*Appendix 33*) that SF&OC would endeavour to implement the best practices laid down in BPR, including those relating to enhancing the transparency in the admission requirements for membership, for example, by uploading the application form, admission requirements and procedures to its website.

99. **Honorary Secretary General, SF&OC** indicated in his letter dated 9 June 2020 (*Appendix 32*) that the follow-up actions in respect of the outstanding items relating to board governance would be discussed at the Board meeting in June 2020. For those relating to integrity management, some had been implemented and the

remainder would be completed in the next appointment of Board members. As for those relating to administration of membership, all the outstanding items would be completed by the end of 2020. The implementation timetable was provided in the above letter.

100. According to paragraph 3.38(d) of the Audit Report, HAB would provide SF&OC with a time-limited funding of \$5 million per year for five years starting from 2020-2021 to support a review by SF&OC on the operation and internal monitoring mechanism of NSAs. The Committee enquired about the scope and timeframe for the review, and asked when HAB would report the outcome of the review to the relevant committee of the Legislative Council.

101. **Secretary for Home Affairs and Commissioner for Sports** advised at the public hearings and **Secretary for Home Affairs** supplemented in his letter dated 3 June 2020 (*Appendix 35*) that:

- SF&OC would establish a steering committee comprising independent professionals to oversee the review. A dedicated team of full-time staff would also be recruited to carry out the various tasks of the review, including:
 - (a) examining the operation of all NSAs, including the conduct of an audit on their Articles of Associations, composition of executive boards and election mechanism, athlete selection mechanism and appeal mechanism, membership application mechanism, financial reporting and auditing compliance, the progress of implementing the BPR best practices, as well as the status of compliance with the Olympic Charter, the Code of Ethics of IOC and SF&OC's Articles of Association;
 - (b) preparing a comprehensive report on the review findings and recommendations for improvement;
 - (c) formulating a code of governance for compliance by all NSAs and considering incorporating BPR best practices into the code of governance;
 - (d) arranging regular thematic seminars for serving and new office bearers and staff of NSAs;

- (e) implementing the recommendations for improvement and monitoring the compliance by NSAs; and
 - (f) compiling an annual report on the progress of the review and the implementation of the recommendations; and
- HAB was discussing with SF&OC the timeframe for the review exercise and would brief the Panel on Home Affairs of the Legislative Council on the review findings in due course.

102. The Committee was concerned how SF&OC would take forward the review exercise, and why SF&OC intended to set up an independent steering committee instead of engaging external parties to oversee the implementation of the review.

103. **Honorary Secretary General, SF&OC and Executive Director, SF&OC** advised at the public hearings and **Honorary Secretary General, SF&OC** added in his letter dated 3 June 2020 (*Appendix 27*) that:

- with the provision of the new funding by HAB, SF&OC would continue its educational efforts in promoting the implementation of BPR, and compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC and SF&OC's Articles of Association, etc. by NSAs. Based on the findings of the review, SF&OC would establish an assessment mechanism for reviewing the BPR implementation and compliance with the above requirements by NSAs;
- in taking forward the review, SF&OC would conduct a consultation exercise on the difficulties encountered by NSAs in corporate governance. SF&OC expected that the consultation and the review would be completed in two years, and then would submit a comprehensive report to HAB; and
- the Board initially planned to set up a steering committee composed of voluntary professionals to monitor the progress of NSAs and SF&OC in the governance enhancement and the implementation of the recommendations in the Audit Report by SF&OC. The appointment of a steering committee would be made by the Board/general meeting of SF&OC. To ensure the credibility of the steering committee, SF&OC would consider the recommendations of the Government and professional organizations and make reference to the overseas practices

in selecting members of the steering committee. To enhance the transparency in conducting the review exercise, SF&OC would announce the composition of the steering committee soonest possible. The reports and recommendations of the steering committee would also be submitted to HAB and uploaded to SF&OC's website in a timely manner.

104. The Committee asked whether HAB considered it most appropriate and effective for SF&OC to conduct the review by itself given its various inadequacies in corporate governance identified in the Audit Report.

105. **Secretary for Home Affairs** responded at the public hearings and supplemented in his letter dated 3 June 2020 (*Appendix 35*) that:

- SF&OC, with 79 NSAs as its member associations currently, had all along been playing an important and leading role in the sports sector. All NSA members were required to comply with the Olympic Charter, the Code of Ethics of IOC and SF&OC's Articles of Association, which empowered SF&OC to monitor the compliance by NSAs. HAB thus considered that SF&OC was in the best position to conduct the review;
- entrusting SF&OC with the responsibility to conduct the review and make recommendations for improvement would best exemplify the autonomous nature of sports organizations. In order to set a good example, SF&OC would also conduct a review on its own operation and internal monitoring mechanism and make improvements as appropriate; and
- HAB was in discussion with SF&OC on including the performance indicators and targets for the review exercise in the subvention agreement for 2020-2021.

D. Governance issues

106. With reference to Table 22 in paragraph 4.4 of the Audit Report, the Committee asked why no meetings were held for the three committees with the largest differences between estimated and actual numbers of meetings from 30 March 2017 to 31 December 2019, namely, the Hong Kong Olympic Academy, the Olympic

House Management Committee and the Public Relations and Corporate Communication Committee.

107. **Honorary Secretary General, SF&OC** and **Executive Director, SF&OC** explained at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 23 June 2020 (*Appendix 30*) that though the above three committees held no meetings during the period, they could discharge their functions by circulation of papers, submission of reports or through discussion at the Board meetings. Nevertheless, SF&OC had observed the overlapping of functions or membership between the Board and its committees, and thus would conduct a review on all its committees' structures, terms of reference, membership, frequency of meetings, etc. The review was expected to be completed in the current financial year. The terms of reference and membership of the Board of SF&OC and its committees were provided in the above letter.

108. Noting that no meetings were held by the Olympic House Management Committee from 30 March 2017 to 31 December 2019, the Committee queried how SF&OC could effectively oversee the matters relating to the management of the Olympic House during the period.

109. **Honorary Secretary General, SF&OC** responded at the public hearings and supplemented in his letters dated 9 and 23 June 2020 (*Appendices 32 and 30* respectively) that members of the Olympic House Management Committee (except the representative of HAB) were all SF&OC's directors. Though there was no meeting held by the Olympic House Management Committee during the period, SF&OC's directors discussed important issues about the Olympic House, such as the redevelopment project and other improvement works, at the Board meetings. MCOHL also submitted reports at every Board meeting and reported to HAB through quarterly reports. The composition of MCOHL's Board of Directors and its tenure were provided in the above letter dated 9 June 2020 (*Appendix 32*).

110. With reference to Table 23 in paragraph 4.12 of the Audit Report, the Committee enquired about the follow-up actions taken by SF&OC in respect of the non-attendance of individual members at meetings. **Executive Director, SF&OC** advised at the public hearings and **Honorary Secretary General, SF&OC** supplemented in his letter dated 23 June 2020 (*Appendix 30*) that SF&OC would take measures to encourage members' attendance. The attendance rate of members would be reviewed and served as one of the consideration factors for re-appointment.

111. At the request of the Committee, **Honorary Secretary General, SF&OC** provided the attendance rates of each member of the Board and the 15 committees of SF&OC²¹ for the meetings held from 30 March 2017 to 31 December 2019 (*Appendix 36*). According to the information provided by SF&OC, the Board held a total of 13 meetings during the above period, and the overall attendance rate of directors at the Board meetings was 77%. Only two of the directors had the attendance rates below 50%, and one of them was appointed in December 2018. The overall attendance rate of directors at the meetings of the 15 committees during the period was 75%, and two of the directors had the attendance rates below 50% (0% and 38% respectively). As for other 84 members (excluding directors) of the 15 committees, the overall attendance rate of these members at committee meetings was 69% during the period and 16 of them (19%) had the attendance rates below 50%. Among these 16 members, nine did not attend any committee meetings during the period.

112. Referring to paragraphs 4.25 and 4.28 of the Audit Report about the inadequacies in implementing new measures to facilitate declaring interests and in documenting rulings and related deliberations on the declared interests by SF&OC, the Committee sought the implementation timetable and details for the improvement measures in response to Audit's recommendations in paragraph 4.30 of the Audit Report.

113. **Honorary Secretary General, SF&OC** responded at the public hearings and supplemented in his letter dated 23 June 2020 (*Appendix 30*) that SF&OC would review the implementation of enhancement practice on declaration of interests in its Board and committees, and would continue its endeavour to formulate a comprehensive policy on declaration of interests and disclosure of potential conflicts of interest, as well as the signing of confidentiality agreement, where appropriate. SF&OC would make reference to the two-tier reporting system recommended in BPR when drawing up the policy. The review and the implementation of the new policy were expected to be completed in the current financial year.

²¹ According to paragraphs 4.2, 4.4(b)(ii) and 4.5 of the Audit Report, of the 29 committees of SF&OC, 14 did not hold meetings in the period from 30 March 2017 to 31 December 2019.

E. Conclusions and recommendations

Overall comments

114. The Committee:

- notes that:

- (a) the Sports Federation & Olympic Committee of Hong Kong, China ("SF&OC") is the National Olympic Committee of Hong Kong, China. According to the Olympic Charter,²² SF&OC must preserve its autonomy and resist all pressures of any kind, including but not limited to political, legal, religious or economic pressures, which may prevent it from complying with the Olympic Charter;
- (b) the Home Affairs Bureau ("HAB") provides recurrent subventions to SF&OC and the Management Company of Olympic House Limited ("MCOHL") pursuant to the subvention agreements signed annually with the two parties respectively. The recurrent subvention provided by HAB to SF&OC (including MCOHL) has been maintained at around \$20 million per annum since 2014-2015. In 2018-2019, the total amount of government funding provided to SF&OC was \$38.9 million.²³ HAB will substantially increase the yearly recurrent subvention provided for SF&OC to about \$40 million from 2020-2021 onwards; and
- (c) according to the 2020-2021 Budget, to further promote sports development in Hong Kong, the Government will substantially increase the total subvention for SF&OC and 60 National Sports Associations ("NSAs")²⁴ from about \$300 million to more than \$500 million per annum over the next four years;

²² See the website of the International Olympic Committee ("IOC"): <http://www.olympic.org>

²³ The total government funding of \$38.9 million comprised: (a) the HAB subvention of \$23,481,000; (b) \$12,517,000 from the Arts and Sport Development Fund (Sports Portion) to support Hong Kong athletes' preparation for and participation in international games and organizing one-off sports projects; and (c) \$2,900,000 from the Leisure and Cultural Services Department for organizing programmes and activities under the Sports Subvention Scheme.

²⁴ NSAs are the local governing bodies for various types of sports. As at 29 February 2020, there were 60 NSAs receiving block grants from the Leisure and Cultural Services Department under the Sports Subvention Scheme, and one of them was not a member of SF&OC.

- is strongly of the view that:
 - (a) while recognizing the autonomy of SF&OC, HAB had an oversight responsibility for SF&OC on the use of public funding, including implementation of good corporate governance practices, in accordance with the monitoring framework established under the subvention agreement to ensure that the government funding provided to SF&OC is used in a prudent and value for money manner; and
 - (b) representing Hong Kong to participate in major international multi-sports games ("international games") is a dream for many local athletes and they have spent long years of hard training in order that they have a chance to be nominated to join the Hong Kong, China Delegation. To ensure fair treatment of athletes in the nomination process by NSAs, SF&OC, while respecting the autonomy and independence of NSAs, has an active role to ensure that the selection processes adopted by NSAs are fair, impartial and transparent;

Selection of athletes

- notes that only NSAs²⁵ can nominate athletes to SF&OC for participating in international games, and the nominations are made based on NSAs' own criteria having regard to the uniqueness of each sports event. NSAs will then submit their nominations to SF&OC's International Multi-Sports Games Selection Committee ("the Selection Committee") for selecting the Hong Kong, China Delegation;
- expresses alarm and strong resentment, and finds it unacceptable that SF&OC's athlete selection process and system for international games, which has been used for over a decade, has the following deficiencies and irregularities as revealed by Case 1 in the Director of Audit's Report ("Audit Report") and at the public hearings:
 - (a) some athletes who failed to meet the announced selection criteria were nonetheless shortlisted by the Selection Committee for participating in the 18th Asian Games by using some other unannounced criteria, and the justifications of

²⁵ As at 29 February 2020, a total of 79 NSAs were members of SF&OC. They were recognized by SF&OC as the official representatives of their respective sports.

which were not properly documented in the meeting minutes. Poor documentation of the Selection Committee's deliberations would undermine the integrity, transparency and credibility of the athlete selection process;

- (b) SF&OC had not published what other important factors would be considered by the Selection Committee in the selection of athletes. Such factors included being members of relay teams or recipients of Hong Kong Sports Institute scholarships for athletes in category of Elite C or higher. Despite the fact that SF&OC claimed repeatedly at the hearings that members of the NSA concerned, coaches and athletes should be well aware of these other factors, no documentation could be provided by SF&OC. Failure to announce openly all the factors that would be considered by the Selection Committee may give rise to the underlying or perceived unfairness of the athlete selection mechanism under which any discretion may be prone to abuse and there may be perceived benefits for those who have better access to the selection-related information;
- (c) the relevant NSA in Case 1 and SF&OC adopted two different sets of criteria in nominating and selecting athletes respectively. The former made its nominations taking into account the personal best time of athletes in swimming events while the latter selected athletes based on the rankings of athletes in recognized competitions. In the circumstances, the coaches and athletes may have to make extra efforts to adjust the training and competition strategies in order to fulfill two different sets of selection criteria;
- (d) an athlete who was shortlisted by the Selection Committee for participating in men's 50 metres ("m") breaststroke in the 18th Asian Games suffered lower limb injury and received surgery three months before the competition. However, it was revealed at the public hearings that SF&OC was not aware of the incident and admitted that there was currently no requirement for the Head Swimming Coach or the athlete to inform the Selection Committee of the incident after the selection exercise. As the selection of athletes for participating in the 18th Asian Games is considered based on, among others, the result of medical check-up demonstrating athletes' fitness for competition and NSAs' preparation plans for their athletes (including their training and

competitions in the six months leading to the Games), the absence of a mechanism for the Head Swimming Coach or the athlete to report to the Selection Committee any material incidents that may affect the athlete's fitness for competition and training plan after the selection exercise has revealed inadequacies in the current athlete selection system;

- (e) the Head Swimming Coach of the Hong Kong, China Delegation assigned two selected swimmers²⁶ in June 2018 to compete in men's 100m breaststroke in the 18th Asian Games despite the fact that no athletes were selected by the Selection Committee at the meeting in April 2018 for that swimming event. Furthermore, one of the above two swimmers was originally nominated by the relevant NSA for participating in men's 100m breaststroke but his nomination had not been accepted by the Selection Committee. There was, however, no documentation indicating that the Head Swimming Coach had either sought prior approval from or reported to the Selection Committee in respect of his such arrangement, which had departed from the Selection Committee's decisions;
- (f) further to item (e) above, the Head Swimming Coach could make the decision to allow shortlisted athletes to participate in events that had vacant places and SF&OC had not put in place a transparent and objective substitution/replacement mechanism on how such vacant places were to be filled. Putting the burden on explaining such decisions on the Coach's own personal judgement without clear guidelines/mechanism would not be conducive to addressing any doubts on the fairness and propriety of these decisions;
- (g) cases of review against the Selection Committee's decisions on athlete selection were considered by the Selection Committee through circulation of paper instead of holding a meeting. Members of the Selection Committee were not required to provide in the reply slip the justifications for their individual decisions made on each of the review cases. SF&OC's Articles of Association²⁷ have not set out any specific rules for the

²⁶ One swimmer had been selected for participating in men's 50m breaststroke and the other for men's 200m breaststroke by the Selection Committee.

²⁷ See the website of SF&OC: <https://www.hkolympic.org>

functioning of the review mechanism for the Selection Committee's decisions though it forms a part of the athlete selection process;

- (h) NSAs which are not satisfied with the Selection Committee's decisions can only appeal to SF&OC's International Multi-Sports Games Appeal Panel for a final decision. In some overseas countries, however, the public can seek independent advice on sports-related disputes from independent professionals, and appeals are handled by independent bodies; and
 - (i) SF&OC had not publicized on its website the information about the athlete selection process, such as the dates of the qualifying events and quotas of events leading to international games, which were, however, available on the websites of the National Olympic Committees of some other countries;
- strongly urges and cautions SF&OC to:
- (a) take forward expeditiously a review on the existing athlete selection criteria, and consider developing a standardized set of athlete selection criteria to be agreed by both NSAs and SF&OC;
 - (b) make reference to overseas practices to select athletes in an open manner, such as holding selection competitions/qualifying matches, with a view to enhancing the objectivity and transparency of the selection process;
 - (c) establish a robust replacement/substitution mechanism for selecting athletes to fill the quotas of sports events in international games arising from athlete withdrawal from competition or non-acceptance of nominations by the Selection Committee;
 - (d) clearly set out the authority and responsibilities of head coaches of the Hong Kong, China Delegation in respect of the preparation and arrangement for competitions (including the continuing duty to report on any material incidents that may affect the athlete's fitness for the competition), while observing and respecting their professional autonomy; and
 - (e) review its procedures for handling cases of review against the Selection Committee's decisions, and set out clearly in its Articles

of Association and/or its website the review mechanism for the Selection Committee's decisions on the selection of athletes (including the composition, terms of reference, functions and responsibilities of the review panel);

Implementation of best practices relating to athlete selection

- notes that in December 2011, the Independent Commission Against Corruption formulated, in consultation with HAB, the Leisure and Cultural Services Department and some NSAs, the "Best Practice Reference for Governance of National Sports Associations - Towards Excellence in Sports Professional Development" ("BPR"),²⁸ which provides guidance on principles and standards of good governance and internal control for adoption by NSAs;
- expresses total dissatisfaction and disappointment and finds it unacceptable that SF&OC has made inadequate effort to ensure the fairness and impartiality in nominating athletes by NSAs, as evidenced by the following:
 - (a) the implementation progress of the BPR best practices on the transparency in selecting athletes for participating in international games was unreasonably slow. Up to 29 February 2020, some of these best practices had yet to be implemented by SF&OC some eight years after the issuance of BPR; and
 - (b) while NSAs are required to submit their athlete nomination criteria to SF&OC for record, there is no monitoring mechanism put in place by SF&OC to ensure NSAs' adherence to their criteria and the implementation of the BPR best practices on athlete selection;
- notes that:
 - (a) as at 3 June 2020, SF&OC has achieved more than 80% of the 29 items of the BPR best practices on transparency in selecting athletes, and aims to complete the remainder by the next financial year; and

²⁸ Best Practice Reference for Governance of National Sports Associations - Towards Excellence in Sports Professional Development (accessed on 29 June 2020):
https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=159

- (b) SF&OC will consider incorporating the BPR best practices into the code of governance to be formulated for compliance by all NSAs;
- strongly urges and cautions SF&OC to take monitoring measures as appropriate to ensure the full implementation of the BPR best practices in respect of athlete selection by NSAs and to ensure that it would implement the remaining 20% of BPR best practices in the next financial year as a role model for NSAs;

Governance and monitoring of NSAs

- notes that NSAs, who are members of SF&OC, are required to comply with the requirements of the Olympic Charter, the Code of Ethics of the International Olympic Committee ("IOC"),²⁹ and SF&OC's Articles of Association. If an NSA member has infringed the requirements, SF&OC has the power to cancel or suspend its membership;
- expresses serious concern about the following inadequacies and limitations of SF&OC in monitoring NSAs as revealed by Case 2 in the Audit Report:
 - (a) there is no mechanism in place to ensure NSA members' compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC, and SF&OC's Articles of Association; and
 - (b) SF&OC is not empowered to investigate cases of complaint against NSA members, and can only deal with the case based on the information provided by the NSA concerned and the complainants and take appropriate follow-up actions accordingly. Under such circumstances, the complaints against the NSA member in Case 2 could not be dealt with by SF&OC effectively and efficiently;
- notes that:
 - (a) HAB will provide SF&OC with a time-limited funding of \$5 million per year for five years starting from 2020-2021 to support a review by SF&OC on the operation and internal monitoring mechanism of NSAs;

²⁹ See the website of IOC: <http://www.olympic.org>

- (b) SF&OC has undertaken to allocate the new resources to reviewing the corporate governance of NSAs including but not limited to reviewing their Articles of Associations, the composition of their executive boards and election mechanisms, financial reporting and auditing compliances, etc.;
 - (c) SF&OC will form a steering committee comprising independent professionals to oversee the implementation of the review exercise; and
 - (d) SF&OC will explore the merit of establishing a mechanism to gauge NSA members' compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC, and SF&OC's Articles of Association;
- strongly urges HAB to:
- (a) closely liaise with SF&OC in taking forward the review exercise, follow up the review progress and achievements on a regular basis, and provide appropriate advice and assistance in a timely manner; and
 - (b) expedite the drawing up of the subvention agreements with SF&OC and MCOHL for 2020-2021 in which performance indicators and targets and expected deliverables for the review exercise should be included to facilitate the monitoring of the implementation of the review and to ensure accountability over the use of government funds for the review by SF&OC;
- strongly urges SF&OC to:
- (a) conduct the review in an effective and efficient manner and report to HAB the review progress on a regular basis; and
 - (b) enhance the publicity and education on the compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC, and SF&OC's Articles of Association by NSA members;
- recommends that SF&OC should issue to NSA members some procedural guidelines for handling complaints, including setting a time limit for responding to the complainants and SF&OC;

Provision of subvention and monitoring

- expresses serious concern about the following inadequacies of HAB's work in the provision of subvention and monitoring compliance with subvention requirements:
 - (a) recurrent subventions to SF&OC were not always disbursed by HAB on a timely basis. In the period from 2016-2017 to 2018-2019, the delays in disbursement ranged from 7 to 104 days. With respect to the disbursements to MCOHL, the dates of disbursement had not been stipulated in the funding agreements signed between HAB and MCOHL;
 - (b) the respective funding agreements between the Government and SF&OC and MCOHL for the provision of subventions in 2019-2020 were signed in July 2019. Such delay in signing the agreements might lead to the operational difficulties of SF&OC and MCOHL; and
 - (c) while under the subvention agreement MCOHL is required to make public disclosure of the remuneration of staff of the top three tiers of MCOHL in its annual report, the remuneration had not been disclosed in MCOHL's annual reports of 2014-2015 to 2018-2019, and there was no evidence indicating that HAB had taken any follow-up actions on the non-disclosure. The undisclosed remuneration in 2018-2019 amounted to \$3.25 million;
- notes that:
 - (a) HAB will step up its internal monitoring and redeploy internal manpower to ensure timely disbursement of recurrent subvention to SF&OC and MCOHL. HAB will also work closely with SF&OC to expedite the signing of subvention agreements in future;
 - (b) HAB will ensure that both SF&OC and MCOHL would make the appropriate disclosure of the remuneration of staff of the top three tiers when the proportion of Government subvention to them exceeds 50% of their total operating income;

- (c) Secretary for Home Affairs has agreed with the Audit Commission ("Audit")'s recommendations in paragraphs 3.15(b), 3.15(c), 3.36(d) and 3.36(e) of the Audit Report; and
- (d) SF&OC has accepted Audit's recommendation in paragraph 3.37(c) of the Audit Report; and

Witnesses' evidence given at the hearings

- expresses alarm and strong resentment, and finds it unacceptable that the quality of evidence given by the representatives of SF&OC at the public hearings had unnecessarily dragged out the investigation process of the Committee and had cast doubts on the credibility of witnesses' responses, as evidenced by the following:
 - (a) SF&OC's representatives had been seen as answering the Committee's questions evasively, providing inconsistent and multi-version answers to the same question at a hearing. On the question as to when the Head Swimming Coach made the decision on the athletes filling up the two places for the men's 100m breaststroke event in the 18th Asian Games, SF&OC's representatives gave two different answers at the first public hearing, namely, a couple of days before the competition, and on the competition day. SF&OC subsequently clarified in its written reply after the hearing that the relevant decision was made upon the submission of entry form to SF&OC in June 2018, about two months before the competition. Furthermore, the responses from the SF&OC's representatives were equally vague and evasive to the questions on whether NSAs and coaches had been formally informed of other consideration factors for athlete selection and on the position of SF&OC's Honorary Secretary General in a swimming club; and
 - (b) SF&OC provided incomplete information taken out of context in response to the question about a review case on the nomination of an athlete, which might mislead the Committee in drawing conclusions on the matters. In a written reply from SF&OC, only part of the views of an athlete's coach in his letter in supporting a review of a nomination rejected by the Selection Committee was extracted and provided to the Committee. The Committee found it doubtful at the hearing and requested a full copy of the letter for further examination. After scrutinizing the

letter, the Committee found that the extracted part provided previously by SF&OC appeared to be aimed at rationalizing the Selection Committee's decision to uphold its rejection of the nomination and failed to give a full and complete account of the content of the letter.

Specific comments

115. The Committee:

Operation of Sports Federation & Olympic Committee of Hong Kong, China

- expresses dismay and disappointment that for the doping tests conducted by the Office of Hong Kong Anti-Doping Committee ("HKADC") in the period from 2014-2015 to 2018-2019, owing to the fact that some athletes could not be located, there were unsuccessful attempts to conduct the tests. Audit examined ten unsuccessful attempts (related to six athletes) in 2018-2019 and noted that, contrary to the anti-doping requirement, all the six athletes had not been asked at any point in time to provide explanations on why they could not be located. Furthermore, two of the six athletes had subsequently updated their whereabouts to the Office of HKADC. However, doping tests had not been conducted for them. Moreover, there were no laid-down requirements on the number of attempts to be made to locate an athlete. The number of attempts made for the six athletes varied;
- expresses serious concern that:
 - (a) while under the Hong Kong Athletes Career and Education Programme ("HKACEP") an English course is provided to enhance athletes' level of English, the progress of some participants is slow. In 2018-2019, of the 69 participants who had joined the course for more than four years, 40 (58%) had failed to advance at least one grade level after joining the course;
 - (b) while scholarships are provided on a reimbursement basis to retiring or retired athletes for pursuing better qualifications, as at

31 December 2019, 11 scholarships approved more than 2.5 years ago had not been claimed by the 11 athletes concerned;

- (c) while according to the tenancy agreements signed between MCOHL and its tenants, including NSAs, MCOHL has the right to allocate office spaces to them based on the numbers of their staff, there were large variations in the numbers of staff of some NSAs occupying office spaces of the same gross floor area (e.g. for three NSAs each of which had been allocated an office space of 130 square feet, the numbers of staff occupying ranged from one to six). Moreover, there were, in general, large variations in the average gross floor area per staff;
- (d) while SF&OC has been in discussion with the Government since 2011 about the long-term requirement for office spaces in the Olympic House, the over-crowding of NSA staff in the Olympic House is still an issue. SF&OC has subsequently proposed the redevelopment of the Olympic House to meet the accommodation needs of NSAs. However, HAB has not yet mapped out the way forward for the Olympic House, and also not yet devised a timetable for taking forward the matters arising as appropriate;
- (e) for the meeting venues available in the Olympic House (comprising a lecture theatre, a board room and seven meeting rooms), in the period from 2014-2015 to 2018-2019, the usage rate of the lecture theatre was between 26% and 32% only, that of the board room decreased from 14% in 2014-2015 to 9% only in 2018-2019, and that of the meeting rooms ranged from 41% to 54%;
- (f) 47 procurements of goods or services (totalling about \$6.6 million) made by SF&OC and MCOHL from 2016-2017 to 2018-2019 were found not compliant with SF&OC's procurement requirements, such as the number of written quotations and the relevant approving authority required, and 20 of which obtained single quotation only;
- (g) among the above 47 procurements, 24 were reimbursements of air fares to NSAs to which SF&OC's procurement requirements were not applicable. As SF&OC had not laid down any guidelines specifically for reimbursements of expenses to NSAs and the setting of maximum reimbursable amounts to them, there was no

mechanism in place to ensure that best value for money had been achieved in making such reimbursements;

- (h) two of the 47 procurements, which involved the purchase of air tickets for the Hong Kong, China Delegation to participate in international games with a total amount of about \$4 million, were made under sponsorship agreements with airline companies, and thus were exempted from the tendering requirements according to SF&OC's procurement policies and principles; and
- (i) one procurement with an amount of \$180,000 for a two-year maintenance service of the passenger lift in the Olympic House had not obtained the number of written quotations and the relevant approving authority as required;

- notes that:

- (a) the Office of HKACEP has introduced a new regulation that all scholarship applicants have to advance one level in four years (after the successful enrolment or advancement of one level). Applicants who fail to meet the above requirement will be requested to drop out;
- (b) another new regulation imposed by the Office of HKACEP is to require all scholarship applicants to submit and follow their reimbursement schedule in the undertaking form, and make the first reimbursement within 24 months from the date of approval. Otherwise, the approved scholarship will be cancelled;
- (c) an enhanced internal workflow will be implemented by the Office of HKADC to ensure strict adherence to the anti-doping requirements;
- (d) HAB has been reviewing with SF&OC and the relevant NSAs their office requirements taking into account the current and future needs, and will continue to work closely with SF&OC in taking forward the redevelopment of the Olympic House;
- (e) MCOHL will liaise with HAB to study the feasibility of converting some meeting rooms into office spaces after studying the existing staff number of each tenant and the possibility of

- re-allocating offices, and will put forward the initial proposal within the current fiscal year;
- (f) SF&OC agrees to further enhance the procurement policy to cover the compelling circumstances and guidelines for reimbursements of expenses;
 - (g) SF&OC has agreed with or accepted Audit's recommendations in paragraphs 2.32, 2.39, 2.53 and 2.60 of the Audit Report; and
 - (h) Secretary for Home Affairs has accepted Audit's recommendations in paragraph 2.52 of the Audit Report;
- strongly urges HAB to work closely with SF&OC to expedite the redevelopment project of the Olympic House and the implementation of interim measures to ease the over-crowding of NSA staff in the Olympic House;
 - recommends that:
 - (a) SF&OC should enhance staff training on its procurement policies and procedures; and
 - (b) SF&OC should invite the Independent Commission Against Corruption to provide its staff with briefings on the best practices in procurement process on a regular basis and to give professional advice on procurement issues;

Government funding and monitoring

- expresses grave concern that:
 - (a) throughout the period from 2014-2015 to 2018-2019, the SF&OC Secretariat had operating deficits. In 2015-2016 and 2016-2017, the Office of HKACEP, the Office of HKADC and MCOHL also had operating deficits. In 2018-2019, the Office of HKACEP and the Office of HKADC incurred deficits again;
 - (b) while according to the Financial Circular No. 9/2004 subvented organizations should ensure that there is no cross-subsidization of self-financing activities by subvented programmes in money or in kind, there was no apportionment of office overheads between

SF&OC's subvented programmes and the two affiliated companies of SF&OC which are operated on a self-financing basis (i.e. the SF&OC Sports Legacy Company Limited and the Hong Kong Olympic Fans Club Limited). Moreover, MCOHL only charged the former a monthly management fee at subvented rate for its occupation of an office space of 305 square feet in the Olympic House since its establishment in 2015. The management fee undercharged from 2015-2016 to 2018-2019 was \$345,880;

- (c) MCOHL had not been included in the list of organizations receiving recurrent funding from the Government in accordance with the Financial Circular No. 9/2004;
 - (d) in the period from 2014-2015 to 2018-2019, MCOHL was frequently late in submitting accounts to HAB. In the period from 2014-2015 to 2017-2018, MCOHL did not submit any reports on its achievements of performance indicators to HAB. However, HAB had not taken any follow-up actions in respect of the non-submission;
 - (e) the Office of HKADC and MCOHL had failed to achieve some of the stipulated performance indicators, but both SF&OC and MCOHL had not provided any explanations in this regard. There were also differences between the achievements reported by SF&OC and MCOHL and those ascertained by Audit; and
 - (f) up to 29 February 2020, 13 of the 73 best practices in BPR, which cover board governance, integrity management and administration of membership, were pending implementation by SF&OC;
- notes that:
- (a) HAB is following up with MCOHL on Audit's recommendations to prescribe a payment schedule of disbursement and suitably adjust the deadline for submission of the quarterly management accounts by revising the related clauses in the subvention agreement. The relevant amendment work is expected to be completed in June 2020;
 - (b) HAB is consulting the Financial Services and the Treasury Bureau on Audit's recommendation to include MCOHL in the list of

organizations receiving recurrent subvention from the Government, and will conclude the relevant follow-up action in June 2020;

- (c) it was agreed that the management fees undercharged to the SF&OC Sports Legacy Company Limited between 2015-2016 to 2018-2019 would be settled by SF&OC. For the future charging arrangement of the management fees, SF&OC will further discuss with HAB and necessary measures will be taken to prevent reoccurrence of the cross-subsidization of self-financing activities by subvented programmes;
- (d) HAB will more closely monitor the submission of accounts and reports by SF&OC and MCOHL, and require them to provide explanation if there are any under-achievements of performance indicators. SF&OC has also established more realistic indicators since 2018-2019 to better reflect its corporate performance;
- (e) SF&OC will improve the submission schedules for accounts and reports, and will follow up the implementation of the best practices laid down in BPR as far as practicable having regard to its corporate structure;
- (f) Secretary for Home Affairs has agreed with Audit's recommendations in paragraphs 3.15(a), 3.15(d) and 3.36 of the Audit Report; and
- (g) SF&OC has accepted Audit's recommendations in paragraphs 3.16 and 3.37(a), 3.37(b) and 3.37(d) of the Audit Report;

Governance issues

- notes that the Board of Officers ("the Board") of SF&OC is supported by 29 committees, of which 27 committees are standing committees and two committees are non-standing committees formed on a need basis. As at 31 December 2019, the 27 standing committees had a total of 249 members;
- expresses disappointment and finds it unacceptable that:
 - (a) during the period from 30 March 2017 to 31 December 2019, among the seven committees which had laid down their estimated

frequency of meetings, the number of meetings held for six of which was less than the estimated number. Of these six committees, three did not hold any meetings. For the other 22 committees which had not laid down their frequency of meetings, no meetings were held for 11 committees;

- (b) for the Board and the 15 committees which held meetings in the period from 30 March 2017 to 31 December 2019, a decrease was noted in members' attendance at meetings of the Board³⁰ and two committees.³¹ Furthermore, each year, there were members who did not attend any meetings of the committees. The number of such members during the above period totalled 61, which was not conducive to the effective functioning of the Board/committees;
- (c) in Case 3 of the Audit Report, the meeting held by the Membership Affairs Appeal Panel on 13 September 2018 was, according to SF&OC, an informal briefing only and thus no agenda and minutes had been prepared for that meeting. However, at the Board meeting in October 2018, the informal briefing of the Membership Affairs Appeal Panel was reported as its first meeting held during the year;
- (d) while a "declaration of interest form" has been introduced since January 2013, as at the end of January 2020, only 5 of the 29 committees had implemented the use of the declaration forms;
- (e) while Officers of the Board have been required since 2016 to declare their interests and sign the "Conflict of interest disclosure and confidentiality statement" at the time of appointment, as at the end of January 2020, of the 29 committees, only 3 had adopted this new measure; and
- (f) in four committee meetings of a total of eight Board/committee meetings where interests were declared, rulings on the declared interests as well as the deliberations related to the rulings were not documented, contrary to SF&OC's requirement;

³⁰ The attendance rate decreased from 83% in 2017 to 76% in 2019.

³¹ The two committees were HKADC (the attendance rate decreased from 91% in 2017 to 73% in 2019), and Hong Kong Sports Stars Awards Judging Panel (the attendance rate decreased from 100% in 2018 to 75% in 2019).

- observes that some committees of SF&OC are operating with most of their communication or deliberations made by circulation of papers or submission of reports. Using circulation of papers/reports to replace meetings too often may easily lead to a doubt on whether the committees have discharged their functions properly without due discussion;
- notes that:
 - (a) SF&OC will conduct a review on the organization structure, terms of reference, membership and the meeting frequency of all its committees, which is expected to be completed in the current financial year, and will also take measures to improve the attendance rate of members, where appropriate;
 - (b) SF&OC will review the implementation of the enhancement practice on declaration of interests in its Board and committees, and will continue its endeavour to formulate a set of comprehensive policy on declaration of interests and disclosure of potential conflicts of interest, as well as the signing of confidentiality agreement. The review and the implementation of the new policy are expected to be completed in the current financial year; and
 - (c) SF&OC has accepted Audit's recommendations in paragraphs 4.17 and 4.30 of the Audit Report; and
- recommends that:
 - (a) SF&OC should review its committee structure on a regular basis and adjust it based on the organization's changing governance needs;
 - (b) SF&OC should make greater efforts in addressing the issue of members' attendance at meetings of the Board/committees and to ensure that they are aware of their roles and duties and perform them faithfully;
 - (c) SF&OC should review the management of potential conflicts of interest relating to the selection of athletes, particularly those involving shortlisted athletes whose family members/relatives are

members of the Board/committees of SF&OC, when drawing up the new policy on declaration of interests; and

- (d) SF&OC should develop good and proper practices in committee servicing to ensure that the committees are operated with efficiency, effectiveness and propriety.

<p style="text-align: center;">Follow-up action</p>
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116. The Committee:

- requests HAB and SF&OC to provide the implementation details of the review by SF&OC on the operation and internal monitoring mechanism of NSAs, including the timeframe for the review and the composition of the steering committee, etc.; and
- wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and Audit.

Employees Retraining Board

The Audit Commission ("Audit") conducted a review of the Employees Retraining Board ("ERB"). Audit reviews on the subject were previously conducted and reported in October 2000¹ and October 2011.²

2. Hon SHIU Ka-fai declared that he was unremunerated honorary adviser or honorary member to some non-governmental organizations or trade associations.

3. In 1992, ERB was established as a statutory body under the Employees Retraining Ordinance (Cap. 423) ("ERO"). Under ERO, the functions of ERB are, among others, to consider the provision, administration and availability of retraining courses and supplementary retraining programmes intended or designed for the benefit of eligible employees in adjusting to changes in the employment market by acquiring new or enhanced vocational skills, and to engage the services of training bodies for the purpose of providing or conducting retraining courses. Since December 2007, ERB has extended its scope of service targets to include people aged 15 or above with education attainment at sub-degree level or below. The governing body of ERB is its Board. ERB has established six Committees and an Investment Group to carry out different functions. ERB provided 130 000 training places and appointed about 70 training bodies to provide around 800 training courses in 2018-2019. In 2018-2019, ERB's income was \$637.3 million and the expenditure was \$949.3 million.

4. The Committee noted the following findings from the Director of Audit's Report:

- the number and percentage of young trainees aged 15 to 29 admitted to ERB training courses among all trainees decreased from 13 423 (12.2%) in 2014-2015 to 10 695 (8.4%) in 2018-2019;
- despite the low number of admitted trainees of ethnic minorities (i.e. 374 in 2014-2015 and 225 in 2018-2019) and decreasing utilization rate of planned places of courses for ethnic minorities (i.e. 47% in 2014-2015 to 28% in 2018-2019), the number of planned places had not been adjusted;

¹ Chapter 9 of Director of Audit's Report No. 35 – "Employees Retraining Scheme".

² Chapter 2 of Director of Audit's Report No. 57 – "Employees Retraining Board".

Employees Retraining Board

- no review on the rates of retraining allowances for placement-tied courses had been conducted over 10 years since April 2009;
- from 2014-2015 to 2018-2019, some training courses did not meet targets on key performance indicators (e.g. capacity utilization rate, attendance rate and graduation rate) and reference indicators (e.g. relevancy rate and continuous employment rate);
- from 2014-2015 to 2018-2019, 60 (47%) of 127 self-evaluations were performed by training bodies which did not obtain Group 1 rating in the on-site annual audits performed by ERB in the last two consecutive years, contrary to the ERB Guidelines;³
- ERB did not always take follow-up actions on training bodies' non-compliances with course-end assessment guidelines found in assessment observations, for example:
 - (a) for the Foundation Certificate in Dim Sum Cook Training Course, trainees were found to be allowed to prepare stuffing prior to the commencement of the course-end assessments since June 2015 involving five classes. No re-assessments were conducted for the trainees involved; and
 - (b) the practical skills assessment for the Certificate in Health Worker Training Courses held in 2015-2016 was not conducted in accordance with the ERB Guidelines. No inspections were conducted to follow up whether improvement measures had been taken;
- from 2014-2015 to 2018-2019, the number and percentage of accredited courses by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications⁴ decreased from 469 (95% of total courses with trainees enrolled) to 308 (58%);
- responses from the service providers were lukewarm for the tender exercises from 2015 to 2019 for the operation of the Service Centre

³ According to the ERB Guidelines, if a training body obtained Group 1 rating in the on-site annual audits performed by ERB in the last two consecutive years, the training body would be allowed to undertake self-evaluation for one year.

⁴ The Hong Kong Council for Accreditation of Academic and Vocational Qualifications is an independent statutory body to undertake Qualifications Framework-related assurance.

Employees Retraining Board

(Tin Shui Wai) and the Service Spots.⁵ Only one to two conforming tenders were received and one of them was usually the incumbent service provider;

- for the Smart Living Scheme,⁶ from 2014-2015 to 2018-2019, the annual service targets on the number of vacancies registered, number of vacancies filled and number of helpers placed were not met by some Smart Living - Regional Service Centres. Despite the unsatisfactory performance of two operators in two consecutive quarters of 2019-2020, ERB still renewed the engagement agreements with them for the Smart Living Scheme;
- for the Smart Baby Care Scheme,⁷ from 2016-2017 to 2018-2019, service requirements were not always met for two of six key performance indicators (i.e. number of vacancies registered and satisfaction rate of employers on the services of fresh graduates);
- requests for declarations of interests were not issued to Board/Committee members in a timely manner. Of the 92 declarations submitted by Board/Committee members for the period from 2015-2016 to 2019-2020, 17 (18.5%) were submitted after the submission deadlines stipulated by ERB;
- ERB incurred a deficit every year, ranging from \$142 million to \$401 million (averaging \$296 million) from 2014-2015 to 2018-2019. The balance of the Employees Retraining Fund⁸ decreased from \$16,280 million in 2014 to \$14,802 million in 2019; and

⁵ ERB has set up a district-based Service Centre in Tin Shui Wai and 37 Service Spots in collaboration with different social service organizations in various districts to provide training services and information on training courses available to local residents.

⁶ The Smart Living Scheme is a one-stop free referral platform for employers to recruit "Smart Helpers" for domestic, care and massage services. Graduates of related ERB courses can also utilize the platform to expand their employer networks and enhance their employment opportunities.

⁷ In June 2013, ERB launched the Smart Baby Care Scheme to centrally follow up post-natal care and infant and child care job vacancies, and to provide one-stop referral services for household employers as well as graduate trainees of related courses offered by ERB.

⁸ ERB is the body corporate responsible for administering the Employees Retraining Fund. Under ERO, the Employees Retraining Fund shall be used to make provisions for the payment of retraining allowances in respect of trainees attending retraining courses or supplementary retraining programmes and to defray the costs of those courses and programmes.

Employees Retraining Board

- effectiveness of providing financial incentives to trainees in encouraging attendance and deterring the provision of false information was doubtful.

5. The Committee asked for written responses regarding the management of training services, quality assurance, training support services, corporate governance and administrative issues. The replies from **Executive Director, ERB** and **Secretary for Labour and Welfare** are in *Appendices 37* and *38* respectively.

6. After studying the above replies, the Committee decided to hold a short public hearing on 12 June 2020 to seek details from the Administration and ERB on the measures that had been/would be taken to address/rectify the inadequacies identified in the Audit Report. **Dr LAW Chi-kwong, Secretary for Labour and Welfare**, made an opening statement at the beginning of the Committee's short public hearing held on 12 June 2020. The full text of Secretary for Labour and Welfare's opening statement is in *Appendix 39*.

7. At the short public hearing, **Mr Byron NG, Executive Director, ERB** further explained to the Committee about the financial positions of ERB given the concern over its deficits in the past few years and the measures taken by ERB to attract young trainees to attend training courses of ERB, retain employees and monitor the submissions of declarations of interests.

8. The Committee made further enquiries about the relevancy rates of training courses and the latest development of the Regional Service Centres of the Smart Living Scheme. The supplementary written responses provided by **Executive Director, ERB** after the short public hearing are in *Appendix 40*.

9. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Government's efforts in implementing electronic recordkeeping system

The Audit Commission ("Audit") conducted a review to examine the Government's efforts in implementing electronic recordkeeping system ("ERKS"). A related audit review on the subject was previously conducted and reported in October 2011.¹

2. The implementation of ERKS is a Government initiative to pursue electronic records management. ERKS is an information/computer system to electronically collect, organize, classify and control the creation, storage, retrieval, distribution, maintenance and use, disposal and preservation of records throughout the life cycle of records. In 2009, an Electronic Information Management ("EIM") Steering Group comprising senior officials from the Office of the Government Chief Information Officer ("OGCIO"), the Administration Wing of the Chief Secretary for Administration's Office, and the Efficiency Office ("EffO") was established to steer the government-wide EIM strategy and implementation. According to the EIM Strategy and Framework promulgated by OGCIO in 2011, all bureaux/departments ("B/Ds") should adopt an ERKS which complies with the functional requirements developed by the Government Records Service ("GRS") under the Administration Wing.

3. Up to March 2019, 11 B/Ds (with about 5 500 users) had fully or partially implemented ERKS under an ERKS pilot programme at a cost of \$110 million. In early 2019, GRS, EffO and OGCIO jointly completed a review which confirmed that the adoption of ERKS could bring about intangible benefits (e.g. reduce risk of inadvertent loss of records) and financial benefits (e.g. reduced need for storage space for paper files). In October 2019, the Policy Address Supplement announced the Government's decision to roll out ERKS to all B/Ds by end 2025 at an estimated non-recurrent cost of \$1,234 million to enhance efficiency in preserving and managing government records.

4. The Committee noted the following findings from the Director of Audit's Report:

- up to February 2020, 17 (23%) of 75 B/Ds had not submitted their ERKS implementation plans though invitation was sent by EIM Programme Management Office under the EIM Steering Group for submission by end-December 2019;

¹ Chapter 10 of Director of Audit's Report No. 57 - "Records management work of the Government Records Service".

Government's efforts in implementing electronic recordkeeping system

- implementation work planned by 57 B/Ds would not be spread out evenly over the period ending 2025. There would be a large number of B/Ds (i.e. some 80% of B/Ds) commencing ERKS implementation from 2022 to 2024;
- non-directorate level staff were appointed by 10 (13%) of 75 B/Ds involved in the service-wide implementation of ERKS as their sole EIM coordinators, which did not meet the requirement according to the EIM Strategy and Framework.² 59 (70%) of 84 EIM coordinators for the 75 B/Ds had not attended in person the briefing sessions on ERKS implementation for directorate staff in July and August 2019;
- Audit had identified the following issues involved in planning service-wide implementation of ERKS:
 - (a) the Government Human Resources Management Service ("GovHRMS")³ was only for adoption by B/Ds on a voluntary basis with no plan of full implementation in all B/Ds;
 - (b) as ERKS did not support remote access to confidential records in light of the requirements stipulated in the Government Security Regulations (i.e. a user can only retrieve confidential records in ERKS when connected to government network in government offices), staff were unable to access confidential records when working at locations other than in government offices;
 - (c) the implementation of the new government email system was on a schedule different from the implementation of ERKS. The implementation of both systems should be synchronized as far as practicable to avoid duplication of efforts and facilitate the integration of both systems; and

² According to the EIM Strategy and Framework, an EIM coordinator at directorate level should be appointed in each B/D to liaise with the EIM Steering Group via the EIM Programme Management Office on policy issues and matters of EIM.

³ According to GRS, personnel records should best be handled by GovHRMS, which is a central IT system developed by OGCIO to handle human resources management operations.

Government's efforts in implementing electronic recordkeeping system

- (d) wider use of workflow functions⁴ in ERKS should be promoted for automation of records management activities to reduce manual data input efforts;
- delays were found in 8 out of the 11 projects under the ERKS pilot programme;⁵
- Audit further examined the Marine Department ("MD")'s implementation of ERKS and found that the main reason for delay was the unsatisfactory performance of the Contractor. In particular, it was observed that:
 - (a) from September 2016 to June 2017, OGCIO issued seven warning letters to the Contractor on its unsatisfactory performance including severe schedule slippage, loose management and inadequate staff resources;
 - (b) a long time was taken to rectify errors identified in system testing (i.e. 92.4 days on average for urgent and high-priority cases). Out of the 765 test incidents reports identified by MD from September 2017 to October 2019, 246 (32%) failed the required testing one or more times, ranging from 1 to 14 times;
 - (c) specific legal advice was not sought by OGCIO about imposing liquidated damages (\$2 million) before approving extension of completion date despite unsatisfactory performance of the Contractor; and
 - (d) there were inadequacies in monitoring project progress by OGCIO and MD, e.g. Project Steering Committee meetings were not regularly held;

⁴ Workflow functions were optional requirements of an ERKS which may be adopted at the discretion of individual B/Ds. All B/Ds should develop their business rules to document decisions as to what records were to be created and kept by B/Ds. If a workflow facility was implemented under business rules with an ERKS, it would be useful for users to initiate workflows and facilitate the automation of records management activities.

⁵ The ERKS pilot programme included 11 B/Ds, comprising five early adopters (EffO, GRS, the Communications and Creative Industries Branch of the Commerce and Economic Development Bureau, the Drainage Services Department, and the Rating and Valuation Department), and six next-stage adopters (the Administration Wing, the Civil Engineering and Development Department, the Intellectual Property Department, the Architectural Services Department, the Marine Department and OGCIO).

Government's efforts in implementing electronic recordkeeping system

- print-and-file practice of email records⁶ had not yet been dispensed with in the Commerce and Economic Development Bureau and the Rating and Valuation Department five years after ERKS rollout;
- audit requirements were not taken into account in designing OGCI0's ERKS for creating accounts with read-only rights for non-OGCI0 users;
- low usage of some users was generally observed in the four B/Ds selected by Audit under the ERKS pilot programme, for example, as of January 2020, 306 (30%) of 1 025 ERKS users in OGCI0 were found not using ERKS for over one year;
- in the four B/Ds selected by Audit under the ERKS pilot programme, the time limit to capture a record into ERKS was not specified in their departmental guidelines. In 2019, 7 747 (22%) of 35 567 email records in OGCI0 and 3 792 (17%) of 22 700 email records in the Communications and Creative Industries Branch of the Commerce and Economic Development Bureau were captured over three months after the sent/received date;
- after a delay of about six years, a comprehensive study on long-term preservation of electronic records was not yet completed; and
- a long-term strategy and relevant guidelines for archiving of government websites and/or official social media accounts were not yet formulated.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the planning for the service-wide implementation of ERKS, implementation of ERKS pilot programme and archiving of electronic records. The replies from **Government Chief Information Officer, Director of Administration, Commissioner for Efficiency, Secretary for Commerce and Economic Development** and **Director of Marine** are in *Appendices 41 to 45* respectively.

⁶ According to General Circular No. 2/2009 "Mandatory Records Management Requirements" issued by the Director of Administration in April 2009, since the use of ERKS for keeping electronic records was being studied at that time, unless otherwise agreed by GRS, email correspondence should be "printed-and-filed" for record purposes, i.e. subject officers should arrange to print an email record directly from the email software for filing in an appropriate paper-based file similar to other records.

6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Intellectual Property Department: Registration and protection of intellectual property

The Audit Commission ("Audit") conducted a review of the Intellectual Property Department ("IPD")'s work on the registration and protection of intellectual property ("IP"). A related audit review on the subject was previously conducted and reported in October 2006.¹

2. IPD is responsible for the registration and protection of IP, i.e. a group of separate intangible property rights, including trade mark, patent, design and copyright. In Hong Kong, trade marks, patents, designs and copyrights are generally protected under the Trade Marks Ordinance (Cap. 559), the Trade Descriptions Ordinance (Cap. 362), the Patents Ordinance (Cap. 514), the Registered Designs Ordinance (Cap. 522) and the Copyright Ordinance (Cap. 528). Copyright is an automatic right and is not necessary to be registered. As at 31 December 2019, the number of trade marks, patents and designs registered in Hong Kong totalled 536 592. In 2018-2019, IPD's income was \$220.7 million and its total expenditure was \$177.5 million.

3. The Committee noted the following findings from the Director of Audit's Report:

Registration of trade marks, patents and designs

- the number of outstanding trade mark applications increased by 29% from 5 270 in January 2018 to 6 775 in December 2019, while as at 31 December 2019, for 4 907 (72%) of the 6 775 outstanding trade mark applications, IPD had not completed deficiencies checking stage,² including 765 (16% of 4 907) which had been received for over 90 days. In the period from January 2018 to October 2019, IPD took more than 60 days after receipt of the applications to issue the first letters³ for 17 177 (26%) out of the 67 049 trade mark applications, and the longest time taken was 433 days;

¹ Chapter 11 of Director of Audit's Report No. 47 - "Registration and promotion of intellectual property rights"

² Deficiencies checking was the first stage of a trade mark application (total three stages). Upon receipt of the applications, IPD carried out checking to ensure that the application forms had been properly filled in and all the required information was submitted.

³ After the deficiencies checking, IPD would issue first letters to applicants requesting them to provide information to remedy the deficiencies or notifying them that their applications would proceed to the next stage, i.e. the search and examination stage.

Intellectual Property Department: Registration and protection of intellectual property

- there was an increasing trend in the number of outstanding applications for standard patents since late 2018 and for short-term patents since early 2019. From January 2018 to December 2019, the number of outstanding standard patent and short-term patent applications increased by 4 431 (70%) and 146 (56%) respectively;
- the average waiting time for inter partes substantive hearings on trade mark registration heard in December 2019 was long (11 months) as compared to the performance of overseas IP agencies and the Judiciary of Hong Kong;
- the percentage of electronic filing for trade mark applications in 2019 was 73%, a figure lower than those of other major IP offices outside Hong Kong;

Promotion of IP protection

- the Survey on Public Awareness of Intellectual Property Right Protection⁴ conducted by IPD in 2018 found that 74% of the 1 003 respondents were not aware that IPD was responsible for promoting IP rights protection, 49% were not aware of its promotional activities and 36% considered that its promotional activities were quite/very ineffective;
- from 2015 to 2019, the number of physical shops covered under the No Fakes Pledge ("NFP") Scheme⁵ decreased by 274 (4%);
- as at 11 February 2020, 318 (26%) of the 1 225 retail merchants who were members of NFP Scheme in 2019 had not renewed their membership;
- in January 2020, Audit visited nine retail shops whose NFP Scheme membership had already been suspended or terminated and found two (22%) of them were still displaying the No Fakes logo;

⁴ In order to evaluate the change in awareness level on IP among the public, IPD had periodically conducted the Survey on Public Awareness of Intellectual Property Right Protection since 1999.

⁵ IPD launched the NFP Scheme in 1998. Participating merchants in the Scheme must volunteer to make a pledge not to sell fakes, and may post the No Fakes stickers and place tent cards in their shops. IPD was the coordinator of the Scheme, and there were four supporting organizations including the Customs and Excise Department.

Intellectual Property Department: Registration and protection of intellectual property

- IPD had not taken prompt follow-up actions against three member shops of NFP Scheme after the Customs and Excise Department's raid operations for IP rights infringement;
- the number of new participating enterprises of the IP Manager Scheme⁶ decreased by 91 (38%) from 242 in 2017-2018 to 151 in 2018-2019;

Administrative issues

- although IPD received only two tender proposals in the 2006 tender exercise for procuring outsourced services for its non-core services, it did not conduct any market research or expression of interest exercise for subsequent tender exercises; and
- from 2014 to 2019, 11 (55%) of the 20 Management Committee⁷ meetings and 11 (65%) of the 17 business review meetings for monitoring outsourced services were held longer than three months after their previous meetings, at variance with contract requirements.

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the registration of trade marks, patents and designs, promotion of IP protection and administrative issues. The replies from **Director of Intellectual Property** are in *Appendix 46*.

5. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

⁶ The IP Manager Scheme was launched in 2015 with an aim of assisting Hong Kong enterprises, especially small and medium enterprises, to build up their IP manpower capacity. Participating enterprises were required to appoint a staff member in a managerial position as their in-house "IP Manager", who would be responsible for overseeing the compliance, management, exploitation and commercialization of IP assets.

⁷ IPD's control mechanism for monitoring the contractor's performance included the Management Committee and business review meetings. They both comprised representatives of IPD and the contractor, and should meet or should be held at least once every three months or at such interval as determined by IPD according to contract requirements.

Management of insolvency services

The Audit Commission ("Audit") conducted a review to examine the management of insolvency services by the Official Receiver's Office ("ORO") with a view to identifying areas for improvement. A related audit review on the subject was previously conducted and reported in March 2012.¹

2. Hon Paul TSE Wai-chun declared that his law firm was one of the contractors as private insolvency practitioners ("PIPs") under the outsourcing schemes of ORO.

3. ORO is responsible for providing insolvency services in Hong Kong, including the compulsory winding-up of companies and personal bankruptcy under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) and the Bankruptcy Ordinance (Cap. 6) respectively. In 2019-2020, ORO's estimated expenditure was \$223 million, of which \$177 million (about 80%) was related to personal emoluments or personnel related expenses. According to ORO, under the outsourcing schemes, nearly all winding-up cases and about 25% of the debtor-petition summary bankruptcy cases are undertaken by PIPs.

4. The Committee noted the following findings from the Director of Audit's Report:

- from 2016-2018, the annual achievements of a 18-month time target for processing summary bankruptcy cases were below 50%, ranging from 34% to 40%;
- in March 2008, ORO commenced an exercise with a view to clearing outstanding matters of 1 200 pre-2002 insolvency cases (i.e. date of bankruptcy or winding-up order before 2002). However, as at 31 December 2019, after more than 11 years, 200 (17%) cases remained outstanding;
- as at 31 December 2019, 1 996 bankruptcy cases involving landed properties remained outstanding, including 1 565 (78%) cases with bankruptcy orders made before 2006 (i.e. over 14 years ago);
- as at 30 November 2019, ORO had placed monies recovered from 21 winding-up cases (\$4.7 million) and 207 bankruptcy cases

¹ Chapter 5 of Director of Audit's Report No. 58 - "Provision of insolvency services"

Management of insolvency services

(\$40.2 million) in the suspense accounts pending clarifications, and 8 (38%) of the 21 winding-up cases were released cases² and 29 (14%) of the 207 bankruptcy cases were released/rescinded/withdrawn cases;

- according to the Panel T scheme,³ ORO would conduct quality audits on cases allocated to PIPs. However, up to 31 January 2020, no quality audits had been conducted;
- field audits⁴ had been completed on only 3.1% and 2.7% (78% and 68% of target coverage) of the cases outsourced under the two most recently completed contracts of the Panel T scheme;
- in the period from 2016 to 2019, no warning letters had been issued to PIPs for their unsatisfactory performance even though Audit found eight incidents of PIPs failing to submit preliminary examination questionnaires within seven working days of the interview with the bankrupts. Warning letters could have been issued according to the Conditions of Contract of the tenders;
- information about liquidator's accounts and trustee's accounts outstanding from PIPs and six substantiated or partially substantiated complaints against PIPs received from 2015 to 2019 was not recorded in the registers of unsatisfactory conduct of PIPs;
- as at 31 December 2019, there were 763 liquidator's accounts and 15 355 trustee's accounts overdue but not yet submitted. Of them, 302 (40%) liquidator's accounts and 146 (1%) trustee's accounts had been overdue for more than five years. Besides issuing reminder letters, no other follow-up actions had been taken by ORO;
- the statutory corporate rescue procedure, insolvent trading provisions and the cross-border insolvency recommended by the Law Reform

² Winding-up cases that the Official Receiver had been released from the role of liquidators by the court were known as released cases.

³ Panel T scheme was an open tender system to appoint professional firms (in the accounting, legal and secretarial fields) with relevant insolvency work experience to take up appointment as provisional liquidators/liquidators in summary winding-up cases under section 194(1A) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

⁴ ORO staff were required to conduct field audits of the selected cases outsourced under the Panel T scheme and debtor-petition summary bankruptcy case scheme respectively as one of the measures to monitor the performance of PIPs.

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Commission of Hong Kong in 1996 and 1999 respectively, had not yet been implemented;

- the usage of individual voluntary arrangement⁵ ("IVA") as an alternative to bankruptcy as a percentage of total bankruptcy and IVA cases in the period from 2014 to 2018 was low, ranging from 6% to 8%; and
- after ORO's fee revision in 2013, ORO's cost recovery rates had fluctuated notably (ranging from 97% to 326%) and ORO could meet the full-cost target (from 95% to 105%) only in 2013-2014, 2016-2017 and 2018-2019.

5. The Committee asked for written responses regarding the administration of in-house insolvency services, monitoring of PIPs and other matters. The replies from **Secretary for Financial Services and the Treasury** and **Official Receiver** are in *Appendices 47* and *48* respectively.

6. After studying the above replies, the Committee decided to hold a short public hearing on 12 June 2020 to seek details from the Administration on the measures that had been/would be taken to address/rectify the inadequacies identified in the Audit Report. **Mr Christopher HUI Ching-yu, Secretary for Financial Services and the Treasury** and **Ms Phyllis MCKENNA, Official Receiver** made opening statements at the beginning of the Committee's short public hearing held on 12 June 2020. The full texts of the opening statements of Secretary for Financial Services and the Treasury and Official Receiver are in *Appendices 49* and *50* respectively.

7. At the short public hearing, **Secretary for Financial Services and the Treasury** and **Mr Sam HUI Chark-shum, Deputy Secretary for Financial Services and the Treasury (Financial Services)** 3 updated the Committee about the progress of the legislative procedures of statutory corporate rescue procedure and insolvent trading provisions and domestic legislation relating to cross-border insolvency. **Official Receiver** further explained the measures to handle extra winding-up and bankruptcy cases in view of economic downturn utilizing the

⁵ The Bankruptcy Ordinance provided for an IVA as an alternative to bankruptcy since April 1998. Under an IVA, a debtor made a repayment proposal to the creditors. If the repayment proposal was approved, it would legally bind all the creditors.

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Anti-epidemic Fund, clear outstanding cases, monitor case progress, provide training to employees and resources to PIPs for handling of cases and the action plan of ORO in response to Director of Audit's recommendations. The supplementary written responses provided by **Official Receiver** after the hearing are in *Appendix 51*.

8. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Management of short term tenancies by the Lands Department

The Audit Commission ("Audit") conducted a review to examine the management of short term tenancies ("STTs") by the Lands Department ("LandsD").

2. LandsD is the land administrative agency¹ of the Government. For sites on unleased and unallocated government land with possible potential for temporary uses, if there are no relevant competing demands from government bureaux/departments ("B/Ds"), they will be made available for STT use by parties outside the Government. As of September 2019, LandsD managed 5 582 STTs with a total land area of 2 411 hectares and 955 vacant government sites ("VGSs") suitable for STT use with a total land area of 192 hectares. The rental income from STTs for 2018-2019 was \$1,575 million.

3. The Committee noted the following findings from the Director of Audit's Report:

The processing of STT applications

- of the 1 165 STTs approved by LandsD from 2014-2015 to 2018-2019, the processing time for 204 (18%) STTs was longer than three years. For Case 1 (paragraph 2.6 of the Audit Report):
 - (a) Applicant A's STT application submitted in March 2003 was approved 14 years later in March 2017; and
 - (b) Applicant A was required to complete the slope upgrading works within one year as a condition for approving the STT in March 2017, but the required works had not been completed as of February 2020, and there was no documentary evidence showing that the relevant District Lands Office ("DLO")² had followed up the progress of the slope works with Applicant A;
- Audit examined 10 STT applications received or processed during 2014-2015 to 2018-2019 by seven DLOs and noted that:

¹ LandsD is mainly responsible for land disposal and transaction, allocation of land, development control and compliance under leases and other land instruments, land acquisition and clearance, as well as land enforcement and maintenance.

² 12 DLOs of LandsD are responsible for processing STT applications in the area under their purview.

Management of short term tenancies by the Lands Department

- (a) LandsD had no specific guidelines on handling STT applications from applicants with no capacity to sign the tenancy agreement (e.g. whether the applicant should be rejected right away or given a grace period for application rectification). For Case 2 (paragraph 2.7 of the Audit Report):
 - (i) policy support was given by the relevant bureau in granting the STT to Applicant B in July 2009, yet it was discovered in February 2010 that Applicant B was an unincorporated body and could not be regarded as a legal entity suitable to sign the tenancy agreement; and
 - (ii) the relevant DLO suspended the processing of Applicant B's application from May 2010 to May 2012 as applicant B claimed that it was undergoing the registration process as a limited company. During this period, the relevant DLO rejected another application for the site as Applicant B's application was under processing. The STT was subsequently approved in August 2014;
- (b) LandsD had no specific guidelines relating to the handling of STT applications with lack of policy support from the relevant B/Ds, including whether the applicant should be informed of the reason for lack of policy support, and whether the applicant could be allowed to modify its proposal in order to obtain the policy support, or whether such application should be rejected;
- (c) for Case 3 (paragraph 2.11 of the Audit Report), the tenancy requirements for fire safety were not complied with before Tenant A commenced to operate a public car park at an STT site in August 2018. Tenant A operated the car park until it served a notice to DLO in May 2019 to terminate the STT, and the site was returned to DLO in September 2019. During the whole operating period, fire service facilities installed at site were found unacceptable and the relevant fire service requirements had not been complied with; and
- (d) according to LandsD guidelines, non-profit-making or charitable organizations were exempt from the requirements to pay a deposit under STT. However, it was found that one DLO demanded deposits from a charitable organization for STT involving erection of permitted structures;

Renewal of STTs

- in general, STTs had a fixed (i.e. initial) term of not more than seven years. Audit examined the 5 590 STTs managed by LandsD as of October 2019 and noted that the tenants of 4 565 (82%) STTs had remained the same for over seven years, while 2 353 (51.5% of 4 565) of them had remained the same for more than 20 years (up to 55 years);
- for STTs for regularization of unauthorized occupation of government land, inspections should be carried out by relevant DLOs to determine whether the tenancies should be renewed upon the rental review process. However, one DLO had suspended all site inspections in relation to rental review for garden STT cases since October 2016 owing to competing priority;

Inspections of STTs and enforcement actions against breaches of STT conditions

- of the 5 134 STTs with inspections needed under the mandatory requirements,³ as of October 2019:
 - (a) no site inspection had been conducted for 1 409 (27%) STTs; and
 - (b) for the 3 725 (73%) STTs with site inspections conducted, the site inspections for 1 057 non-private garden STTs and 481 private garden STTs had not been conducted in compliance with the mandatory requirements;
- Audit noted in the following three cases (paragraphs 3.9 to 3.11 of the Audit Report) in which DLOs had not taken adequate and timely enforcement actions against breaches of STT conditions/had taken a long time in processing an application for rectifying breach of STT conditions:

³ In order to prevent tenants from subletting the premises, erecting unauthorized structures or extending the area of occupation into adjacent government land, it is mandatory that all STT sites have to be inspected once every three years (for STTs not involving private gardens) or once every five years (for private garden STTs). DLOs should, where practicable and staff resources permitting, consider formulating and implementing a programme for conducting site inspections at regular intervals based on the inspection priorities of STTs.

Management of short term tenancies by the Lands Department

- (a) for Case 6, unauthorized structures were identified on or adjoining the STT site in October 2017, but no enforcement action had been taken up to December 2019;
- (b) for Case 7, breach of restriction on use of the STT site had been identified during DLO's site inspections from May 2009 to May 2018, but no enforcement action had been taken up to January 2020; and
- (c) for Case 8, the application for regularization of the excessive area of the garden shed submitted by Tenant K in April 2016 was still being considered by DLO as of December 2019;

Recording of STT information

- there were errors and omissions in the STT records in the Tenancy Information System.⁴ Important STT information such as inspection priorities of STTs and the enforcement actions taken against breaches of STT conditions were not readily available from the system;
- Audit examined the records⁵ of three DLOs as of September 2019 and identified that some VGSs might be suitable for STT use but were not included in the lists of VGSs suitable for STT use, and some VGSs should not have been included in the lists;
- each DLO had its own set of criteria in selecting VGSs suitable for STT use, but the selection criteria and the decisions on suitability for STT use were not properly documented by some DLOs;
- LandsD Headquarters had not compiled regular management information (e.g. executive summary or highlights) on VGSs suitable for STT use for senior management's information;

⁴ Tenancy Information System is a web-based system which was introduced in 2009 for recording information of STTs granted by LandsD.

⁵ DLOs maintain lists of VGSs suitable for STT use in respect of sites under their respective management. On a quarterly basis, DLOs update and submit such lists to the relevant District Review Boards for review, the relevant Regional Assistant Directors of LandsD for monitoring and the LandsD Headquarters for records.

Management of short term tenancies by the Lands Department

Efforts in putting VGSs suitable for STT use to beneficial use

- for Case 9 (paragraph 4.13 of the Audit Report), three VGSs suitable for STT use had been reserved since 2004 for a development programme, and there were three applications for beneficial use of the sites between 2010 and 2016. Audit noted that:
 - (a) LandsD had not consulted the Food and Health Bureau about the then latest development programme before rejecting the first application; and
 - (b) for the other two applications, LandsD had consulted the Food and Health Bureau who objected/did not agree to the applications due to various concerns, yet there was no documentary evidence showing that LandsD had explored with the Food and Health Bureau whether its concerns could be addressed; and

Management of VGSs suitable for STT use

- between October and December 2019, Audit conducted site visits to 17 VGSs suitable for STT use and noted inadequacies in management of some sites,⁶ such as gates at the entrance opened/unlocked and suspected unauthorized occupation of land for vehicle parking.

4. The Committee asked for written responses regarding the granting and renewal of STTs, the monitoring of tenancy conditions and management of VGSs suitable for STT use. The replies from **Secretary for Development** and **Acting Director of Lands** are in *Appendices 52* and *53* respectively.

5. After studying the above replies, the Committee decided to hold a short public hearing on 12 June 2020 to seek details from the Administration on the measures that had been/would be taken to address/rectify the inadequacies identified in the Audit Report. **Mr Michael WONG Wai-lun, Secretary for Development** and **Ms Karen CHAN Pui-ye, Acting Director of Lands** respectively made an

⁶ LandsD is responsible for the site management of VGSs suitable for STT use before their granting, including fencing on site, providing guarding services or patrolling services, grass cutting and removal of rubbish and stagnant water, and clearance of illegal structures. Site management work is provided under LandsD's term contracts.

Management of short term tenancies by the Lands Department

opening statement at the beginning of the short public hearing. The full texts of their opening statements are in *Appendices 54* and *55* respectively.

6. At the short public hearing, **Secretary for Development** further explained to the Committee about the measures to regulate temporary structures erected on STT sites granted to non-profit-making or charitable organizations if the tenants were exempted from the requirement to pay a deposit; the measures to enhance LandsD's communication with B/Ds in relation to STT applications and applications for temporary use of VGSs suitable for STT use; the revamp of Tenancy Information System; and the action plan of LandsD in response to Director of Audit's recommendations. The supplementary written responses provided by **Acting Director of Lands** after the short public hearing are in *Appendix 56*.

7. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

Provision and management of Community Green Stations

The Audit Commission ("Audit") conducted a review to examine the Administration's efforts in the provision and management of Community Green Stations ("CGSs").

2. Hon SHIU Ka-fai declared that he was unremunerated honorary adviser or honorary member to some non-governmental organizations or trade associations.

3. The Environment Bureau ("ENB") announced in early 2013 a plan to develop five pilot CGSs to promote environmental/green education and to enhance the collection network of recyclables. The 2014 Policy Address announced the development of a CGS in each of the 18 districts. A non-governmental organization would be appointed by way of tender to operate each CGS. The Environmental Protection Department ("EPD") is the project proponent for CGSs and the Architectural Services Department ("ArchSD") is the works agent of CGS projects. According to ENB, the setting up of 18 CGSs would involve an estimated capital expenditure of about \$400 million. As of December 2019, a total funding of \$286.8 million had been approved for implementing 11 CGS projects and a total expenditure of \$195.5 million had been incurred.

4. The Committee noted the following findings from the Director of Audit's Report:

- ENB estimated in 2014 that 18 CGSs would be completed by phases from 2015 to 2017, but the estimated timeframe was not met. As of February 2020, the construction works for nine CGSs¹ (50%) were completed and two CGSs (11%) (i.e. Sai Kung and Wan Chai CGSs) were in progress, and the remaining seven CGSs (39%) were at planning or site selection stage;²
- according to EPD, a suitable CGS site should preferably had a site area of no less than 1 500 square metres ("m²"). However, there were significant deviations in the actual site areas of CGSs. As of December 2019, the site areas for the nine CGSs with construction works completed ranged from 1 770 m² to 7 090 m²; for the CGSs in

¹ These nine CGSs were Sha Tin, Eastern, Kwun Tong, Yuen Long, Sham Shui Po, Tuen Mun, Kwai Tsing, Tai Po and Islands CGSs.

² The CGS in Wong Tai Sin was at advanced planning stage, and no suitable sites could be secured for development of the CGSs in Central and Western, Kowloon City, North, Southern, Tsuen Wan and Yau Tsim Mong.

Provision and management of Community Green Stations

Sai Kung and Wan Chai with construction works in progress, their site areas were 1 460 m² and 695 m² respectively;

- some construction works of Sham Shui Po and Tuen Mun CGSs were not in accordance with the approved drawings, and changes were made and completed prior to ArchSD's approval. As a result, EPD's area requirements for installation of baling machines³ were not met and baling machines of a smaller size and capacity were installed at both CGSs;
- after Sha Tin and Eastern CGSs had commenced operation, remedial works were carried out for tackling various facility problems:
 - (a) for Sha Tin CGS, remedial works were needed for tackling water leakage problems at the roofs of buildings and flushing problems in the toilets. In the event, it took more than three years to fully resolve all the problems; and
 - (b) for Eastern CGS, remedial works were needed for tackling stagnant water problems on roofs of buildings. In the event, it took about two years to fully resolve the problems;
- Audit noted from the operating contracts⁴ between EPD and CGS operators that for the seven CGSs (i.e. Sha Tin, Eastern, Kwun Tong, Yuen Long, Sham Shui Po, Tuen Mun and Kwai Tsing CGSs, "the seven CGSs") which commenced operation between 2015 and 2018:
 - (a) the number of outreach regular educational events and special community events held by Sha Tin and Tuen Mun CGSs in the first contract year under the current operating contracts fell short of the minimum quantity requirements by 40% to 67%;

³ A baling machine is used for compacting similar types of waste. The floor area specified by EPD was able to accommodate a baling machine with capacity of up to 100 tonnages (i.e. baling machine with width of 1.6 m and length of 1.3 m) as well as clear space for operation.

⁴ The operating contracts set out the services that CGS operators are required to deliver in the contract period and the performance indicators (e.g. number of educational events to be provided and quantities of recyclables to be collected). If a CGS operator fails to deliver the services as required, it should provide explanations and submit a remedial action plan for EPD's approval. Otherwise, EPD will be entitled to withhold payments to the operator.

Provision and management of Community Green Stations

- (b) the quantities of recyclables collected by Sha Tin, Kwai Tsing and Sham Shui Po CGSs in the first contract year under the first operating contracts fell short of the minimum tonnage requirements by 6%, 20% and 39% respectively; and
 - (c) the seven CGSs had not met the 7-day maximum storage specification⁵ for the recyclables collected from October 2018 to June 2019;
- only those educational events fulfilling the contract requirements would be qualified for payment and counted in meeting the minimum quantity requirement. However, different methodologies were used by EPD in counting the number of regular educational events qualified for payment;
 - according to the operating contracts, CGS operators needed to maintain not fewer than the specified minimum number of mobile collection points (at least three hours at each collection point) at public places per week to collect recyclables. Audit noted that comparatively low quantities of recyclables were collected at mobile collection points (about 8% of the total recyclables collected by the seven CGSs from January to June 2019);
 - for the five CGSs which commenced operation between 2015 and 2017, the numbers of visitors received by Sha Tin, Kwun Tong, Yuen Long and Sham Shui Po CGSs fell short of the expected number in all years⁶ with a full-year operation, and the number of visitors to Sha Tin, Kwun Tong and Yuen Long CGSs decreased by 17%, 6% and 26% respectively from 2017 to 2018;
 - from January to June 2019, the number of visitors reception services⁷ provided by four CGSs (i.e. Sha Tin, Eastern, Tuen Mun and Kwai Tsing CGSs) fell short of the minimum requirement of 260 (i.e. 26 weeks × 10 occasions), ranging from three occasions

⁵ CGS operators should not store recyclables at the stations for longer than seven days unless prior consent from EPD has been obtained.

⁶ The expected number of visitors received by each CGS was about 35 300 visitors per year.

⁷ For operating contracts commencing since November 2017, CGS operators are required to provide visitors reception services. Under the services, CGS operators have to schedule and provide weekly at least 10 guided tours each followed by a hands-on recycling workshop of at least 30 minutes for the visitors, and the services should be provided regardless of number of people, walk-in or pre-booked.

Provision and management of Community Green Stations

(with 22 participants) for Sha Tin CGS to 249 occasions (with 943 participants) for Eastern CGS;

- EPD staff periodically conducted routine inspections of recyclables collection services, educational services and facilities of CGSs, and the inspectors should record the inspection results on the specified standard inspection forms. Audit examined the routine inspection records from January to June 2019 for the six CGSs (i.e. Sha Tin, Eastern, Kwun Tong, Yuen Long, Sham Shui Po and Tuen Mun CGSs) which commenced operation between 2015 and September 2018 and noted that EPD had not documented the analysis of the observations found;
- there was delay in submission of monthly reports, annual summaries of monthly reports and annual audited financial statements from CGS operators to EPD;
- EPD had not promulgated any good practice guide to CGS operators as of December 2019, and there was no documentation for experience sharing meetings chaired by EPD and held with CGS operators; and
- Audit examined the operating contracts for nine CGSs and noted that the quantities stated in the Bills of Quantities⁸ for both educational and recyclables collection services exceeded the minimum service requirements.

5. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses regarding the progress of the provision of CGSs, the management of CGSs and the measures to be taken by the Administration to assist the operators in operating CGSs. The consolidated replies from **Secretary for the Environment** and **Director of Environmental Protection** and the replies from **Director of Architectural Services** are in *Appendices 57* and *58* respectively.

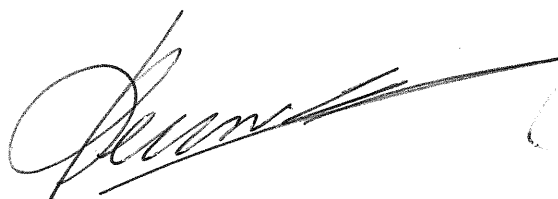
6. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by Audit.

⁸ The payment to CGS operators is based on the actual quantity of services provided and the prices of different service items as priced by the operators in the Bills of Quantities according to the operating contracts.

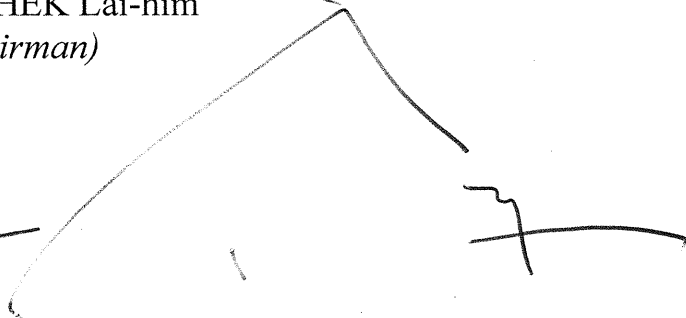
SIGNATURES OF THE CHAIRMAN,
DEPUTY CHAIRMAN AND MEMBERS OF THE COMMITTEE



Abraham SHEK Lai-him
(Chairman)



Kenneth LEUNG
(Deputy Chairman)



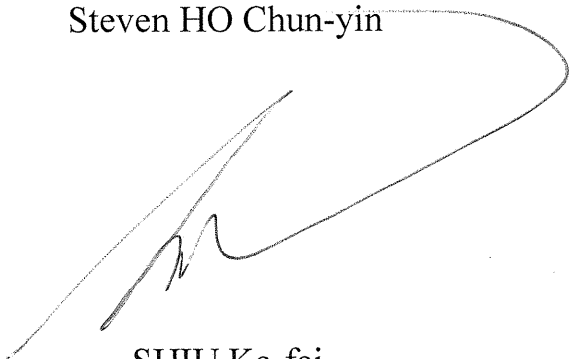
Paul TSE Wai-chun



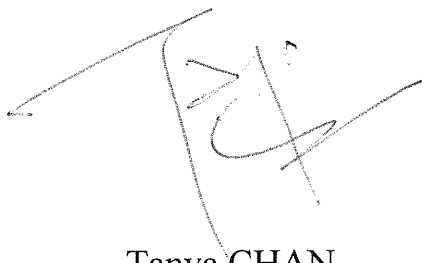
Steven HO Chun-yin



LAM Cheuk-ting



SHIU Ka-fai



Tanya CHAN

24 June 2020

**CHAPTERS IN THE DIRECTOR OF AUDIT'S REPORT NO. 74
DEALT WITH IN THE PUBLIC ACCOUNTS COMMITTEE'S REPORT**

**Director of
Audit's Report
No. 74**

**P.A.C.
Report No. 74**

<u>Chapter</u>	<u>Subject</u>	<u>Chapter</u>
1	Management of funding for sports development through the Arts and Sport Development Fund (Sports Portion)	1
2	Sports Federation & Olympic Committee of Hong Kong, China	2
3	Employees Retraining Board	3
4	Government's efforts in implementing electronic recordkeeping system	4
5	Intellectual Property Department: Registration and protection of intellectual property	5
6	Management of insolvency services	6
7	Management of short term tenancies by the Lands Department	7
8	Provision and management of Community Green Stations	8

**RULES OF PROCEDURE OF
THE LEGISLATIVE COUNCIL OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION**

72. Public Accounts Committee

(1) There shall be a standing committee, to be called the Public Accounts Committee, to consider reports of the Director of Audit –

- (a) on the accounts of the Government;
- (b) on such other accounts required to be laid before the Council as the committee may think fit; and
- (c) on any matter incidental to the performance of his duties or the exercise of his powers as the committee may think fit.

(2) The committee shall also consider any report of the Director of Audit laid on the Table of the Council which deals with examinations (value for money audit) carried out by the Director relating to the economy, efficiency and effectiveness of any Government department or public body or any organization to which his functions as Director of Audit extend by virtue of any Ordinance or which receives public moneys by way of subvention.

(3) The committee shall consist of a chairman, deputy chairman and 5 members who shall be Members appointed by the President in accordance with an election procedure determined by the House Committee. *(L.N. 214 of 2005)*

(3A) The chairman and 2 other members shall constitute a quorum of the committee. *(L.N. 214 of 2005)*

(3B) In the event of the temporary absence of the chairman and deputy chairman, the committee may elect a chairman to act during such absence. *(L.N. 214 of 2005)*

(3C) All matters before the committee shall be decided by a majority of the members voting. Neither the chairman nor any other member presiding shall vote, unless the votes of the other members are equally divided, in which case he shall give a casting vote. *(L.N. 214 of 2005)*

(4) A report mentioned in subrules (1) and (2) shall be deemed to have been referred by the Council to the committee when it is laid on the Table of the Council.

(5) Unless the chairman otherwise orders, members of the press and of the public shall be admitted as spectators at meetings of the committee attended by any person invited by the committee under subrule (8).

(6) The committee shall meet at the time and the place determined by the chairman. Written notice of every meeting shall be given to the members and to any person invited to attend a meeting at least 5 clear days before the day of the meeting but shorter notice may be given in any case where the chairman so directs.

(7) *(Repealed L.N. 214 of 2005)*

(8) The chairman or the committee may invite any public officer, or, in the case of a report on the accounts of or relating to a non-government body or organization, any member or employee of that body or organization, to give information or any explanation or to produce any records or documents which the committee may require in the performance of its duties; and the committee may also invite any other person to assist the committee in relation to any such information, explanation, records or documents.

(9) The committee shall make their report upon the report of the Director of Audit on the accounts of the Government within 3 months (or such longer period as may be determined under section 12 of the Audit Ordinance (Cap. 122)) of the date on which the Director's report is laid on the Table of the Council.

(10) The committee shall make their report upon the report of the Director of Audit mentioned in subrule (2) within 3 months (or such longer period as may be determined by the Council) of the date on which the Director's report is laid on the Table of the Council.

(11) Subject to these Rules of Procedure, the practice and procedure of the committee shall be determined by the committee.

**Paper presented to the Provisional Legislative Council
by the Chairman of the Public Accounts Committee
at the meeting on 11 February 1998 on
Scope of Government Audit in the
Hong Kong Special Administrative Region -
'Value for Money Audits'**

SCOPE OF WORK

1. The Director of Audit may carry out examinations into the economy, efficiency and effectiveness with which any bureau, department, agency, other public body, public office, or audited organisation has discharged its functions.

2. The term "audited organisation" shall include -
 - (i) any person, body corporate or other body whose accounts the Director of Audit is empowered under any Ordinance to audit;
 - (ii) any organisation which receives more than half its income from public moneys (this should not preclude the Director from carrying out similar examinations in any organisation which receives less than half its income from public moneys by virtue of an agreement made as a condition of subvention); and
 - (iii) any organisation the accounts and records of which the Director is authorised in writing by the Chief Executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122).

3. This definition of scope of work shall not be construed as entitling the Director of Audit to question the merits of the policy objectives of any bureau, department, agency, other public body, public office, or audited organisation in respect of which an examination is being carried out or, subject to the following Guidelines, the methods by which such policy objectives have been sought, but he may question the economy, efficiency and effectiveness of the means used to achieve them.

GUIDELINES

4. The Director of Audit should have great freedom in presenting his reports to the Legislative Council. He may draw attention to any circumstance which comes to his knowledge in the course of audit, and point out its financial implications. Subject to these Guidelines, he will not comment on policy decisions of the Executive Council and the Legislative Council, save from the point of view of their effect on the public purse.

5. In the event that the Director of Audit, during the course of carrying out an examination into the implementation of policy objectives, reasonably believes that at the time policy objectives were set and decisions made there may have been a lack of sufficient, relevant and reliable financial and other data available upon which to set such policy objectives or to make such decisions, and that critical underlying assumptions may not have been made explicit, he may carry out an investigation as to whether that belief is well founded. If it appears to be so, he should bring the matter to the attention of the Legislative Council with a view to further inquiry by the Public Accounts Committee. As such an investigation may involve consideration of the methods by which policy objectives have been sought, the Director should, in his report to the Legislative Council on the matter in question, not make any judgement on the issue, but rather present facts upon which the Public Accounts Committee may make inquiry.

6. The Director of Audit may also -

- (i) consider as to whether policy objectives have been determined, and policy decisions taken, with appropriate authority;
- (ii) consider whether there are satisfactory arrangements for considering alternative options in the implementation of policy, including the identification, selection and evaluation of such options;
- (iii) consider as to whether established policy aims and objectives have been clearly set out; whether subsequent decisions on the implementation of policy are consistent with the approved aims and objectives, and have been taken with proper authority at the appropriate level; and whether the resultant instructions to staff accord with the approved policy aims and decisions and are clearly understood by those concerned;

- (iv) consider as to whether there is conflict or potential conflict between different policy aims or objectives, or between the means chosen to implement them;
- (v) consider how far, and how effectively, policy aims and objectives have been translated into operational targets and measures of performance and whether the costs of alternative levels of service and other relevant factors have been considered, and are reviewed as costs change; and
- (vi) be entitled to exercise the powers given to him under section 9 of the Audit Ordinance (Cap. 122).

PROCEDURES

7. The Director of Audit shall report his findings on value for money audits in the Legislative Council twice each year. The first report shall be submitted to the President of the Legislative Council within seven months of the end of the financial year, or such longer period as the Chief Executive may determine. Within one month, or such longer period as the President may determine, copies shall be laid before the Legislative Council. The second report shall be submitted to the President of the Legislative Council by the 7th of April each year, or such date as the Chief Executive may determine. By the 30th April, or such date as the President may determine, copies shall be laid before the Legislative Council.

8. The Director's report shall be referred to the Public Accounts Committee for consideration when it is laid on the table of the Legislative Council. The Public Accounts Committee shall follow the rules governing the procedures of the Legislative Council in considering the Director's reports.

9. A Government minute commenting on the action Government proposes to take in respect of the Public Accounts Committee's report shall be laid on the table of the Legislative Council within three months of the laying of the report of the Committee to which it relates.

10. In this paper, reference to the Legislative Council shall, during the existence of the Provisional Legislative Council, be construed as the Provisional Legislative Council.

**Witnesses who appeared before the Committee
(in order of appearance)**

Mr Caspar TSUI Ying-wai	Secretary for Home Affairs
Mr YEUNG Tak-keung	Commissioner for Sports
Mr Paul CHENG Ching-wan	Principal Assistant Secretary (Recreation and Sport) 1 Home Affairs Bureau
Mr Vincent LIU Ming-kwong	Director of Leisure and Cultural Services
Mr Benjamin HUNG Tak-chuen	Assistant Director (Leisure Services) 2 Leisure and Cultural Services Department
Mr PUI Kwan-kay	Chairman, Hong Kong Football Association
Mr Paul WOODLAND	Chief Executive Officer, Hong Kong Football Association Secretariat
Mr Ronnie WONG Man-chiu	Honorary Secretary General, Sports Federation & Olympic Committee of Hong Kong, China
Mr Abraham CHENG Kwok-hung	Executive Director, Sports Federation & Olympic Committee of Hong Kong, China
Mr Vincent YUEN Mun-chuen	General Secretary, Hong Kong Football Association Secretariat
Mr CHEUNG Ho-ming	Internal Control Manager, Hong Kong Football Association Secretariat
Ms Cherish CHEUNG Ka-man	Human Resources Manager, Hong Kong Football Association Secretariat
Mr Ken WU Tze-hing	Head of Corporate Governance, Hong Kong Football Association Secretariat
Dr LAW Chi-kwong	Secretary for Labour and Welfare
Mr Daniel FONG Siu-wai	Principal Assistant Secretary for Labour and Welfare (Manpower)

Mr Byron NG	Executive Director, Employees Retraining Board
Mr Patrick PANG	Deputy Executive Director (Training Services), Employees Retraining Board
Mr Christopher HUI Ching-yu	Secretary for Financial Services and the Treasury
Mr Sam HUI Chark-shum	Deputy Secretary for Financial Services and the Treasury (Financial Services) ³
Ms Phyllis MCKENNA	Official Receiver
Mr Ronald FU Kam-wong	Assistant Official Receiver (Case Management)
Mr Michael WONG Wai-lun	Secretary for Development
Ms Karen CHAN Pui-yee	Acting Director of Lands
Ms Angela CHAN Suet-ching	Assistant Director (Specialist 2) Lands Department

A brief account of Chapter 1 of Report No. 74
“Management of funding for sports development through the Arts and Sport
Development Fund (Sports Portion)”
by the Director of Audit
at the Public Hearing of the Public Accounts Committee
of the Legislative Council on Saturday, 16 May 2020

Mr. Chairman,

Thank you for inviting me here to give a brief account of Chapter 1 of Report No. 74 of the Director of Audit, entitled “Management of funding for sports development through the Arts and Sport Development Fund (Sports Portion)”.

This Audit Report comprises six PARTs.

PART 1 of the Report, namely “Introduction”, describes the background of the audit.

The sports portion of the Arts and Sport Development Fund (hereinafter referred to as ASDF) is an important source of funding for sports development in Hong Kong. ASDF primarily funds: (1) projects of the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) and National Sports Associations (NSAs) for supporting Hong Kong athletes to prepare for and participate in major international games; (2) projects for hosting international sports events locally by NSAs and sports organisations; (3) projects for the development of local football by the Hong Kong Football Association (HKFA); and (4) other sports programmes and schemes. In 2018-19, the total number of approved projects was 166 with an approved amount of \$123.8 million.

The Home Affairs Bureau (HAB) is responsible for formulating policies relating to sports development and the administration of ASDF. The Leisure and Cultural Services Department (LCSD) and the District Offices (DOs) assist HAB in vetting some of the funding applications and monitor the results of the projects concerned.

PART 2 of the Report examines funding for Hong Kong athletes to prepare for and participate in international games.

Regarding funding for Hong Kong athletes to prepare for and participate in international games, the Audit Commission (Audit) examined 28 approved applications and found room for improvement in the monitoring of the funding. For instance, there were

7 applications of which the grantees did not set any performance targets; 12 applications with some achievements not reported against the targets set; and 24 applications of which the grantees did not provide any explanations for the significant variances between estimated and actual amounts of expenditure and/or between those of income. Besides, in 2018-19, about 50% of cases failed to meet the requirement that a programme report should be submitted within four months after the completion of a preparation programme or sports competition. Regarding the return of unspent balances, there were cases of miscalculation and delayed return of unspent balances.

PART 3 of the Report examines ASDF's funding for hosting international sports events locally by NSAs and sports organisations.

International sports events include three types of events, namely "M" Mark events (MMEs), Major Local International Events (MLIEs) and Local International Events (LIEs). In the 10 funding applications examined, Audit found that 1 application was not properly assessed. There was also scope for improvement in performance reporting. For instance, in 2018-19, there was delay in submission of programme reports and audited accounts for 78% of MLIEs. LCSD did not prepare inspection reports after inspecting some events, and some information (e.g. number of spectators) was missing in some inspection reports.

Audit also noted that only MME grantees were required to return surpluses, whereas MLIE and LIE grantees were required to return unspent balances only. In addition, unspent balances of some MLIEs and LIEs were returned a long time (e.g. about 10 months) after the submission of audited accounts to LCSD for checking. There was also room for improvement in the accuracy of information on international sports events reported to the Legislative Council by HAB.

PART 4 of the Report examines ASDF's funding for football development.

HKFA is responsible for promoting football development in Hong Kong and operating the Hong Kong football team. Audit found room for improvement in HKFA's governance and human resource management. For instance, in the football seasons 2014/15 to 2018/19, some members attended less than half of the meetings, and none of the members made first-tier declaration of conflicts of interest. As for recruitment exercises, despite the fact that certain job applications were received after the deadlines or not sent to the designated recipient, some of these applications were accepted by the Human Resources Department and the applicants took up the appointment. There was also scope to improve declarations of conflicts of interest in recruitment exercises.

Regarding spectator attendance in football matches, Audit found that up to 14.6% of spectators in 2018-19 were complimentary ticket holders; and in the football seasons 2014/15 to 2017/18, gate receipts decreased from \$16.8 million to \$4.6 million, and sponsorship income decreased from \$21.1 million to \$4.5 million.

According to the funding agreement between HAB and HKFA, HKFA is required to report on a half-yearly basis on the achievements against performance targets and indicators. In the period 2015-16 to 2018-19, the number of under-achievements against performance targets and indicators ranged from 2 to 11. In addition, up to September 2019, some key targets set in the 2009 consultancy report on football development had not been achieved, and some achievements were even lower than the achievements in 2009.

PART 5 of the Report examines funding for other sports programmes and schemes.

Audit found that for the Five-Year Development Programme for Team Sports, 9 of the 12 teams that participated in the 2018 Asian Games did not achieve the performance targets; whereas for the District Football Funding Scheme, all of the 18 district football teams had failed to fully meet the 4 performance targets throughout the funding periods 2014/15 to 2018/19, and 10 of them had not provided any explanation.

PART 6 of the Report examines the governance matters of the Sports Commission (SC) and its three underpinning committees.

HAB is advised by SC on the strategies and provision of funding for sports development in Hong Kong. Regarding meetings of SC and its three underpinning committees, Audit found room for improvement in frequency of meetings and members' attendance. For the period 2015 to 2019, the number of members who did not attend any meetings totalled 32. Audit also noted occasions where SC members attended meetings without adequately declaring their potential conflicts of interest.

In the light of the audit findings, Audit has made recommendations to HAB and LCSD, and both have accepted our recommendations. I would like to take this opportunity to acknowledge with gratitude the full cooperation, assistance and positive response of the staff of HAB, DOs, LCSD, SF&OC and NSAs during the course of the audit review.

Thank you, Mr. Chairman.

**Public Accounts Committee
16 May 2020**

**Report No. 74 of the Director of Audit
Management of funding for sports development through the Arts
and Sport Development Fund (Sports Portion) (Chapter 1)**

**Opening Speech of the First Public hearing
for the Secretary of Home Affairs**

Mr. Chairman,

I welcome the hearing convened by the Public Accounts Committee, which gives us an opportunity to respond to the various improvement measures proposed by the Audit Commission in the Director of Audit's Report (Audit Report) regarding the management of the Arts and Sport Development Fund (ASDF) (Sports Portion). To facilitate the Committee's discussion later on, let me first give an introduction and provide some information.

2. The ASDF (Sports Portion) has always been one of the major sources of funding for supporting sports development in Hong Kong. Financial assistance is provided to various types of sports through the ASDF, with the aims of promoting sports in the community, supporting elite sports development and developing Hong Kong as a centre for major international sports events.

3. Since its establishment in 1997, the ASDF has been used for supporting athletes to undergo training overseas and in the Mainland, and to prepare for and participate in major international or national

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competitions, such as the Olympic Games, the Asian Games and the National Games. With funding support under the ASDF, the Government also encourages the “national sports associations” (NSAs) to introduce more major international sports events in Hong Kong so that we can enjoy the spectacle of these events locally. Over the past few years, the ASDF has funded more than 130 international sports events of different scales held in the city, including quite a few hugely popular ones such as the Hong Kong Marathon, the exhibition football match between Kitchee and the defending Premier League champion Manchester City, and the World Rowing Coastal Championships held in Victoria Harbour.

4. Parts 2 and 3 of the Audit Report reviewed the provision of preparation and participation funds for international games, and funding support for the hosting of major international sports events in Hong Kong. The Audit Report made a number of recommendations with regards to the management and operation of ASDF, which include improvement measures for ensuring timely submission of programme reports and audited accounts by the grantees; enhancing the setting and reporting of performance targets for overseas and local competitions and; requesting timely return of unspent balances by grantees, etc. The Home Affairs Bureau (HAB) and the Leisure and Cultural Services Department have immediately taken follow-up actions for these recommendations and will complete the review of relevant procedures and guidelines by end of June this year.

5. To perfect the development of sports, HAB takes into consideration the views and actual needs of the stakeholders, while making use of ASDF to roll out pilot programmes from time to time. Part 5 of the Audit Report reviewed the effectiveness of three of the pilot

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programmes, namely the District Football Funding Scheme launched in 2011, the Striving for Excellence Programme carried out for disability sports since 2011, and the Five-Year Development Programme for Team Sports (Five-Year Programme) initiated in 2018. We are pleased to report that the first two programmes have been regularised and supported by government recurrent funding in view of their positive outcomes.

6. Team sports have always been popular with the general public, especially among the younger generation and students. They provide a good platform for developing co-operation, discipline and solidarity of team members. The development of team sports requires greater support in terms of resources and venues. Generally speaking, individual sports are enjoying better results than team sports in Hong Kong at the moment. To promote the development of team sports, HAB launched the Five-Year Programme in January 2018 and set aside \$130 million under the ASDF as additional funding support to eight team sports of the Asian Games. The Programme aimed to enhancing the performance of these team sports progressively and increasing their chances to attain the status of elite sports in the future. In the past, there were few opportunities for these team sports to participate in major competitions and, when they did, the results were often less than satisfactory. After a mere seven months of training since the launch of the Five-Year Programme, three teams have already achieved the target results in the 2018 Asian Games. They are the baseball (men's) team, handball (men's) team and hockey (women's) team. Under the Five-Year Programme, all eight teams have developed more systematic training programmes and are given increased opportunities to participate in exchanges and competitions overseas. Athletes have also received better support in terms of physical fitness training, sports science and sports medicine. We consider that the

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Five-Year Programme launched only two years ago has already made a positive impact in raising the standards of these team sports. We will continue to work closely with the teams, monitor their progress and provide appropriate assistance in improving their performances.

7. In addition, the Government will continue to provide staunch support to athletes with disabilities in their pursuit of excellence in international sports events. In December 2017, HAB introduced a full-time system for disability sports to provide athletes with disabilities with comprehensive elite sports training through the Hong Kong Sports Institute. In recent years, many countries or regions have stepped up their efforts in developing high performance disability sports, which brought about increased competition globally with a substantial increase in the number of participants and improvement in performance standards. Therefore, we should not look solely at the number of medals our athletes have won at the Paralympic Games and Asian Para Games when we evaluate the effectiveness of the resources put into the Striving for Excellence Programme and the Sustaining Optimal Performance Programme.

8. We accept the recommendations made in Part 6 of the Audit Report regarding the governance of the Sports Commission (SC) and its committees. The Standing Orders of SC have not been updated for quite some years. A review will be conducted as soon as possible to examine if any amendments may be necessary. The average attendance rate at meetings of the SC and its committees was over 70% over the past five years. The attendance rate was lower last year mainly due to the rescheduling of meetings during the period of social unrest. We will take appropriate measures to improve the attendance rate. We have already

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started using video conferencing to facilitate members' virtual participation at our meetings. In addition, we have also taken the initiative to proactively remind members to declare any conflicts of interest at the SC meeting held in March this year. We will review the declaration system on a regular basis.

9. To conclude, we have always strived to manage the ASDF in a prudent manner, so as to ensure resources are put into proper use and the NSAs and other organisations concerned are given the best possible support. We would like to take the opportunity to thank the Audit Commission once again. The recommendations have allowed us to review the operations of ASDF in detail and are very constructive to our work in promoting sports development.

Now, my colleagues and I will be happy to respond to Members' questions and comments.

Thank you, Mr. Chairman.

**The Legislative Council Public Accounts Committee's
Public Hearing on Chapter 1 of
the Director of Audit's Report No. 74 on 16 May 2020**

**Speech by Mr Vincent LIU Ming-kwong, JP,
Director of Leisure & Cultural Services**

Chairman and Members,

First of all, I would like to thank the Audit Commission for the value for money audit and recommendations on the management of funding for sports development through the Arts and Sport Development Fund (ASDF), shedding light on areas which can be improved. I would also like to thank the Legislative Council Public Accounts Committee for giving us a chance to give an account of the work which the Leisure and Cultural Services Department (LCSD) is involved.

The Home Affairs Bureau (HAB) has all along been providing funding for the sports development in Hong Kong by means of the ASDF to support a variety of sports projects. As one of the executive arms of HAB, LCSD assists in vetting some of the ASDF funding applications according to the guidelines formulated by HAB, including (1) subvention to "national sports associations" (NSAs) to support Hong Kong athletes to prepare for and participate in international competitions; and (2) subvention to NSAs and sports organisations to host international sports events locally to promote the development of sports in Hong Kong. More than 1 700 sports projects were supported by ASDF in the past five years. With rising performance in sports and the public's enthusiasm and attention to sports programmes, it is believed that there will be more opportunities for Hong Kong to host major international sports events in future and for local elite athletes to participate in high-level international competitions. On the other hand, LCSD also serves as the secretariat to the Community Sports Committee (CSC) under the Sports Commission.

LCSD agrees with the recommendations in Parts 2 and 3 of Chapter 1 of the Director of Audit's Report No.74 on the management of ASDF with regards to the vetting of funding applications and monitoring of the implementation of funded programmes. We agree that there is room for improvement in vetting applications from beneficiaries, requiring applicants to report the results of programmes and submit accounts as well as various other areas so as to enhance the effectiveness of governance. To this end, we held a working meeting with HAB immediately upon the

announcement of the Audit Report to review the existing arrangements and put forward improvement proposals for implementation of enhancement measures as early as possible. For instance, NSAs will be required to set performance targets and report their achievements when submitting funding applications. If they fall short of the targets, we will follow up accordingly. Besides, the beneficiaries will be required to provide explanations on significant differences between the approved amount of expenditure and the actual amount of expenditure. Guidelines will also be drawn up to reduce the delay in submission of programme reports and financial statements. We will also review and update the Standing Orders of CSC with HAB. The review has already commenced and some arrangements have taken immediate effect. We look forward to completing the review of the procedures and revising the guidelines as recommended in the Audit Report by the end of June this year.

Thank you.

(Translation)

**Public Accounts Committee
16 May 2020**

**Report No. 74 of the Director of Audit
Management of funding for sports development through the Arts
and Sport Development Fund (Sports Portion) (Chapter 1)**

**Opening Speech of the Second Public hearing
for the Secretary of Home Affairs**

Mr. Chairman,

Part 4 of the Director of Audit's Report (Audit Report) reviews the Arts and Sport Development Fund (ASDF) (sports portion) in respect of the funding for the development of football. It also sets out a number of recommendations on improving the performance of the Hong Kong Football Association (HKFA) in terms of its management, implementation of the Five-year Strategic Plan (the Five-year Plan) and other administrative issues. I, as well as my colleagues from the Home Affairs Bureau (HAB), and Chairman and the Chief Executive Officer of the HKFA are prepared to respond to Members' questions. To facilitate the discussion later on, I will first set out the relationship between the Government and the HKFA.

Autonomy of HKFA

2. The HKFA is a member of the Federation Internationale de Football Association (FIFA), the Asian Football Confederation (AFC) and the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC). It is responsible for promoting football development in Hong Kong and the selection of athletes to participate in international events. Like all other "national sports associations" (NSAs), the HKFA is an independent legal entity with full autonomy to run its affairs and should not be subject to political or religious pressures as stipulated in the Olympic Charter and the FIFA Statutes.

3. The HKFA was registered in 1954 in accordance with the Companies Ordinance. The Board manages and controls all matters of the HKFA pursuant to its Articles of Association. It is within the HKFA's purview to set the priorities and objectives in the promotion and development of football in Hong Kong. The HKFA organises local leagues and international matches, as well as selects and supervises Hong Kong Teams (including men's team, women's team, youth team and futsal team) that play in international competitions.

The Government's Monitoring Responsibility

4. The Government respects the principles of autonomy in the organisation, management and operations of sports under the Olympic Charter and the FIFA Statutes. We will not participate in the internal governance or daily operations of the HKFA. We work in partnership with the HKFA in promoting and developing football primarily through the provision of funding and venue support.

5. The HAB has been providing the HKFA with funding support under the ASDF for the implementation of its Five-year Plan since 2015. To ensure the proper and effective use of public funding, we oversee the HKFA in achieving the performance targets and indicators as stipulated in the Five-year Plan funding agreement.

6. While the Government has the responsibility to monitor the use of public funding by the HKFA, the Government would not and should not intervene in its management or interfere with its daily operations. The HKFA Management is responsible for conducting the daily operations, and it is the responsibility of the HKFA Board to oversee the performance of the Management.

Role of the Football Task Force (FTF)

7. In May 2010, the HAB set up the FTF to assist the HKFA in implementing the various recommendations under Project Phoenix. The FTF is chaired by the Permanent Secretary for Home Affairs and comprised of members from the sports and other sectors. The FTF's current terms of reference is to advise the Secretary for Home Affairs on matters relating to the development of football in Hong Kong, in particular to monitor the progress of the HKFA in implementing its Five-year Plan against the agreed targets and indicators; monitor and advise on the allocation of funding earmarked for the HKFA to implement the Five-year Plan; exchange views with stakeholders on the further development of football in Hong Kong; and advise on any other strategic matters relating to the further development of football in Hong Kong.

Monitoring Mechanism

8. The HAB and the HKFA entered into a funding agreement to ensure the effective use of funding provided to the HKFA for its implementation of the Five-year Plan. According to the funding agreement, the HKFA must allow the Government and the Director of Audit to have unhindered access and to enquire, examine and audit the records and accounts in relation to the funding and the management and control procedures, and to follow and act upon any corruption prevention advice rendered by the Independent Commission Against Corruption and the Government. Furthermore, when required, the HKFA

must agree to disclose all the information relating to the funding. The HKFA must adopt and comply with the Code of Conduct, accounting and payment procedural guidelines and procurement guidelines to avoid conflict of interest and ensure compliance with procedures. The funding agreement also requires the HKFA to submit to the Government an annual account examined by a registered public accountant and an annual budget application with details of each funding item cleared stated.

9. We have included performance indicators and targets in our funding agreement with the HKFA to facilitate our monitoring of its implementation of the Five-year Plan. It is stipulated in the agreement that the HKFA should submit half-yearly reports on the progress against these performance indicators and targets. According to the HKFA's half-yearly report in March 2020, the HKFA ultimately achieved 23 of the 33 final indicators and targets in the funding agreement. The related information was provided to the Committee yesterday. It is also stipulated in the agreement that the HKFA should submit to the Government an annual budget application with details of each funding item clearly stated. The HAB would consider the HKFA's annual budget application in consultation with the FTF to review the merits of the funding sought by the HKFA.

10. Apart from monitoring the work of the HKFA through the funding agreement and the FTF, the HAB also holds liaison meetings with the HKFA management to discuss, advise and assist the HKFA on the implementation of the Five-year Plan, such as fixtures and venues of the Hong Kong Premier League (HKPL) as well as the progress of construction of the Football Training Centre (FTC). For example, the HAB assisted the HKFA in ensuring the smooth construction of the FTC, which was built on a restored landfill site, through liaising with related works departments to resolve obstacles in the design and construction stages.

11. Moreover, the HAB will investigate complaints received on matters related to the Five-year Plan. For example, we received a complaint in August 2018 on compliance issues regarding the recruitment of the Head Coach. After a thorough review of the relevant documents submitted by the HKFA, we found that the HKFA did not follow the relevant recruitment procedures when recruiting the Head Coach, such as failing to seek authorisation from the Board in selecting the candidate by the then Chief Executive Officer. Consequently, the HAB wrote to the HKFA Chairman in September 2018 to express our concern and requested the HKFA to handle the matter seriously. The HKFA Board of Directors engaged an independent audit consultant to review its Staff Recruitment Policy and Procedures. The audit findings indicated that the HKFA management lacked awareness on the Staff Recruitment Policy and Procedures. Also, standard procedures were not put in place on posting recruitment ads, receiving job applications and shortlisting candidates. To address the problems identified, the consultant recommended the HKFA to revise

its Staff Recruitment Policy and Procedures. The Board of Directors endorsed the revised Policy and Procedures in February 2019, the full implementation of which was confirmed by the consultant upon review in April 2019.

Effectiveness of the Plan

12. Pursuant to the terms in the funding agreement, we completed the mid-term review on the HKFA's Five-year Plan in 2018. The review findings indicated that the performance of the HKFA in various areas has improved, including governance and organisational development, football curriculum, coach development and referee development. Credits should be given to the HKFA's promotion of football in the community as the number of participants of grassroots football, women's football and futsal programmes exceeded their performance targets. However, the performance of the HKFA in some areas still required improvement, including the performance of the Hong Kong Team, the organisation of the HKPL, communication and relationship with stakeholders and reliance on public funding. We reported to the Panel on Home Affairs (the Panel) of the Legislative Council the outcomes and recommendations of the mid-term review in July 2018, and the improvement measures adopted by the HKFA to address the concerned areas in May 2019. Part 4 of the Audit Report has identified items requiring improvement by the HKFA, including attendance rates at HKPL matches, reliance on funding from the Government, and certain unachieved performance targets and indicators, which are similar to those identified in the Government's mid-term review. The Panel discussed the issues concerned.

13. Apart from assessing the effectiveness of local football development based on the indicators of the Five-year Plan, there are examples that illustrate the positive development of local football in recent years in addition to the achievements in performance targets and indicators under the Five-year Plan. The Hong Kong Youth Team made it to the finals of the AFC U-16 Championship for the first time in 2014 by beating Singapore, Taipei and Macao in the qualification round. In the 2018 and 2019 Guangdong-Hong Kong Cups, the Hong Kong Team defeated the Guangdong Team and clinched two consecutive titles, which showed the potential and progress of the new generation, while it advanced to the finals in the 2019 East Asian Football Federation E-1 Football Championship and delivered stellar performance in the recent World Cup qualifiers for an increased number of live fans. In addition, the HKFA was awarded the "AFC Member Association of the Year (Developing)" by the AFC in 2015 and 2019 in recognition of its efforts in professional governance and promoting local football development. The HKFA also received the "AFC Dream Asia Awards 2019 – Silver Award" for its contribution to the community. As for the Tseung Kwan O FTC commissioned in 2018, it was a major milestone of the HKFA's Five-year Plan that provides an indispensable base for the long-term development and the routine training of Hong Kong football teams.

14. Football is one of the most popular sports in Hong Kong. However, prior to the Project Phoenix, local football development plunged into an “ice age”, as commonly referred to by the football community, for decades. There was a significant reduction in the number of football fans, inadequate training for the youth, and a decline in the income of players. The Government supported the HKFA to implement the Project Phoenix with an aim to bring Hong Kong football back on the right track to enhance its own professional capabilities and catch up with the rapid growth and development of football in the international arena in recent years. We have seen modest progress made in various aspects of Hong Kong football, including the rise of young players with high potential, increased investment from football clubs, greatly improved remuneration for players and the newly built training base. Football, similar to all other sports, requires time to develop and grow, especially when we started from a low point ten years ago.

15. We understand that there is room for improvement in the HKFA’s work and corporate governance, particularly the irregularities of the management over whom the Board of Directors is responsible to supervise. Regarding the audit recommendations, the HAB has written to urge the HKFA to take effective measures and requested it to submit an action plan on how it intends to address the issues identified in the Audit Report for the FTF’s consideration. When handling the funding application of the HKFA’s new strategic plan, the HAB will take into account the recommendations from the Director of Audit and the HKFA’s action plan. The HAB will continue to assist the HKFA in enhancing corporate governance and promoting local football development, while respecting the HKFA’s autonomy in its operations.

Thank you, Mr. Chairman.

Public Accounts Committee of the Legislative Council
Public Hearing on the Director of Audit's Report No. 74
16 May 2020

**Management of funding for sports development through the Arts and
Sport Development Fund (Sports Portion)**

Opening Remarks by the Chairman of Hong Kong Football Association

Secretary,

Hong Kong Football Association noted the report and recommendations of the Director of Audit to better formulate directions and initiatives in football development, and to improve the governance of the Association.

2. In the previous five years there has been significant progress, but it is recognized that certain targets and measures are still work in progress and certain areas of governance and management will be strengthened.

3. A new five-year football development plan and strategic plan have been prepared for the period 2020 to 2025 and the implementation of these plans will take football forward both 'on and off' the pitch.

4. HKFA has continued to expand and develop the grassroots and community football where there are thousands of children participating weekly across the 18 Districts in age groups from 6 years to 18 years. The introduction of 'golden age' development initiative, the under 6 years to under 12 years, has been extremely successful.

5. Women and girls' football has developed considerably since the HKFA took back control in 2012; and since then due to the continued hard work of the HKFA women's division and promotion of women football the base of the girls football pyramid has continued to grow, with more leagues, competitions and age groups. The future is certainly bright for women's football in Hong Kong.

6. The HKFA Boy Academy grew over the previous five years with an expansion of age groups and regular training. However, the new five-year strategy will take a different route going from centralized to decentralized system with the clubs in Hong Kong taking on more of a responsibility to train the elite boys with support from HKFA. HKFA will work closely with the clubs and also the 18 Districts in youth development.

7. Success and improvement is often measured by FIFA world ranking. The men have improved from 156 in 2014 to 143 in 2020, but this is not good enough and the new plans will have actions in place to improve the performance; while developing the elite youth boys coming through the age groups by implementing an exciting and ambitious 'Project 2034'; were HKFA has a target to qualify for the FIFA World Cup in 2034.
8. Hong Kong Men Team did successfully qualify for the East Asian Football Federation Finals in 2019.
9. HKFA has introduced strength and conditioning programs with all Hong Kong representative team age groups in football and futsal. HKFA plan the continued expansion and development of sports science to raise the fitness of Hong Kong players so they can compete at a higher level.
10. HKFA introduced the Club License system for professional clubs in Hong Kong in 2013 in an attempt to raise the quality and standard of the clubs and give Hong Kong clubs the opportunity to participate in the AFC Champions League. Since 2017, Hong Kong has had two professional clubs participating in the AFC Champions League.
11. It is recognized that more work is required to attract more attendance at Hong Kong Premier League matches and there is a need to improve the product and quality to attract spectators. HKFA plan to work closely with the clubs to promote and market the matches and to improve the match day experience for the fans.
12. HKFA, after many years of delay, successfully opened the HKFA Jockey Club Football Training Centre in 2019. The six-pitch training centre is the new home for HKFA and is used by the HKFA teams, many Hong Kong Premier League clubs for training, HKFA senior and youth league matches, junior tournaments with hundreds of participants; and is open for public and community bookings. HKFA now conducts all coach education and referee training at the Football Training Centre and progress is being made on the frequency of training and the number of coaches and referees getting qualified in Hong Kong. HKFA is grateful for the support of the Government and Hong Kong Jockey Club to deliver this project which has made a big impact on football development in Hong Kong.
13. It is understood that HKFA need to improve marketing and promotion to attract more sponsorship and reduce the reliance on public or charity funding. The new five-year plan addresses this point with actions to solicit more sponsorship.
14. The good work of HKFA over the recent years has been recognized by the Asian Football Confederation. HKFA won the 'AFC Developing Member Association of the Year' in 2015; and also, in 2019.

15. There is continued development and progression required to keep HKFA improving both on and off the pitch, HKFA is aware of this fact and will act on the recommendations of the Director of Audit's Report No. 74.

政府總部
民政事務局

香港添馬添美道二號
政府總部西翼十二樓



APPENDIX 9
GOVERNMENT SECRETARIAT
HOME AFFAIRS BUREAU

12/TH FLOOR, WEST WING,
CENTRAL GOVERNMENT OFFICES,
2 TIM MEI AVENUE,
TAMAR,
HONG KONG.

本函檔號 Our Ref. : HAB CR/1-160/7/30C
來函檔號 Your Ref. : CB4/PAC/R74

電話號碼 Tel. No. : 3509 8124
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1 June 2020

Mr Anthony CHU
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee

Consideration of Chapter 1 of the Director of Audit's Report No. 74

**Management of funding for sports development through the Arts and Sport
Development Fund (Sports Portion) (ASDF)**

Thank you for your letter dated 18 May 2020 to the Secretary for Home Affairs. Our responses to the questions raised are set out in the attached note.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Paul Cheng', written in a cursive style.

(Paul CHENG)
for Secretary for Home Affairs

**Replies to questions raised by the Public Accounts Committee on Chapter
1 of the Director of Audit's Report No. 74**

**Management and funding for sports development through the Arts and
Sport Development Fund (Sports Portion) (ASDF)**

Part 1: Introduction

(a) with reference to paragraph 1.4(a) of the Audit Report, details on the management of the Arts and Sport Development Fund (Sports portion) ("ASDF"), in particular the investment policy of the Fund

The Arts and Sport Development Fund (ASDF) is a sub-fund of the Sir David Trench Fund for Recreation (SDTFR) established under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128). The Secretary for Home Affairs is authorised by the Chief Executive to manage the use of funds, including disbursing money to projects that in his opinion, will make a significant contribution to the development of sports in the community.

The Director of Accounting Services is the Trustee of the SDTFR. As required by the said Ordinance, the Government set up the SDTFR Investment Advisory Committee (IAC) to formulate and to review from time to time the investment strategies for the SDTFR and its sub-funds and to advise on matters in relation to investment.

The ASDF has all along been adopting a prudent strategy as approved by the IAC with a diversified investment portfolio (mainly comprising overseas and Hong Kong equities managed by external fund managers and placements with the Exchange Fund) having regard to the prevailing market conditions and cash flow requirements to strike a balance between investment returns and risks.

Part 2: Funding for Hong Kong athletes to prepare for and participate in international games

(b) with reference to paragraphs 2.6(a) and 2.17 of the Audit Report, please provide

(b)(i) an example illustrating the calculation methodology for the refund of 1% of the approved ASDF grant amount by a grantee who fails to submit the programme report and/or audited accounts six months after the completion of preparation programme or the sports competition

A grantee is required to refund the approved grants to the ASDF in case of failure to submit audited accounts and/or post-event reports six months after the event, calculated as 1% of the approved ceiling subvention amount for every month of further delay, until the grantee submits all the post-event reports and audited accounts. HAB and LCSD adopt the same set of calculation methodology. Please refer to LCSD's reply for an example.

(b)(ii) whether since 2015-2016 there have been any cases where the grantee was requested to make such refund due to the delay in submission of programme reports and/or audited accounts for over six months; if yes, please provide the details of such cases

From 2015-16 to 2018-19, there were 2 cases handled by HAB in which the grantees were required to make refund due to late submissions of programme reports and/or audited accounts. Please see details at **Annex I**.

(b)(iii) Details of the six cases in para 2.17 of the Audit Report for which 1% was not refunded for the delay in submission of reports and accounts

Please refer to LCSD's reply for details of the six cases.

(b)(iv) Whether there is a mechanism (including the procedures and criteria) for exercising discretion to waive the above 1% charge on cases of delay; if yes, please provide the details; if no, please provide the justifications for not imposing the 1% charge on those six cases

There is no mechanism for exercising discretion to waive the 1% fee for late submission of reports. Please refer to LCSD's reply for details of the six cases.

(c) With reference to para 2.7 of the Audit Report about the 28 applications approved under ASDF preparation and participation funds, please explain/provide

(c)(i) For those applications with performance targets provided, how such performance targets were set; whether there are specific guidelines in place for applicants on the setting of performance targets; if yes, a copy of such guidelines; if no, whether the HAB and LCSD would consider drawing up such guidelines

The preparation and participation fund under the ASDF mainly support our top athletes to prepare for and participate in major international and national multi-sports games and competitions. Multi-sports events eligible for funding support include the Olympic Games, the Paralympic Games, the Asian Games, the Asian Para Games, the Summer Youth Olympic Games and the National Games (other examples are set out in paragraph 2.2(a) of Chapter 1 of Report No.74). The main funding criterion for granting preparation and participation funds is the level of the events to be participated by the athletes concerned. As long as the level of the event or competition falls into one of the above categories and the athletes are qualified to participate in that event or competition, we will be prepared to provide the necessary funding to help our athletes prepare properly and increase their chance to perform their best at the event or competition. A sample letter of inviting applications for preparation funds for multi-sports events is at Annex IIA.

Since 2016, the preparation and participation fund under the ASDF is extended to team sports in view of their potential for greater spectator appeal and public participation. As specified in the guidelines for team sports released by HAB in 2016 (copy at Annex IIB), funding support is provided to Hong Kong teams preparing for or participating in world championships and inter-continental championships or equivalent events sanctioned by the international or regional sports federation concerned; qualifying events for world championships and inter-continental championships, and other international events where participation of which is a pre-requisite for the entry into world championships and intercontinental championships.

Separately, there are other funding sources supporting athletes in individual and team sports to prepare for or participate in major international events of single sport, such as funding provided to “national sports associations” (NSAs) under LCSD’s Sports Subvention Scheme, and the comprehensive support given to elite athletes through the Hong Kong Sports Institute.

(c)(ii) details on performance targets and results of the two applications mentioned in para 2.7(d)

Please refer to LCSD’s reply as the two cases were handled by LCSD.

(c)(iii) Funding principles of ASDF, whether setting performance targets on athletes’ achievements at sports events is one of the funding criteria; whether the

funding amount will depend on details of the proposals, such as training programmes to be provided, in addition to the type of competition, such as local, regional or international; and a copy of the ASDF application form

The setting of performance targets on athletes' achievements at multi-sports or team sports events is currently not one of the funding criteria. Preparation fund can be used to cover expenses relating to additional local and overseas training, purchase of additional equipment, provision of on-field support, hire of additional coaches and other related expenses such as medical support and insurance. Participation fund can be used to cover expenses for international and local transportation, accommodation and meals, coaching support, uniforms and other related expenses such as medical support and insurance. For the assessment of the amount of funding support necessary, the applicant is required to submit the relevant training or competition programme, delegation list and a budget with itemised breakdown of the estimated costs involved.

As we have explained in paragraph 2.8 of Chapter 1 of Report No.74, the objective of providing preparation and participation funds is to increase the exposure of our athletes and enhance their competitiveness. The athletes' actual performance in the relevant major sports events is not one of the funding criteria and does not form part of the basis of assessment of the effectiveness of the preparation or participation funding support provided.

(c)(iv) It is stated in para 2.27(a) of the Audit report that the funding guidelines would be reviewed in respect of performance targets. When will the review be completed and the new guidelines be available; whether the funding guidelines would provide suggestions on the setting of more practical and achievable performance targets, such as provision of training programme with a specific number of hours

HAB and LCSD are currently reviewing the guidelines on setting of performance targets and plan to complete the review by the end of June. In the current application guideline and application form, the applicant is requested to provide its projected achievements at the event or competition concerned. We consider it useful to require the applicant to provide the projected achievements and report on the results with an assessment of the actual performance. We believe this would be a useful tool for self-assessment by the applicant, as well as for the Government to keep track of the development of the sport concerned. We will however make clear that the projected achievements and actual results are not part of the funding criteria. Since the nature of sports and competition level of international games varies, it is not practical for HAB or LCSD to draw up guidelines on the setting of targets on athletes' achievement or mode and duration of training programme. (For example, there are cases where athletes

or teams were given short notice to join the competition and hence limited time to prepare; and in some cases the opponents or draws of the event changed shortly before competition started.)

(c)(v) Apart from a vision of funds to allow exposure to potential athletes, how the Administration could monitor the use of funds in the preparation part if performance targets were not set or no reports of the achievements against performance targets were made; whether the Administration has in mind any other measures to better monitor the use of funds

Between 2014-15 and 2018-19, ASDF granted 22 applications for preparation funding support for major multi-sports games involving a total amount of \$53 million. During the same period, 23 applications from four team-only sports for preparation funding support involving a total amount of \$11 million have been granted.

In vetting of these applications, there are ceiling amounts for each eligible item stated in the training plan. Eligible items include expenses for flights and local transportation, accommodation, meals, medical services, employment of additional coaches, additional training at home and abroad, purchase of additional equipment and provision of on-field support. For applications for preparation funding support from team-only sports, there is an additional ceiling for the overall amount that can be granted, depending on the level of the event and the number of teams allowed. HAB and LCSD will monitor the use of the approved grants according to the capped ceiling amount of eligible items.

(d) With reference to paragraph 2.10 and Table 6 of the Audit Report, please advise/provide

(d)(i) Whether there is any policy or mechanism governing the variances of significant amount or percentage between estimated and actual amounts of income as well as between those of expenditure; if yes, the details; if no, the reasons for that

At present, there is no requirement for the applicant to report variances of significant amount or percentage between the estimated and actual amounts of income and expenditure. In fact, as the estimated expenditure is only the requested amount of subsidy, it is subject to revision by the applicant and vetting and approval by HAB. As such, we consider it more appropriate to compare the approved expenditure and the actual expenditure. HAB will consider requiring the applicants to provide explanations for variances over 25% between the approved and actual expenditures in future applications.

(d)(ii) Details of each of the 24 applications shown in Table 6 with estimated amount expenditure more than actual amount expenditure (including their respective amounts and percentages of variances, and explanations for the applications of the case with variances of 87% (and the other case with variance of \$5.4 million if it is a different case) between estimated and actual amounts of expenditure

9 out of 24 applications shown in Table 6 are under the purview of HAB. For details of these applications, please refer to **Annex III**. Among the 9 cases, 2 cases (Case 7 and Case 8) have variances of over 25% when comparing the approved and actual expenditures. Both cases were multi-sport events with in-kind sponsorship secured after the budget was approved. In Case 7, the delegation size was 8% lower than the original estimate. In Case 8 part of the expenses such as flight and accommodation costs were eventually covered by the Organising Committee and the welcome home reception was cancelled.

As regards Case 6 which has a variance of \$5.4 million, it was an application for participation fund related to a multi-sport event. The case details are as follows

–

(a)	Estimated expenditure at the budgeting stage	\$17,377,687
(b)	Amount approved by HAB	\$15,573,150
(c)	Actual expenditure	\$11,997,313
(d)	Net expenditure funded by ASDF	\$10,797,582
(e)	Amount refunded to HAB	\$4,775,568
(f)	Variances between estimated expenditure and actual expenditure [(a) - (c)]:	<u>\$5,380,374</u>

The variances were mainly due to (a) the finalised delegation size was 15% lower than the original estimate; and (b) in-kind sponsorships for air-tickets, uniform, sportswear set and transportation of equipment were secured after the budget was approved.

(d)(iii) Can the applicants revise their estimates; if yes, the details; if no, the improvement measures that could be taken by HAB and LCS D to reduce such variances

Yes, applicants can revise their estimates before the budget is approved.

(d)(iv) How long the grant process will take on average after submission of applications; and whether HAB would consider providing funding to grantees in phases, where feasible, according to the stages of a sport competition; if not the reasons for that

Applicants should submit their applications at least 4 months before the earliest departure date of the programme covered by the application, or the commencement of the preparation programme, whichever is earlier. Since it is difficult to predict the results four months before the event and the applicant has to make travel and accommodation arrangements in advance, it is not feasible for the applicants to seek funding according to the stages of the competition.

(v) The progress of the review on the relevant guidelines for the grantees to provide explanations for variances over 25% between estimated and actual amount of expenditure as well as between those of income, and of drawing up the new programme report proforma mentioned in para 2.27(c) of the Audit Report; the outcomes of the review if completed; and the new programme report proforma if available

As stated in (d)(i) above, we consider it more appropriate to compare the actual expenditure with the approved expenditure. We will work with LCSD to draw up a new programme report proforma by end of June.

(e) With reference to para 2.12 of the Audit Report, please explain/advise

(e)(i) why there were no guidelines on the scope of audit

Currently, there are no specific guidelines on the scope of audit for ASDF applications. Most grantees of ASDF are NSAs which also receive subsidies from the Sports Subvention Scheme (SSS). As part of the funding requirement under the SSS, NSAs are required to comply with, amongst other things, an Auditor's Guide as provided in the Handbook for NSAs. The Auditor's Guide specifies that auditors should certify grantee's compliance with the procurement requirements and the Code of Conduct. Since NSAs are familiar with the Auditor's Guide under SSS, we will revise the ASDF guidelines to make clear that auditors of ASDF grantees should follow the same requirements.

(e)(ii) The progress of modifying the relevant guidelines for the grantees to ensure that their auditors certify their compliance with the procurement requirements and the Code of Conduct, and alert the grantees on the consequence if any non-compliance is spotted

With effect from 1 June 2020, HAB will remind grantees to request their auditors to certify their compliance with the procurement requirements and the Code of Conduct in compiling the audited account of programmes under ASDF. HAB will also follow up with the grantee if any non-compliance is spotted.

(e)(iii) Other measures to be taken/taken to ensure compliance with the procurement requirements and the Code of Conduct by grantees

HAB will explicitly state in the approval letter of programmes under ASDF to remind grantees to comply with the requirement.

(f) With reference to Case 1 in para 2.21 of the Audit Report, please provide

(f)(i) the dates for returning unspent balances for Applications D to H

The dates of returning unspent balances for Applications D to H are tabulated as follows:

Application	Start Date of Project	End Date of Project	Statement of Account Submission Date	Date of returning unspent balance
D	2017-11-21	2017-11-27	2018-03-21	2019-11-26
E	2017-11-12	2017-11-18	2018-03-21	2019-11-26
F	2018-02-13	2018-02-25	2018-06-06	2020-04-23
G	2018-08-17	2018-08-27	2018-12-13	2020-04-23
H	2018-09-21	2018-09-27	2019-01-22	2020-04-23

(f)(ii) the reasons for the long lapse of time (over 1.5 years) before the return of unspent balances by the subject grantee of Applications B, C, D and E

All applications mentioned in Case 1 concern the same grantee. The delay was due to an oversight on verifying the audited accounts and returning of unspent balances, as well as changes of the handling officers in both HAB and the grantee during the relevant period. Moreover, the grantee had requested for adjustments to the unspent balances. It took a few more rounds of exchanges on how the unspent balances should be calculated before HAB and the grantee finally reached agreement on the amount.

(f)(iii) the difficulties and obstacles encountered by HAB staff in dealing with the subject grantee, who was repeated late in returning unspent balances to the Government; details of the actions taken by HAB in respect of Case 1 including dates taken

As explained in (f)(ii) above, the delay was partly caused by staff turnover in HAB and the grantee as it took time for the new staff to familiarise themselves with the mechanism of ASDF. In addition, there is currently no sanction or penalty regarding delay in return of unspent balances in the guidelines. The reminders and warnings issued by HAB have insufficient deterrent effect.

(f)(iv) whether there is any penalty against grantees with repeated cases of late return of unspent balances, such as future applications from these grantees would not be considered; if no, whether the Administration would consider including any penalty provisions for future applications in respect of late return of unspent balances

There is currently no mechanism to penalise grantees for the late return of unspent balances. We are reviewing the case with LCSD and would draw up guidelines on the sending of reminders, issuing warnings and consider introducing punitive measures for the late return of unspent balances. The review is expected to be completed by the end of June.

(f)(v) Any other grantees who were repeatedly late for returnin unspent balances in the period from 2014-15 to 2018-19 with details set out in table form as Case 1

No.

(g) With reference to para 2.23 and Table 10 of the Audit Report, DLCS explained at the first public hearing that it took such a long time to issue letters requesting grantees to return unspent balances of the approved grant amount because of the lengthy process for vetting the eligibility of expenditure items for funding with grantees. In this regard, please advise/provide

(g)(i) The workflow of verifying grantees' submitted audited accounts for the return of unspent balances of the approved grant amount by grantees

The workflow is attached at **Annex IV**.

(g)(ii) The respective staff establishment and strength of HAB and LCSD for handling such verifications work and the recovery of unspent balances from grantees; and whether HAB and LCSD consider the current manpower is adequate for undertaking the relevant tasks

ASDF applications are handled by HAB and LCSD respectively depending on the nature of the events. The division of work is shown in Table 5 of Part 2 of the Director of Audit's Report. As far as HAB is concerned, two staff members are responsible for handling the verifications and the recovery of unspent balances from grantees as part of their duties.

(g)(iii) A sample of programme report, audited account and subvention agreement, as well as records of correspondences in relation to Application 4 in Table 10

Samples of the relevant documents are attached in **Annexes V A to D** respectively.

(g)(iv) Improvement measures taken/to be taken to ensure timely return of unspent balances by grantee

HAB will review the existing mechanism with LCSD and consider imposing penalties for delays in returning unspent balances. The relevant measures will be announced by the end of June.

Part 3: Funding for international sports events

(h) with reference to Table 12 in paragraph 3.4 of the Audit Report, please provide further details of matching grant, including the sports events funded by this grant, and explain the changes of the relevant funding policy in 2019-2020

Before 2019, world championships, world class level events (such as world cup, one stop of the world series or world tour), inter-continental championships or equivalent events sanctioned or endorsed by the respective International Federation (IF) and / or listed on the IF's event calendar might apply for matching fund under the "M" Mark system subject to a ceiling of \$6 million for each event.

In the 2018-19 Budget, \$500 million was allocated for setting up of a new "Major Sports Events Matching Grants Scheme" ("MGS") to encourage the business sector to sponsor large-scale sports events, thereby providing our athletes with more opportunities to compete in high-level competition on home ground. The MGS was launched in April 2019. Key enhancement measures included increasing the ceiling of matching fund to \$10 million per "M" Mark event and extending the coverage to exhibition matches or tournaments (e.g. not sanctioned by IF) featuring world-class teams or players.

In 2019-20, a total of nine out of 14 "M" Mark events were funded by the MGS. Details are as follows –

Event	Approved matching fund (\$ million)
FIVB Volleyball Nations League Hong Kong 2019	4
Seamaster 2019 ITTF World Tour - Hang Seng Hong Kong Open	4
Kitchee vs Manchester City - Jockey Club Kitchee Centre Cup	10
Hong Kong Tennis Open #	10
Harbour Race #	3
2019 World Rowing Coastal Championships	4
Hong Kong Open Badminton Championships	4.8
2019-2020 Tissot UCI Track Cycling World Cup Hong Kong, China	3.5
Hong Kong Squash Open #	4

The events were cancelled as a result of social incidents in the second half of 2019.

(i) with reference to Table 13 in paragraph 3.5 of the Audit Report, please provide information on the composition and membership of the Major Sports Events Committee (“MSEC”), the nomination, appointment and terms of office of its members, the election of the Convenor and three other members of MSEC’s vetting panel, as well as the system of declaration of interests for MSEC members and its vetting panel members

The MSEC comprises 15 non-official members and five ex-officio members from HAB, LCSD, Information Services Department, Tourism Commission and Sports Federation & Olympic Committee of Hong Kong, China. The membership list for 2019-2021 is at **Annex VI**. The non-official members are appointed by the Secretary for Home Affairs every 2 years.

At the first MSEC meeting of each new term, members are invited to join the Vetting Panel (VP). VP Members will then nominate and elect a Convenor among themselves. When an application for “M” Mark is received, the Convenor will call for a VP meeting with five members, comprising the Convenor, one official member from HAB or LCSD and three VP Members according to the order of the list and subject to their availability. The VP meeting will assess the application and make recommendations to the MSEC for consideration.

The MSEC adopts a one-tier declaration system. The Chairman of MSEC and Convenor of VP will invite members to declare interests at the beginning of each meeting.

(j) with reference to paragraph 3.5 to 3.7 of the Audit Report, please explain/advise

(j)(i) why the assessment criteria for “M” Mark events (“MMEs”) and Major Local International Events are different (“MLIEs”); and whether all applications under each category would be subject to the same assessment criteria

There are variances in the assessment criteria for “M” Mark events (MMEs) and Major Local International Events (MLIEs) because there are significant differences in the scale and nature of the events under the two categories. MMEs are large-scale events (such as the Hong Kong Marathon and Hong Kong Sevens) that could attract large number of spectators and participants including overseas visitors. These events have the potential to attract larger amount of sponsorship and a maximum matching funding of \$10 million could be granted. Therefore the assessment criteria for MMEs include economic impacts of the

event and the possibility to secure private and business sector sponsorship. On the other hand, MLIEs are of much smaller scale (such as Asian or major regional championships) which are not expected to generate substantial economic impact or attract large amount of sponsorship. Nevertheless, all applications under each category are subject to the same set of assessment criteria.

(j)(ii) the process of and the scoring system for assessing applications for MMEs and MLIEs by MSEC's vetting panel and LCSD's Vetting Committee of Sports Subvention respectively

For MMEs, assessment of the applications takes place throughout the year. All applications will be scrutinized and vetted by the VP with the support of the Secretariat in accordance with the vetting criteria and the scoring table for M Mark events. The recommendations from the VP will then be presented to the MSEC and the Sports Commission for endorsement and approval respectively. The vetting criteria and scoring table for M Mark events are at **Annex VII and Annex VIII** respectively.

For MLIEs, LCSD will issues invitation letters to NSAs and Sports Organisations (SOs) under LCSD Sports Subvention Scheme in August/September every year for submission of applications in the coming three years. All applications will be scrutinized and vetted by the Vetting Committee for Sports Subvention (VCSS) in accordance with the vetting criteria and the scoring table for MLIEs. The recommendations from the VCSS on applications will then be submitted to HAB for approval. An approval-in-principle will be given to the NSAs/SOs. The NSAs/SOs are required to submit a formal application with full details of concerned MLIEs to LCSD at least four months before the date of event. The assessed applications will then be submitted to VCSS for endorsement and HAB for approval. The scoring system for MLIEs is at **Annex IX**.

(j)(iii) Whether there are any briefings and guidelines provided for members on the vetting of funding applications for MMEs; if yes, details of the briefings

The MSEC Secretariat will conduct briefing for all new MSEC members and provide each of them with a copy of the application guidelines. In addition, the Secretariat will remind VP members of the vetting criteria before assessing the “M” Mark applications at VP meetings.

***Note by Clerk, PAC:** Refer to Major Sports Event's website for Annex VII.

(k) With reference to Table 15 in paragraphs 3.14 of the Audit Report, Secretary for Home Affairs advised at the first public hearing that a review would be conducted on the existing arrangement for the submission of programme reports and audited accounts by grantees including time allowed for submission. Please provide the timetable for such review, and advise whether HAB would adjusting the timelines for the submission of programme reports and audited accounts by grantees in accordance with the scale of sports events

HAB and LCSD are considering the adjustment of timelines for the submission of programme reports and audited accounts by grantees. The review is expected to be completed by end of June this year.

(l) with reference to paragraph 3.24 of the Audit Report, please provide

(l)(i) an example illustrating the calculation methodology for the surplus amount of MMEs to be returned to the Government

Using a MME with actual expenditure of \$8.5 million and total income of \$12 million (including \$5 million cash sponsorship; \$5 million matching grant from “M” Mark Scheme and \$2 million of gate receipt) as an example. The event surplus is \$3.5 million (i.e. \$12 million - \$ 8.5 million).

The grantee is required to deposit at least \$1.25 million (i.e. 25% of the “M” Mark funding support) to the “M” Mark Reserve Fund Account (Reserve Fund Account) for the purpose of funding future “M” Mark event. The grantee may submit proposal for HAB’s approval on how to use the event surplus of \$2.25 million (i.e. \$3.5 million - \$1.25 million) for sports development purpose.

When the Reserve Fund Account reaches \$15 million, the grantee must submit a proposal for HAB’s approval within 12 months on how to gainfully use part of the reserve fund for development of the respective sport. If such a proposal is not submitted or cannot obtain HAB’s approval within the said period, the grantee is required to return the amount in excess of \$15 million to the Government within four months.

If the grantee does not organise another MME in four consecutive years, it is required to return all monies including interests in the Reserve Fund Account to the Government within four months upon notice from HAB.

(l)(ii) the rationale for the difference in practices between return of surpluses (for MMEs) and unspent balances (for MLIEs and LIEs)

As explained in para. (j)(i) above, there are significant differences in the scale and nature of MMEs and MLIEs. Hence, different mechanisms and monitoring arrangements, including return of surpluses and/or unspent balance are adopted.

(l)(iii) the progress of the review on the need to align the existing arrangements for returning surpluses of MMEs and unspent balances of MLIEs and LIEs mentioned in paragraph 3.34(b) of the Audit Report

HAB notes the need to control the use of surpluses for MLIEs and LIEs. We are reviewing the existing mechanism with LCSD and aim to devise relevant improvement measures by the end of June.

2 Cases of late submission of programme report and/or audited accounts for over six months

Programme Name	Approved Amount (HK \$)	End Date of Event	Deadline for Submission of Report	Date of Report Submitted by the Grantee	Deduction Methodology (HK\$)
Programme 1	\$437,179	6 Jul 2018	31 Jan 2019	30 Mar 2019	\$437,179 x 1% (\$4,372) x 2 months = \$8,744
Programme 2	\$505,149	14 Jul 2018	31 Jan 2019	30 Mar 2019	\$505,149 x 1% (\$5,051) x 2 months = \$10,102



電話 TEL: 
圖文傳真 FAX NO: 
本署檔號 OUR REF: LM (1) LCS 2/SF 988/04 OG (20)
來函檔號 YOUR REF:

14 May 2019


Causeway Bay, Hong Kong

Dear Mr ,


Preparation Fund for the Tokyo 2020 Olympic Games

The Tokyo 2020 Olympic Games (OG) will be held during 24 July – 9 August 2020 in Tokyo, Japan. Your Association is now invited to apply for funding support from the Arts and Sport Development Fund to enhance the preparation for OG. Details of the funding support for the Preparation Programmes and application procedure are at Annex. Granting of the fund is subject to funding availability.

National Sports Associations are required to submit the application together with a training plan for preparation of OG by completing the attached proforma at Appendix III & IV and return to this office on or before **31 May 2019**.

Should you require further information, please contact our respective Assistant Leisure Manager of the Sports Funding Office.

Yours sincerely,


for Director of Leisure and Cultural Services

Preparation Programmes for the Tokyo 2020 Olympic Games

Eligibility

Based on the individual athletes / teams achieving results from the competitions which fall in **points 3** or above levels of **Appendix I** will be considered for support. The requirement for results to be considered is listed at **Appendix II**.

Period of Support

The preparation fund aims to provide support to National Sports Associations (NSAs) to cover all the related training expenses for a maximum of 12-month period (from August 2019 to July 2020 or completion of the preparation programme or receipt of notice of disqualification) subject to the approval of grant from Arts and Sport Development Fund.

Types of Support

The grant will cover expenses related to –

1. employment of additional coaches;
2. additional local training;
3. overseas competitions and training;
4. purchase of additional equipment; and
5. provision of on-field support.

Subvention Level

Based on the eligibility and their relevant training programmes, a subvention will be provided with the maximum amount listed below:

Type of Sports	Maximum Amount
Individual Sports	\$180,000 per athlete or \$1,200,000 per NSA (whichever is the less)
Team-only Sports	\$900,000 per team or \$1,400,000 for 2 teams or \$1,800,000 for 3 or more teams

NSAs covering both individual sport and team-only sport would be eligible for ceiling funding amounts equivalent to those for Team-only Sports NSAs i.e. \$1.8 million.

Funding Principle

A 100% subvention level and eligible items will be supported. However, please note that all expenses of the items should not be overlapped with the subvented programmes of Sports Subvention Scheme or other Government's funding. No double claims would be allowed for all expenditure items.

Elite Vote Support System (EVSS) Generic Scoring Table
(Revised in September 2017)

Item	Weighting	Criteria	Rating						
1	1.5	International-level performance record in previous 2 years – Senior athletes	4-8 (> 24 entries) or Top 1/3 (≤ 24 entries) International Invitation Tournament Regional Championships (e.g. Pacific Games, East Asian Championships) International Open Competitions	4-8 (> 24 entries) or Top 1/3 (≤ 24 entries) Asian Cup Series National Championships Asian Indoor and Martial Arts Games	4-8 (> 24 entries) or Top 1/3 (≤ 24 entries) Asian Championships National Games World University Games / Championships Asia Cup (Finals) World Cup Series	4-8 (> 24 entries) or Top 1/3 (≤ 24 entries) Asian Games World Cup (Finals)	4-8 (> 24 entries) or Top 1/3 (≤ 24 entries) Olympic Games World Championships	Medal (Minus-one Rule) Olympic Games	[6]
			Medal (> 9 entries) or Top 1/3 (≤ 9 entries) Inter-port / Inter-City Competition	Medal (> 9 entries) or Top 1/3 (≤ 9 entries) International Invitation Tournament Regional Championships (e.g. Pacific Games, East Asian Championships) International Open Competitions	Medal (> 9 entries) or Top 1/3 (≤ 9 entries) Asian Cup Series National Championships Asian Indoor and Martial Arts Games	Medal (> 9 entries) or Top 1/3 (≤ 9 entries) Asian Championships National Games World University Games / Championships Asia Cup (Finals) World Cup Series	Medal (> 9 entries) or Top 1/3 (≤ 9 entries) Asian Games Medal (> 9 entries) or Top 1/3 (≤ 9 entries) World Cup (Finals)	Medal (> 9 entries) or Top 1/3 (≤ 9 entries) World Championships	[5]
			[1]	[2]	[3]	[4]	[5]	[6]	

Remarks:

Requirements for results to be considered please refer to Appendix II.

Requirements for Results to be Considered

1. Results in demonstration or exhibition events will not be counted.
2. Only results of athletes fulfilling the 3-year residency criteria will be counted.
3. For team events, whether in individual or “Team-only” sports, all members of the team must fulfill the 3-year residency requirement, and all should be eligible to represent Hong Kong in the Asian Games or Olympic Games.
4. Due to a lack of uniformity in the ranking systems for different sports, international ranking will not be used as an assessment parameter.
5. Only results in competitions sanctioned, recognized or endorsed by the relevant international or Asian federation will be considered, except for the National Games and National Championships.
6. For Olympic Games and Asian Games medal results, the “minus-one rule” (i.e. beaten at least one competitor in the competition) will be applied.
7. Only results in events with the participation of four or more countries or regions, will be counted.
8. Results in inter-clubs competitions, whether local or international, will not be counted.

Preparation Fund for the Tokyo 2020 Olympic Games

Achievements in the past 2 years
(May 2017 – Up to April 2019)

Name of National Sports Association: _____

Please list down the best result for senior athletes / teams and submit supporting documents.

Categories	Event Name	Event Date	Names of Athletes / Teams	Positions / Results Attained	Total No. of Entries and No. of Countries /Regions taking part
Senior Athletes					
Senior Teams					

Name of Contact Person : _____

Telephone No. : _____

Post : _____

Date : _____

Association's Chop : _____

To: Sports Funding Office / Sports Development Unit

Fax: SFO: [REDACTED] / SDev: [REDACTED]

Training Plan for Preparation of the Tokyo 2020 Olympic Games

Name of NSA : _____

1. Projected achievements of the athletes in the Games

2. Proposed short-term coach, (please list past record of coaching achievements, job descriptions, employment terms and duration of employment, etc, if available) and the maximum support cannot exceed \$40,000/month.

3. Proposed additional training programmes including dates, time, venue, number of trainers

4. Proposed additional overseas competitions and training programmes including dates, time, venue, number of athletes involved

5. Proposed purchase of additional sport equipment

6. Proposed provision of on-field support

7. Detailed budget for items 2-6 (please use separate sheet if space is not sufficient)

8. Competition schedule of the Games for your sport and any other relevant information

Arts and Sport Development Fund (Sports Portion)

Guidelines on Application for Funding Support for Preparation and Participation in Major International Sports Events for Team Sports

This guideline sets out the eligibility, application requirements and monitoring arrangement for funding support under the Arts and Sport Development Fund (Sports Portion) for preparation for and participation in major international sports events of team sports.

A. About Arts and Sport Development Fund (Sports Portion)

2. The Arts and Sport Development Fund (ASDF) was set up in January 1997 as a sub-fund under the Sir David Trench Fund for Recreation to provide funding for worthwhile projects for the further development of arts and sport. Since the inception of the ASDF, the sports portion of ASDF has been an important source of funding for the development and promotion of sport in Hong Kong. At present, the ASDF provides funding support to, among others, team sports that have the potential for greater spectator appeal and public participation, for example, by providing additional funding for taking part in overseas competitions to raise standards.

B. Eligibility

1. Events

3. The events for which preparation and/or participation funding is sought should be a team-only sport and fall under one of the following categories –

- (a) championships and other events at a level equivalent to World or Intercontinental championships sanctioned and certified by the international or regional federation concerned; or
 - (b) qualifying events for non-annual major competitions at a level equivalent to those mentioned under (a) above; or
 - (c) other international events where participation of which is a prerequisite for the entry to world championships or equivalent.
4. This guideline does not apply to multi-sports games. Applications for preparation and/or participation funding in relation to major multi-sports events including but not limited to the Olympic Games and Asian Games would be coordinated by the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) and the Leisure and Cultural Services Department (LCSD). Similar applications in relation to Paralympic Games, Asian Para Games and National Games (summer/winter/youth) etc, would be coordinated by LCSD.

II. Applicants

5. Applications should be submitted by the relevant “national sports associations” (NSAs) which should generally fulfill all the following criteria –
- (a) a member of the SF&OC;
 - (b) affiliated to the international federation of the respective sport;
 - (c) registered under the Companies Ordinance and has a Memorandum and Articles of Association;
 - (d) a non-profit-making sports organisation; and

- (e) has been in operation and has organised sports programme for at least three years.

C. Funding Principles

6. The funding level shall be determined on the basis of the budget of the expenditure items submitted by the applicants, and in accordance with the Eligible Items of Expenditure for the Sports Subvention Scheme (SSS), including the applicable maximum amounts for the respective items.

Preparation funds

7. Eligible items will be funded in full subject to the following :

Level of Event	Maximum for each event		
	1 team	2 teams	>2 teams
World	\$900,000	\$1.4 million	\$1.8 million
Asian	\$725,000	\$1.1 million	\$1.45 million
Major Regional	\$480,000	\$720,000	\$900,000

8. The grant will cover expenses related to additional local training and overseas competitions/training, employment of additional coaches, purchase of additional equipment and provision of on-field support.
9. There should be no duplication of items funded under this application and those subvented under SSS managed by LCSD or HKSI. No double claims would be allowed for all expenditure items.

Participation funds

10. Eligible items will be funded up to 90%, i.e. applicants would be granted funding equivalent to 90% of the eligible items as assessed by Home Affairs Bureau (HAB) / LCSD.

D. Application Procedures

Requirements and Procedures

11. Applicants shall submit funding applications in writing, together with supporting documents, on preparation programmes and/or competitions concerned, including, but not limited to, the following information :
 - (a) details of the programmes, for example, level of events concerned, content and details of the preparation programme(s) concerned, projected achievements at the competitions concerned, date(s) of the preparation programmes and/or competitions concerned with supporting documents (e.g. invitation letter);
 - (b) delegation list, including roles of non-athletes; and
 - (c) budget with itemised breakdown of cost.

If the event date is yet to be finalised, applicants may submit application on the basis of tentative dates available.

12. Applications, signed by the President, Chairman or Chief Executive/Executive Director of the NSA concerned, should be submitted by post or email to the following **at least four months before** (postmark date or date of email sent) the earliest departure date (from Hong Kong) of the programmes covered by the application, or the commencement of preparation programme(s), whichever is earlier, under preparation fund :

Recreation and Sport Branch
Home Affairs Bureau
13/F, Central Government Offices West Wing
2 Tim Mei Avenue
Hong Kong
Email : asdf-applications@hab.gov.hk

13. All applications should be clearly marked “**ASDF – Application for Preparation/Participation* Funds**” on the envelope for applications submitted by post, or in the subject line for applications submitted by email.
14. Late applications will not be considered.
15. HAB and/or LCSD may need to seek clarification from the applicant, or require the applicant to submit further information. Delay in response to HAB and/or LCSD’s request for further details may delay the processing of the application, and the application may not be approved before the start of the preparation programmes or events.

Change of Circumstances

16. For **preparation fund**, applicants shall have to cease the preparation programmes immediately upon receipt of notice of disqualification or withdrawal for whatever reason from the relevant event(s), and notify HAB within two weeks of receipt of such notices. Any unused portion of the fund granted shall be refunded to HAB as soon as practicable, and in any case no longer than four months from the notification to HAB, with an auditor’s report and an audited statement of account.
17. For **participation fund**, applicants shall inform HAB within two weeks if they are unable to participate in the events concerned for whatever reason, including but not limited to withdrawal, disqualification, and cancellation of events. Any unused portion of the fund granted shall be refunded to HAB as soon as practicable, and in any case no longer than four months from the notification to HAB, with an auditor’s report and an audited statement of account.
18. Any change to the scope of the approved activities requires prior approval of HAB. Under such circumstances, the applicant

* Delete “preparation” or “participation” as appropriate

should submit in writing with full justifications for the proposed changes **at least four weeks before** the commencement of the proposed activities, or the departure date in case of overseas activities. Expenditure incurred on unapproved items and programmes would not be reimbursed. No retrospective approval would be given.

19. Should an application be approved, HAB shall issue an approval letter to the applicant setting out the approved amount and the funding conditions. Release of funding will be arranged upon receipt of written acceptance from the applicant. The approval will lapse in the absence of written acceptance from the applicant before the date stipulated in the approval letter.
20. The decision of HAB is final.

E. Monitoring

21. Without loss of generality to the requirements herein, applicants must follow any condition set out in the approval letter. In case of conflict between this guideline and the approval letter, the conditions set out in the approval letter shall prevail.

Reporting Requirements

22. For approved grants, the grantees are required to submit evaluation report, delegation list and auditor's report with audited statements of accounts upon completion of the projects **within four months** from the end of the approved programmes to HAB. Any unspent balance must be returned to HAB within four months after the completion of the projects.
23. In the event that an applicant fails to submit audited accounts and/or post-event report six months after the event, the applicant shall be liable to refund approved grant to HAB, calculated as 1% of the approved ceiling subvention amount for every month of

further delay, until all of the post-event reports and audited accounts are submitted.

24. Late submission of notification in case of circumstances, post-event reports and audited accounts may also impact on the scoring for “Corporate Governance and Compliance” in the Mid-year Assessment and thus may affect annual subvention under SSS.

Virement of Funds

25. If an application consists of more than one programme, such as a preparation programme consisting of both local and overseas training activities, virement of funds from one programme to another would be considered subject to application in writing before the commencement of the programmes.

Record-keeping Requirements

26. The applicants must keep accounting records in relation to the application for at least seven years after the end of the project and provide, upon request, copies of receipts and invoices for items of expenditure covered by the ASDF funding for inspection.

On-site Inspection

27. HAB shall reserve the right to conduct on-site inspection to ensure compliance with the funding conditions and consistency with the stated objectives of the relevant programmes.
28. HAB reserves the right to suspend processing subsequent funding applications of any type for ASDF from the applicants with outstanding post-event report and/or audited accounts one year after the deadline, until all the outstanding post-event report and/or audited accounts are submitted.
29. HAB may take into account track records of the applicants in managing the approved programmes, including submission of

reports and statements of accounts, in assessing future applications.

F. Enquiry

30. Any enquiry related to applications made under the sports portion of the ASDF should be directed to the Assistant Secretary for Home Affairs (Recreation and Sport)² at 3509 7070, or at the address and email under paragraph 12.

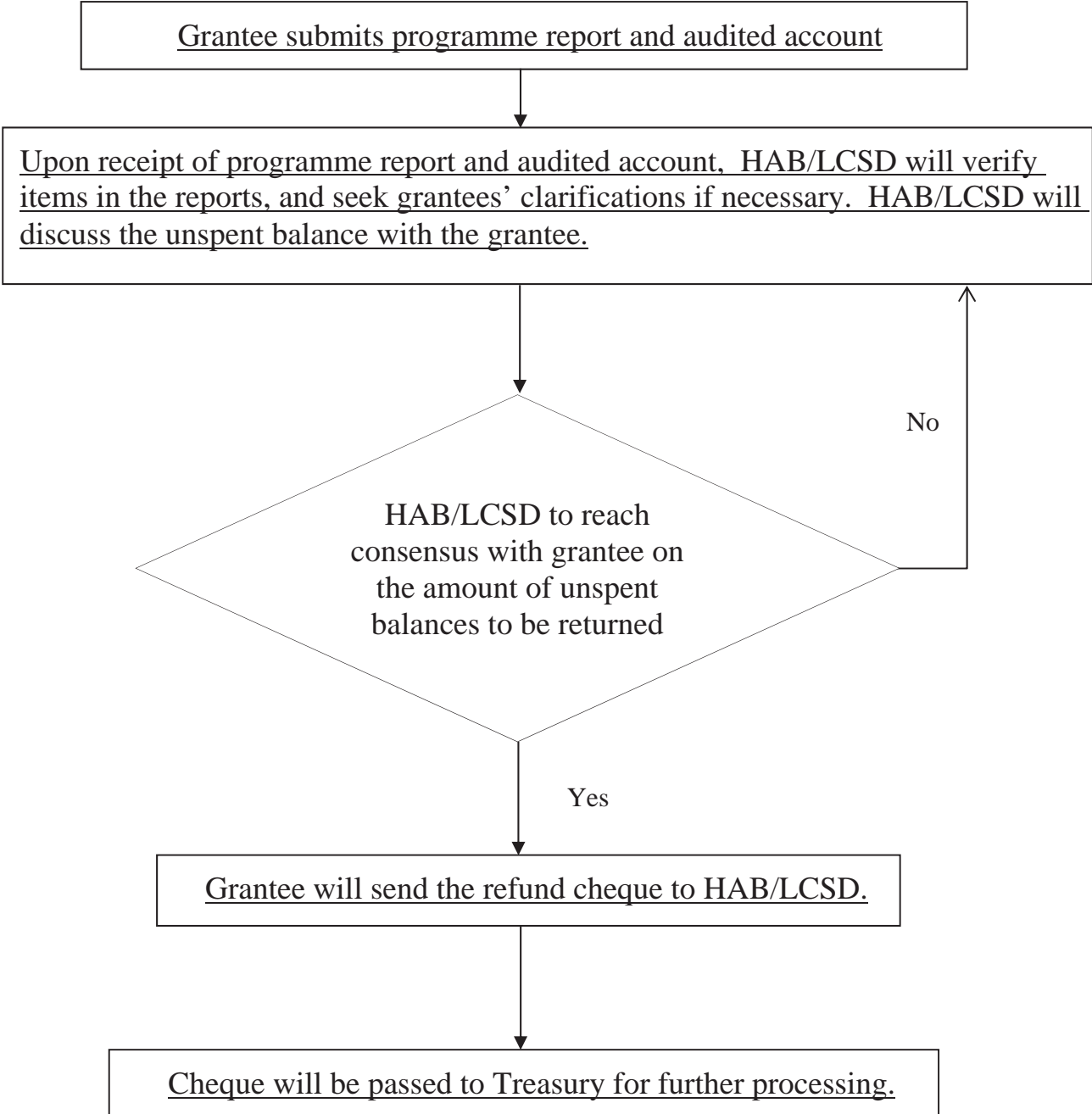
**Home Affairs Bureau
August 2016**

Among the 24 applications shown in Table 6 with estimated amount expenditure more than actual amount of expenditure, 9 are handled by HAB. Details of the amount and percentage of variances are tabulated below:

Case	Date of Approval	Estimated Expenditure (including non-eligible expenditure) (\$)	Approved Amount (\$)	Actual Expenditure (including non-eligible expenditure) (\$)	(Difference between Estimated Expenditure and Actual Expenditure) Calculation of Variance (\$)	(Difference between Estimated Expenditure and Actual Expenditure) Percentage of Variance (%)	(Difference between Approved amount and Actual Expenditure) Percentage of Variance (%)
		(a)	(b)	(c)	(d) = (a) - (c)	(e)=(d) / (a)	(f)=(b)-(c) / ((b)
1	2017-12-28	1,261,064.00	900,000.00	790,451.04	470,612.96	37%	12%
2	2017-04-06	1,097,390.00	725,000.00	670,697.53	426,692.47	39%	7%
3	2018-01-31	585,540.00	423,090.00	382,517.62	203,022.38	35%	10%
4	2018-03-29	644,630.00	414,981.00	388,441.66	256,188.34	40%	6%
5	2017-11-21	955,604.00	833,255.00	669,906.02	285,697.98	30%	20%
6	2018-07-30	17,377,687.00	15,573,150.00	11,997,313.00	5,380,374.00	31%	23%
7	2017-09-01	7,798,834.00	6,957,320.00	3,875,813.00	3,923,021.00	50%	44%
8	2018-02-09	298,808.00	269,010.00	66,747.00	232,061.00	78%	75%
9	2017-10-12	1,737,155.20	1,517,615.00	1,216,867.00	520,288.20	30%	20%

Remarks : 9 out of 24 events are handled by HAB.

Workflow of return of unspent balance from Grantees for Arts and Sport Development Fund (ASDF)



Programmed Report (*Events Held Outside Hong Kong*)

The Report should be completed by an authorized official/staff of the Association by the end of second month in the coming quarter (e.g. for programme held during April to June, the report should be submitted on or before 31st August).

A(I) - International Events held outside HK

✓

B(I) - National / Junior Squad Training held outside HK

B(II) - Regional Squad Training held outside HK

D(I) - Official Training Programme held outside HK

D(II) - Meeting / conference held outside HK

(Please tick ✓ as appropriate)

Name of National Sports Association: _____

I. Event Particulars

Name of Programme: _____

Period / Date of Programme: _____

8-14 Dec 2017

Period of Stay: _____

Venue / Destination: _____

Number of Participants:

	Planned No.	Actual No.	Supported No. (for LCSD Use)
No. of Athletes	34	34	
No. of Teams			
No. of Officials	29	29	

II. Achievement of Targets

Performance Target	Target met (✓) / not met (X)	Reasons / Remarks
Achieve medals	✓	

(For category A(I) programmes, please also complete the Report on International Events held outside Hong Kong)

III. Statement of Account

(A) <u>Expenditure Met by LCSD</u>	<u>Actual Expenditure</u> (To be completed by NSA)		For LCSD Use
	Breakdown	Amount (HK\$)	Recommended Subvention (HK\$)
I. Board & Lodging			
1. Air Ticket	Delegation : \$5,650 x 61pax + \$4,130 x 1pax + \$4,330 x 1pax - \$593 refund for cancellation of DCDM's ticket (*) 352,517.00 NPC : \$5,650 x 1pax + 4,330 x 2pax + \$8,330 22,640.00	414,866.00	
Airport Tax	Delegation : \$593 x 63pax 37,359.00 NPC : \$593 x 2pax + \$582 x 2pax 2,350.00		
	(*) After the airticket wss confirmed, [REDACTED] was requested to arrive early to attend the meeting. The Organizing Committee was responsible for her airticket.		
2. Accommodation	Single room : [REDACTED] (USD150 x 1room x 7nights + USD150 x 1room x 4nights + USD150 x 2room x 5nights) @7.8306597 24,666.56 Triple room : USD360 x 4rooms x 7nights @7.8306597 78,933.05 Twin room : USD260 x 4rooms x 7nights @7.8306597 57,007.20 6persons room : USD570 x 8rooms x 7nights @7.8306597 249,954.66 Additional bed : AED185 x 9beds @2.13251 3,550.63	414,112.10	
3. Meals		3,421.02	
4. Transportation	Transportation for equipment \$1,150.00 Transportation for athletes and officials \$10,849.50	11,999.50	
	Sub-total:	844,398.62	0.00
II. Staff Remuneration			
1. Daily Allowance for PT Coaches	\$1000 x 7pax x 7days + \$4,500/7days x 4pax	67,000.00	
2. Daily Allowance for Medical officials	\$1000 x 2pax x 7days + \$1000 x 1pax x 5days	19,000.00	
3. Daily Allowance for Photographer	\$1000 x 1pax x 7days	7,000.00	
	Sub-total:	93,000.00	0.00
III. Printing & Publicity		61,622.35	
1. Team meeting cum Press Conf.	- Venue Fee 8,587.50 - Backdrop & PA 20,000.00 - Refreshment 10,890.00 - Hire of rehabus for athletes to/from 210.00	39,687.50	
3. Selection Day	- Printing, Poster & banner 11,005.75 - Transportation of equipment 70.00 - Stationery & postage 4,539.60 - Voluntary helpers allowance 2,910.00 - Volunteer Bid laundry fee 50.50 - Meals for officials 800.00	19,375.85	
4. Printing Expenses		559.00	

5. Event Banner		2,000.00	
IV. Event Related Expenses		217,845.73	
1. Medical equipment		7,558.00	
2. Team Uniform		72,380.00	
3. Competition Uniform		22,020.50	
	- Athletics	2,540.50	
	- Swimming	6,940.00	
	- Table Tennis	12,540.00	
4 Competition Equipment		17,352.20	
	- Tenpin Bowling	3,080.00	
	- Table Tennis	12,565.00	
	- Swimming	1,707.20	
5. Insurance		6,800.00	
6. IDD & Internet		7,146.80	
7. Supplement of drinks		1,557.12	
8. ■■■■■ capitation fee		26,232.71	
10. Audit Fee		5,000.00	
11. Stationary & Postage		2,352.00	
14. Souvenir - Pins		30,700.00	
15. Hong Kong Flag		900.00	
16. Appreciation Dinner & Ceremony		17,450.00	
17. Bank charges		396.40	
	Total(A):	1,216,867	0.00
(B) Expenditure Met by NSA/Sponsors:			
1.			
2.			
	Total (B):	0.00	
	Grand Total Expenditure (A) + (B):	0.00	
(C) Income: (Estimated Amount)	Actual Income (HK\$)		
1. Entry Fee: (\$_____)			
2. Admission Fee: (\$_____)			
Total: (\$_____)	Total Income (C):	0.00	
	(A) Expenditure met by LCSD:	0.00	
	(C) Income:	0.00	
	Maximum Subvention Level:	90%	
	Total Recommended Subvention:	1,517,615.00	

If there is significant variance between the estimated and actual expenditure / income, (i.e. >25%), please explain:

This is to certify that:

Compliance Items	Yes	No	Reason for non-compliance
(a) Accommodation has been restricted to standard room(s) type	Yes		
(b) Air fare has been restricted to economy class	Yes		
(c) Number of sessions of training programmes have been conducted as planned <i>(for training programmes only)</i>	n/a		
(d) Pay rate to coaches and officials are not lower than LCSD's standard pay rate	n/a		

All the above information stated in the Programme Report has been checked correct and complied with the Handbook and Subvention Agreement.

Signature : 
 Name: 


 Association's Chop

Post : Vice Chairman

Other*: _____ (Please specify)

Date: 29/3/2018

** Please delete if not applicable*

(For LCSD use only):

1. Date of Receipt of Programme Report:

2. Overall Assessment of the Programme:

Outstanding Very Satisfactory Satisfactory Unsatisfactory Poor

3. Suggestion / General Remarks : _____

4. Actual expenses are subject to auditing by the certified public accountant.

Signature of project i/c : _____
 ALM II / I / LM *

Date : _____

Signature of supervisor : _____
 LM / SLM *

Date : _____

Report on International Events held outside Hong Kong

1. Aims and Objectives

Achieve medals

2. Scale & Level of Event

No. of participating countries: 30 countries

No. of participants (including officials and athletes): 800 athletes

Sanctioned by: * International Federation / Asian Federation / Others

Frequency: every 4 year

3. Logistic Arrangements

Satisfactory Unsatisfactory (Please explain: _____)

4. Organization of Event

Satisfactory Unsatisfactory (Please explain: _____)

5. Performance of Athletes

Satisfactory Unsatisfactory (Please explain: _____)

6. Performance of Coaches

Satisfactory Unsatisfactory (Please explain: _____)

7. Official Results (please attach the official results of team/individual athletes with events entered, if any)
7 Gold, 13 Silver and 4 Bronze medals

8. Participants' Feedback

9. Any observations that can be applicable in Hong Kong

10. Overall Comments on Effectiveness of the Programme



地區殘奧會代表 National Paralympic Committee Representatives	
[Redacted]	[Redacted] 副主席 Vice-chairman,
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	General Secretary,
[Redacted]	[Redacted]

團隊職員 Delegation Officials	
[Redacted]	團長 Chef de Mission
[Redacted]	副團長 Deputy Chef de Mission
[Redacted]	秘書處職員 Secretariat Staff
[Redacted]	秘書處職員 Secretariat Staff
[Redacted]	秘書處職員 Secretariat Staff
[Redacted]	秘書處職員 Secretariat Staff
[Redacted]	秘書處職員 Secretariat Staff
[Redacted]	攝影師 Photographer

醫療人員 Medical Officials	
[Redacted]	醫生 Team Doctor
[Redacted]	護士 Nurse
[Redacted]	護士 Nurse
[Redacted]	物理治療師 Physiotherapist

田徑 Athletics	
[Redacted]	教練 Coach
[Redacted]	教練 [Redacted]
[Redacted]	運動員 Athlete
[Redacted]	運動員 Athlete
[Redacted]	運動員 Athlete
[Redacted]	運動員 Athlete
[Redacted]	運動員 [Redacted]



硬地滾球 Boccia	
	總教練 Head Coach
	教練 Coach
	教練 Coach
	輔助人員 Assistant
	輔助人員 Assistant
	輔助人員 Assistant
	輔助人員 Assistant
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
運動員 Athlete	

游泳 Swimming	
	教練 Coach
	教練 Coach
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete



乒乓球 Table Tennis

	教練 Coach
	教練 Coach
	教練 Coach
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete
	運動員 Athlete

成績總表 Results Summary

	運動項目 Sports	運動員 Athletes	級別 Class	比賽項目 Events	成績 Results	參賽人數/ 隊伍 Participants/ Teams	參賽國家/ 地區 Nations/ Territories
1	田徑 Athletics		T47	女子 T47 級 100 米 (20 歲以下) Women's 100m T47 (U20)	第三名 3 rd (14.81")	4	4
2	田徑 Athletics		T47	女子 T42-47 級 200 米 (20 歲以下) Women's 200m T42-47 (U20)	第二名 2 nd (30.80")	3	3
3	田徑 Athletics		T35	男子 T35-36 級 100 米 (20 歲以下) Men's 100m T35-36 (U20)	第二名 2 nd (16.35")	3	2
4	田徑 Athletics		T35	男子 T35-36 級 200 米 (20 歲以下) Men's 200m T35-36 (U20)	第二名 2 nd (32.26")	3	2
5	田徑 Athletics		T36	男子 T35-36 級 100 米 (18 歲以下) Men's 100m T35-36 (U18)	第二名 2 nd (15.56")	2	2
6	田徑 Athletics		T36	男子 T35-36 級 200 米 (18 歲以下) Men's 200m T35-36 (U18)	33.60"	1	1
7	田徑 Athletics		T36	男子 T35-36 級 100 米 (20 歲以下) Men's 100m T35-36 (U20)	第三名 3 rd (16.87")	3	2
8	田徑 Athletics		T36	男子 T35-36 級 200 米 (20 歲以下) Men's 200m T35-36 (U20)	第三名 3 rd (34.24")	3	2
9	田徑 Athletics		T20	男子 T13/20 級跳遠 (20 歲以下) Men's Long Jump T13/20 (U20)	第二名 2 nd (5.80m)	3	3
10	硬地滾球 Boccia		BC4	混合 BC4 級個人賽 Mixed Individual BC4	第二名 2 nd	14	6
11	硬地滾球 Boccia		BC4	混合 BC4 級個人賽 Mixed Individual BC4	八強 Quarter-final	14	6
12	硬地滾球 Boccia		BC1	混合 BC1 級個人賽 Mixed Individual BC1	小組 Pool	10	5
13	硬地滾球 Boccia		BC2	混合 BC2 級個人賽 Mixed Individual BC2	小組 Pool	16	9
14	硬地滾球 Boccia		BC2	混合 BC2 級個人賽 Mixed Individual BC2	八強 Quarter-final	16	9
15	硬地滾球 Boccia		BC4	混合 BC4 級個人賽 Mixed Individual BC4	小組 Pool	14	6

	運動項目 Sports	運動員 Athletes	級別 Class	比賽項目 Events	成績 Results	參賽人數/ 隊伍 Participants/ Teams	參賽國家/ 地區 Nations/ Territories
16	游泳 Swimming		S8	女子 S6-10 級 100 米自由泳 (12-15 歲) Women's 100m Freestyle S6-10 (Aged 12-15)	第十四名 14 th (1:42.67)	21	6
17	游泳 Swimming		S8	女子 S6-10 級 100 米背泳 (12-15 歲) Women's 100m Backstroke S6-10 (Aged 12-15)	第五名 5 th (1:57.53)	11	6
18	游泳 Swimming		S8	女子 S6-10 級 400 米自由泳 (12-15 歲) Women's 400m Freestyle S6-10 (Aged 12-15)	第七名 7 th (7:29.68)	9	6
19	游泳 Swimming		SB7	女子 SB4-9 級 100 米蛙泳 (12-15 歲) Women's 100m Breaststroke SB4-9 (Aged 12-15)	第十一名 11 th (2:50.17)	20	6
20	游泳 Swimming		S9	女子 S6-10 級 100 米自由泳 (12-15 歲) Women's 100m Freestyle S6-10 (Aged 12-15)	第十七名 17 th (1:46.09)	21	6
21	游泳 Swimming		SB8	女子 SB4-9 級 100 米蛙泳 (12-15 歲) Women's 100m Breaststroke SB4-9 (Aged 12-15)	第十四名 14 th (2:55.77)	20	6
22	游泳 Swimming		S10	女子 S6-10 級 100 米自由泳 (12-15 歲) Women's 100m Freestyle S6-10 (Aged 12-15)	第十八名 18 th (1:47.38)	21	6
23	游泳 Swimming		SB9	女子 SB4-9 級 100 米蛙泳 (12-15 歲) Women's 100m Breaststroke SB4-9 (Aged 12-15)	第六名 6 th (1:56.43 [#])	20	6
24	游泳 Swimming		S13	女子 S11-13 級 100 米自由泳 (12-15 歲) Women's 100m Freestyle S11-13 (Aged 12-15)	1:40.19	1	1
25	游泳 Swimming		S13	女子 S11-13 級 400 米自由泳 (12-15 歲) Women's 400m Freestyle S11-13 (Aged 12-15)	7:56.06	1	1
26	游泳 Swimming		SB13	女子 SB11-13 級 100 米蛙泳 (12-15 歲) Women's 100m Breaststroke SB11-13 (Aged 12-15)	2:11.95	1	1
27	游泳 Swimming		S13	男子 S11-13 級 100 米自由泳 (12-16 歲) Men's 100m Freestyle S11-13 (Aged 12-16)	第九名 9 th (1:28.03 [#])	14	6
28	游泳 Swimming		S13	男子 S11-13 級 400 米自由泳 (12-16 歲) Men's 400m Freestyle S11-13 (Aged 12-16)	第六名 6 th (7:06.59)	8	4
29	游泳 Swimming		SB13	男子 SB11-13 級 100 米蛙泳 (12-16 歲) Men's 100m Breaststroke SB11-13 (Aged 12-16)	取消資格 Disqualified	12	5
30	游泳 Swimming		S13	男子 S11-13 級 100 米自由泳 (12-16 歲) Men's 100m Freestyle S11-13 (Aged 12-16)	取消資格 Disqualified	14	6
31	游泳 Swimming		SB13	男子 SB11-13 級 100 米蛙泳 (12-16 歲) Men's 100m Breaststroke SB11-13 (Aged 12-16)	第六名 6 th (1:42.12 [#])	12	5
32	游泳 Swimming	S14	男子 S14 級 100 米蝶泳 (12-16 歲) Men's 100m Butterfly S14 (Aged 12-16)	取消資格 Disqualified	8	4	
33	游泳 Swimming	S14	男子 S14 級 100 米背泳 (12-16 歲) Men's 100m Backstroke S14 (Aged 12-16)	第二名 2 nd (1:05.91 [#])	9	5	
34	游泳 Swimming	S14	男子 S14 級 200 米自由泳 (12-16 歲) Men's 200m Freestyle S14 (Aged 12-16)	第三名 3 rd (2:07.74)	11	6	

	運動項目 Sports	運動員 Athletes	級別 Class	比賽項目 Events	成績 Results	參賽人數/ 隊伍 Participants/ Teams	參賽國家/ 地區 Nations/ Territories
35	游泳 Swimming		SB14	男子 SB14 級 100 米蛙泳 (12-16 歲) Men's 100m Breaststroke SB14 (Aged 12-16)	第一名 1 st (1:13.44)	8	5
36	游泳 Swimming		SM14	男子 SM14 級 200 米個人四式 (12-16 歲) Men's 200m Individual Medley SM14 (Aged 12-16)	第一名 1 st (2:19.02 [#])	5	3
37	游泳 Swimming		S14	男子 S14 級 100 米蝶泳 (12-16 歲) Men's 100m Butterfly S14 (Aged 12-16)	第二名 2 nd (1:03.62 [#])	8	4
38	游泳 Swimming		S14	男子 S14 級 100 米背泳 (12-16 歲) Men's 100m Backstroke S14 (Aged 12-16)	第一名 1 st (1:05.27)	9	5
39	游泳 Swimming		S14	男子 S14 級 200 米自由泳 (12-16 歲) Men's 200m Freestyle S14 (Aged 12-16)	第一名 1 st (2:05.33 [#])	11	6
40	游泳 Swimming		SB14	男子 SB14 級 100 米蛙泳 (12-16 歲) Men's 100m Breaststroke SB14 (Aged 12-16)	第二名 2 nd (1:15.03)	8	5
41	游泳 Swimming		SM14	男子 SM14 級 200 米個人四式 (12-16 歲) Men's 200m Individual Medley SM14 (Aged 12-16)	第二名 2 nd (2:21.18 [#])	5	3
42	游泳 Swimming		S14	男子 S14 級 100 米蝶泳 (12-16 歲) Men's 100m Butterfly S14 (Aged 12-16)	第三名 3 rd (1:05.27 [#])	8	4
43	游泳 Swimming		S14	男子 S14 級 100 米背泳 (12-16 歲) Men's 100m Backstroke S14 (Aged 12-16)	第四名 4 th (1:10.34)	9	5
44	游泳 Swimming		S14	男子 S14 級 200 米自由泳 (12-16 歲) Men's 200m Freestyle S14 (Aged 12-16)	第二名 2 nd (2:05.53 [#])	11	6
45	游泳 Swimming		SB14	男子 SB14 級 100 米蛙泳 (12-16 歲) Men's 100m Breaststroke SB14 (Aged 12-16)	第四名 4 th (1:20.86)	8	5
46	游泳 Swimming		SM14	男子 SM14 級 200 米個人四式 (12-16 歲) Men's 200m Individual Medley SM14 (Aged 12-16)	取消資格 Disqualified	5	3
47	乒乓球 Table Tennis		TT7	女子 TT6-7 級單打 Women's Singles TT6-7	第一名 1 st	7	3
48	乒乓球 Table Tennis		TT7	女子 TT6-7 級單打 Women's Singles TT6-7	第二名 2 nd	7	3
49	乒乓球 Table Tennis		TT7	女子 TT6-7 級團體賽 Women's Team TT6-7	第一名 1 st	3	3
50	乒乓球 Table Tennis		TT10	女子 TT10 級單打 Women's Singles TT10	第五名 5 th	5	5
51	乒乓球 Table Tennis		TT11	女子 TT11 級單打 Women's Singles TT11	第二名 2 nd	7	3
52	乒乓球 Table Tennis		TT11	女子 TT11 級單打 Women's Singles TT11	第一名 1 st	7	3
53	乒乓球 Table Tennis	TT11	女子 TT11 級單打 Women's Singles TT11	小組 Pool	7	3	

	運動項目 Sports	運動員 Athletes	級別 Class	比賽項目 Events	成績 Results	參賽人數/ 隊伍 Participants/ Teams	參賽國家/ 地區 Nations/ Territories
54	乒乓球 Table Tennis		TT7	男子 TT7 級單打 Men's Singles TT7	八強 Quarter-final	10	8
55	乒乓球 Table Tennis		TT7	男子 TT7 級單打 Men's Singles TT7	八強 Quarter-final	10	8
56	乒乓球 Table Tennis		TT8	男子 TT8 級單打 Men's Singles TT8	小組 Pool	13	9
57	乒乓球 Table Tennis		TT8	男子 TT8 級單打 Men's Singles TT8	小組 Pool	13	9
58	乒乓球 Table Tennis		TT7-TT8	男子 TT6-8 級團體賽 Men's Team TT6-8	小組 Pool	7	7
59	乒乓球 Table Tennis		TT11	男子 TT11 級單打 Men's Singles TT11	小組 Pool	6	3
60	乒乓球 Table Tennis		TT11	男子 TT11 級單打 Men's Singles TT11	第三名 3 rd	6	3
61	乒乓球 Table Tennis		TT11	男子 TT11 級單打 Men's Singles TT11	第二名 2 nd	6	3

獎牌數目: 7 金、13 銀、4 銅

Medals Achieved: 7 Gold, 13 Silver, 4 Bronze

個人最佳成績

Personal Best

團長簡報

誓師大會

非常榮幸再次獲委任為 [REDACTED] 的團長，在 2017 年 12 月 3 日的香港代表團誓師大會上，我和運動員代表 [REDACTED] 一起接過由民政事務局體育專員楊德強先生頒授的香港特別行政區區旗，這項莊嚴而隆重的授旗儀式對我們一眾運動員而言是十分鼓舞的。在出發前往 [REDACTED] 比賽前，我曾到訪過乒乓球和游泳的練習場地為教練及運動員打氣，增加彼此的交流，從中更得知各運動員的心理素質十分良好，他們已在比賽前加強了訓練次數，務求以最佳狀態迎戰。誓師大會當日，特別安排了兩位精英運動員—— [REDACTED] (金牌得主 [REDACTED] 硬地滾球) 及 [REDACTED] (游泳) 出席為師弟師妹打氣，並與各運動員分享減壓心得，令一眾新秀運動員獲益良多。

比賽期間

比賽在 2017 年 12 月 10 至 13 日的 [REDACTED] 舉行，香港代表團在 12 月 8 日啟程出發，部份首次參與國際賽事的運動員在 12 月 10 日開幕禮舉行前已順利完成級別鑑定，開幕禮當日，29 個國家的運動員揮舞著他們的國旗步入田徑運動場十分壯觀，禮成後比賽正式展開了。比賽期間香港運動員有機會與不同國籍 [REDACTED] 的選手一較高下，對於這批新秀運動員而言，實在是難能可貴的經驗。各健兒在運動場上衝破了語言的隔膜，雙方除了交流技術外，也建立了友誼，無論勝敗，在賽前賽後雙方都握手致意，彼此體現比賽與友誼並全的精神。是次香港運動員整體的紀律、心理素質及技術水平均有不錯的表現。本人、教練和團隊職員經常提點運動員要堅持勝不嬌和敗不餒的精神去應付比賽。比賽過後，教練和運動員均檢討每場比賽可以進步的空間，以令下回比賽能有更佳的表现。

比賽結果

今屆比賽共有 29 個國家派出約 600 位年齡由 12 歲至 23 歲的青少年運動員參與七項賽事。香港的 34 位運動員在 31 位教練、 [REDACTED]、醫療人員、輔助人員及職員陪同下參加了四項比賽，包括：硬地滾球、田徑、乒乓

球及游泳。港隊在獎牌榜上以 7 金、13 銀及 4 銅排行獎牌榜第 15 位，田徑共得 4 銀 1 銅、硬地滾球獲得 1 銀、游泳獲得 4 金 5 銀 2 銅及乒乓球獲得 3 金 3 銀 1 銅，港隊在各國對手強勁的表現下仍獲得如此佳績，實屬難得。當中數名運動員更在是次比賽中刷新了個人最佳成績，真是可喜可賀。由於是次參賽的運動員差不多半數是首次參加國際性的比賽，故臨場經驗略有不足，當他們在得分稍微落後時會顯得較為緊張而至水準未盡發揮，亦有個別運動員因級別評鑑與期望級別有所落差而需調節一下心理質素去恢復鬥志，整體而言各人經教練及隊友的鼓勵，仍能繼續勇往直前作賽。

展望將來

是次賽事為本港運動員帶來了十分可貴的實戰經驗，綜合而言，這批新秀運動員甚具發展潛能，相信多參與比賽及在教練的悉心栽培和策略性訓練後，將來必成大器。期望在往後的訓練除了加強技術的鑽研外，對個別運動員的體能亦需要透過均衡的膳食作提升，另比賽的心理質素亦有進步空間。此外，不得不提的是近年冒起的印度、南韓、烏茲別克、泰國和伊朗等國家亦不容忽視其實力，那些國家的運動員的戰鬥精神十分旺盛，體型和體能均比香港的運動員優勝，加上他們的訓練時間亦較香港的運動員多而在技術有穩定的表現。是故，港隊在大敵當前下仍有此成績已是十分滿意。經此一役，港隊運動員應可清晰檢討得失，確立目標後繼續努力培訓，冀能在未來的國際賽事上有更佳表現。

由衷致謝

最後，我僅代表各團員感謝香港特區政府、民政事務局、康樂及文化事務處、
[REDACTED] 及運動員家長的支持、鼓勵和愛戴，及 [REDACTED]
[REDACTED] 的統籌令是次比賽得以順利完成，期望我們一班新秀運動員以各項比賽的優勝者作為奮鬥目標，繼續在運動員的征途上為香港爭光！

[REDACTED]
2018 年 1 月 9 日

***Note by Clerk, PAC: Chinese version only.**

[REDACTED]
[REDACTED]
("The Association")
[REDACTED]
INDEPENDENT ASSURANCE REPORT
ARTS AND SPORT DEVELOPMENT FUND FOR THE [REDACTED]
[REDACTED]

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& Company

CHARTERED ACCOUNTANTS
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

會計師事務所

Tel :

Fax :

Email :

Our Ref. :

Your Ref. :

**INDEPENDENT ASSURANCE REPORT
TO THE EXECUTIVE COMMITTEE OF THE**

(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

In accordance with our agreed terms of engagement dated 31 March 2017, we have performed a negative assurance engagement on the attached income and expenditure account, set out on pages 3 to 5, in respect of the Association's Arts and Sport Development Fund for the

Respective Responsibilities of the Executive Committee and Ourselves

The Executive Committee is responsible for maintaining proper books and records of the Event and for preparing the attached income and expenditure account in accordance with the basis of preparation set out on page 5 setting out the grant received from the Home Affairs Bureau of the Government of the Hong Kong Special Administrative Region and the expenditure incurred in connection with the Event. This responsibility includes designing, implementing and maintaining internal control relevant to the maintenance of proper books and records of the Event and the preparation and presentation of the income and expenditure account so that the grant received and the expenditure incurred in connection with the Event are included in the books and records and the income and expenditure account that are free from material misstatement.

It is our responsibility to form a conclusion on the attached income and expenditure account, based on our engagement, on whether anything has come to our attention that causes us to believe that the grant received and the expenditure incurred as shown in the income and expenditure account are not extracted from the books and records maintained by the Association in respect of the Event.

Basis of Conclusion

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Consequently, we do not express an audit opinion.

& Company

CHARTERED ACCOUNTANTS
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

會計師事務所

Tel : [REDACTED] Fax : [REDACTED]

Email : [REDACTED]

Our Ref. :

Your Ref. :

**INDEPENDENT ASSURANCE REPORT (CONT'D)
TO THE EXECUTIVE COMMITTEE OF THE**

(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

Basis of Conclusion (cont'd)

Our engagement included carrying out limited procedures for obtaining sufficient appropriate evidence to be able to draw a conclusion such as inquiries primarily of persons responsible for financial and accounting matters and other review procedures we considered necessary. We have also relied on the completeness of documentation provided by the Association to support the information contained in the income and expenditure account. It was not practicable for us to determine whether the income and expenditure account and the books and records of the Association include all transactions relating to the Event and to quantify the potential impact of this on the income and expenditure account. Accordingly, our report relates solely to whether anything has come to our attention that causes us to believe that the grant received and the expenditure incurred as shown in the income and expenditure account are not extracted from the books and records maintained by the Association in respect of the Event. In addition, we do not express an opinion on the appropriateness of and the compliance with the basis of preparation of the books and records.

Conclusion

Based on the foregoing, we report that nothing has come to our attention that causes us to believe that the grant received and the expenditure incurred as shown in the attached income and expenditure account are not, in all material respects, extracted from the books and records maintained by the Association in respect of the Event.

Use of this Report

This report has been prepared solely for the information of, and use by, the Association and is not intended for any other purpose. As a result, this report may not be suitable for another purpose. This report should not be disclosed, referred to or quoted in whole or in part without our prior written consent.

Chartered Accountants
Certified Public Accountants (Practising)

Hong Kong,

17 APR 2018

INCOME AND EXPENDITURE ACCOUNT

Expenditure	<u>HK\$</u>	<u>HK\$</u>
A. Board & Lodging		
1. Air Tickets and Tax	414,866	
2. Accommodation	414,113	
3. Meals	3,421	
4. Transportation	<u>11,999</u>	
		844,399
B. Staff Remuneration		
1. Daily Allowance for Part-time Coaches	67,000	
2. Daily Allowance for Medical Officials	19,000	
3. Daily Allowance for Photographer	<u>7,000</u>	
		93,000
C. Printing & Publicity Expenses		
1. Team Meeting cum Press Conference	39,687	
2. Selection Day	19,376	
3. Printing Expenses	559	
4. Event Banner	<u>2,000</u>	
		61,622
D. Event Related Expenses		
1. Medical Equipment	7,558	
2. Team Uniform	72,380	
3. Competition Uniform	22,021	
4. Competition Equipment	17,352	
5. Insurance	6,800	
6. IDD & Internet	7,147	
7. Supplement of Drinks	1,557	
8. ██████████ Capitation Fee	26,232	
9. Audit Fee	5,000	
10. Stationery & Postage	2,352	
11. Souvenir - Pins	30,700	
12. Hong Kong Flag	900	
13. Appreciation Dinner & Ceremony	17,450	
14. Bank Charges	<u>397</u>	
		<u>217,846</u>
Total Expenditure		1,216,867
Subvention from Arts and Sport Development Fund		<u>1,517,615</u>
Excess of Income over Expenditure		<u>300,748</u>

$1,216,867$
 $\times 90\%$
 $= 1,095,180.3$
 $(1,517,615)$

(Refund) 542,347.0



INCOME AND EXPENDITURE ACCOUNT (CONT'D)

Approved by:



Honorary Treasurer



Association's Chop

17 APR 2018

Date

[REDACTED]

NOTES TO INCOME AND EXPENDITURE ACCOUNT

1. Reporting Entity

The entity, [REDACTED], is incorporated and domiciled in Hong Kong with liability limited by guarantee. Its registered office and principal place of activity addresses are situated at Units [REDACTED], Hong Kong.

The liability of the members is limited. Every present member of the Association undertakes to contribute to the assets of the Association, in the event of the same being wound up, at a amount not exceeding one hundred dollars.

2. Basis of Preparation

The income and expenditure account has been prepared on a cash basis of accounting.

To comply with the relevant provisions for the non-profit making body, the following accounting bases have been adopted:

i) Revenue Recognition

Income from entry fee is recognised on a cash receipt basis.

ii) Expenditure Recognition

Expenditure from supporting activity is recognised on a cash payment basis.

政府總部
民政事務局
香港添馬添美道二號
政府總部西翼十二樓



GOVERNMENT SECRETARIAT
HOME AFFAIRS BUREAU

12TH FLOOR, WEST WING,
CENTRAL GOVERNMENT OFFICES,
2 TIM MEI AVENUE,
TAMAR,
HONG KONG.

本函檔號 Our Ref. : (9) in HAB/R&S 4012/46/159

來函檔號 Your Ref. :

電話號碼 Tel. No. : [REDACTED]

傳真號碼 Fax No. : [REDACTED]

13 October 2017

Mr. [REDACTED]
General Secretary

Dear [REDACTED]

**Application for the Arts and Sport Development Fund
Participation in the [REDACTED]**

I refer to the email dated 17 August 2017 and subsequent e-mails from your office seeking funding from the Arts and Sport Development Fund (ASDF) to support the Hong Kong, China delegation's participation in the [REDACTED] (the Games). I am glad to inform you that, after assessing the funding application, a grant of up to **\$1,517,615**, equivalent to 90% of the eligible expenditure items from the sports portion of the ASDF, has been earmarked for this purpose. Please refer to the **Annex** for the details of the eligible expenditure items. The Hong Kong [REDACTED] is required to observe the following conditions for the use of the grant:

- (a) the ceiling of grant for the Hong Kong, China delegation's participation in the Games is capped at **\$1,517,615** where any unspent balance must be returned to us four months after the end of the Games, with the final delegation list (including a list of the members who are supported by the grant), a programme report on the performance of the Hong Kong, China delegation and an audited

statement of accounts. The auditor's report should cover the [REDACTED] compliance with key terms and conditions stated in this approval letter. The [REDACTED] must keep accounting records in relation to the current application for at least seven years after the end of the Games and provide copies of receipts and invoices for items of expenditure covered by the ASDF funding for inspection upon request;

- (b) the [REDACTED] should be liable to refund approved grant to the ASDF in case of failure to submit audited accounts and/or post-event report six months after the Games, calculated as 1% of the approved ceiling subvention amount, i.e. **\$1,517,615**, for every month of further delay, until all of the post-event report and audited accounts are submitted;
- (c) HAB reserves the right to suspend processing subsequent funding applications of any type for ASDF from the [REDACTED] with outstanding post-event report and/or audited accounts one year after the deadline, until all the outstanding post-event report and/or audited accounts are submitted;
- (d) the grant is approved on the basis that all members of the delegation would travel by Economy Class;
- (e) the length of stay of athletes and officials should be contingent upon the need of competition and organisational requirements;
- (f) caution should be exercised in the use of souvenirs when preparing for future Games; and
- (g) measures should be undertaken to minimise the expenditure and closely monitor the spending, including seeking sponsorships from private sectors and negotiating with airlines and hotels for better offers, etc.

Please confirm in writing that the [REDACTED] accepts the grant of up to **\$1,517,615** for the Games under the above conditions by **23 October 2017**.

I take this opportunity to wish the Hong Kong, China Delegation every success in the Games.

Yours sincerely,

[REDACTED]

Estimated Budget
 Statement of Accounts
 Overseas Event
 Local Event
 Ad hoc Event

Sports : **Multi sports**
 Name of Event : **██████████**
 Venue : **██████████**
 Period of Trip : 7-15 Dec 2017 (9days)
 Period of Event : 8-14 Dec 2017 (7days)
 Source of Funding : ASDF

No. of Participants : 20 Coach(es)
 (Team list attached) 43 Athlete(s) Intellectual Impairment
 11 Official(s)
 Referee(s)
 4 **██████████** representatives(s)
 78 Total no.

Income / Expenditure Item	Budget (AUG 2017)		Assessed Expenditure			
	Breakdown	(HK\$)	Breakdown		(HK\$)	
Total no. of participants	78					
A. Expenditure			HK\$	Pax		
(I). Board & Lodging						
1. Flight Ticket	Round trip flight tickets@HKD7,500 x 78pax	585,000.00	7,500.00	78		585,000.00
	Tax@HKD500 x 78pax	39,000.00	500.00	78		39,000.00
2. Accommodation	USD150/per night/ single room x 12 rooms x 6 night	98,280.00	1,170.00	12	6 nights	84,240.00
	USD360/per night/ Triple room x 22 rooms x 6 night	370,656.00	2,808.00	22	6 nights	370,656.00
3. Airlines overloading charges		10,000.00	10,000.00			10,000.00
4. Supplement of drinks	HKD\$200/ athletes x 43 athletes (Pocari)	8,600.00	50.00	43	/pax/day	2,150.00
5. Transportation						
Hire of lorries to/from airport (HK delegation)	\$4,500 x 1 lorry x 2 trips	9,000.00	4,500.00	2	lorry	9,000.00
Hire of rebus for athletes to/from airport	\$500 x 6 buses x 2 trips	6,000.00	500.00	12	buses	6,000.00
6. ██████████ capitation fee	USD 50 /delegate x 78 delegates	35,287.20	7.80	50	78 pax	30,420.00
Sub-Total :		1,161,823.20				1,136,466.00
(II). Officials Remuneration						
1. Daily Allowance for PT Coaches	HK\$1000 x 20 persons x 8days	160,000.00	1,000.00	20	8 days	160,000.00
2. Daily Allowance for Medical officials	HK\$1000 x 4persons x 8days	32,000.00	1,000.00	4	8 days	32,000.00
Sub-Total :		192,000.00				192,000.00
(III). Printing & Publicity						
1. Team meeting cum Press Conf.						
Venue Fee		18,000.00	18,000.00			18,000.00
Backdrop & PA		20,000.00	20,000.00			20,000.00
Refreshment	\$80 x 120persons	9,600.00	9,600.00			9,600.00
Hire of rebus for athletes to/from	\$500 x 6 buses x 2 trips	6,000.00	6,000.00			6,000.00
3. Leaflet for the delegation	\$20 x 300 pcs	6,000.00	6,000.00			6,000.00
4. Selection Day						
Venue Fee		10,000.00	10,000.00			10,000.00
Poster for the selection day	\$15 x 2000 pcs	30,000.00	30,000.00			30,000.00
Hire of rebus for athletes for selection day	\$500 x 1 buses x 2 trips	1,000.00	1,000.00			1,000.00
5. Photographer allowance	-	7,000.00	7,000.00			7,000.00
6. Insurance - Photography equipment		7,000.00	7,000.00			7,000.00
Sub-Total :		114,600.00				114,600.00
(IV). Event related Expenses						
1. Medical equipment		8,000.00	8,000.00			8,000.00
2. Medical Check for athletes	\$100 x 35	3,500.00	3,500.00			3,500.00
3. Team Uniform	HK\$1,300/person x 78persons	101,400.00	1,300.00	78	pax	101,400.00
4. Competition Uniform & Equipment			1,000.00	43	pax	43,000.00
Archery Competition Uniform	\$300/clothe x 2 pax/person x 2(athlete & Coach)	1,200.00				
Athletics Competition Uniform	\$1200 x 8athletes	9,600.00				
Badminton Competition Uniform	\$1200 x 1athlele	1,200.00				
Swimming Competition Uniform	\$2500 x 5atheltes	12,500.00				
Tenpin Bowling Ball	\$3000 x 3athletes	9,000.00	3,000.00	3	pcs	9,000.00
Table Tennis Rubber	\$1200 x 15pcs	18,000.00	1,200.00	15	pcs	18,000.00
Table Tennis Competition Uniform	\$1200 x 15pcs	18,000.00				
5. Insurance	HK\$144/person x 78persons	11,232.00	144.00	78	pax	11,232.00
6. IDD & Internet	-	5,000.00	5,000.00			5,000.00
7. Visa Fee	-	1,800.00	1,800.00			1,800.00
8. Audit Fee	-	5,000.00	5,000.00			5,000.00
9. Stationary & Postage	-	2,000.00	2,000.00			2,000.00
10. Souvenir for OC & IF	\$1000 x 5 pcs	5,000.00	0.00			0.00
11. Team Badges	\$300 x 78 pcs	23,400.00	30.00	78	pax	2,340.00
12. Pins	\$10 x 3000pcs	30,000.00	10.00	3000	pcs	30,000.00
13. Hong Kong Flag	\$90 x 10pcs	900.00	90.00	10	pcs	900.00
14. Event Banner		2,000.00	2,000.00			2,000.00
Sub-Total :		268,732.00				243,172.00
(V). Notional Venue Charges (LCSD)						
Sub-Total :						
Total Expenditure (I+II+III+IV)		1,737,155.20	Total Eligible Expenditure			1,686,238.00

90% of the Eligible Expenditure (90% of \$1,686,238) 1,517,615.00

Approved Grant from ASDF 1,517,615.00

 Remarks :
 1 USD\$1=HKD\$7.8

Patron :
President :
Vice-Presidents :

[Redacted]

[Redacted]

Chairman :
Vice-Chairman :
Hon. Treasurer :
General Secretary :

[Redacted]

[Redacted]

18 October 2017

Ref: ML281/2017/gl

Secretary for Home Affairs
Home Affairs Bureau
12th Floor, West Wing, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong

[Redacted]

By Post & Email

c/o. [Redacted]

Dear

[Redacted]

**Re: Arts and Sport Development Fund (ASDF) for
Participation in the [Redacted]**

Thank you very much for your letter dated 13 October 2017 regarding the results of the grant for the Hong Kong, China delegation's participation in the [Redacted]. On behalf of [Redacted] and [Redacted], I am pleased to accept the grant in the sum of \$1,517,615 for the Games.

Thanks again for your unfailing support facilitated to the development of disabled sports in Hong Kong.

Best regards,

Thank you for all the support rendered.

[Redacted]

General Secretary

[Redacted]

[Redacted]



ASDF [redacted] Programme report

10/07/2018 10:29

Hide Details

From:

To: "

4 Attachments



[redacted] 7_Programme Report (29.3.2018).pdf Web Team List_Final.pdf



Result Summary_Overall_20180118.pdf [redacted] ; Chef de Mission Report.pdf

Dear [redacted]

As spoken, attached please find the programme report of [redacted] for your information.

Thanks a lot.

Best regards

[redacted]
Senior Administration Officer (Programme & I.T.)

16



RE: ASDF [redacted]_revised

22/03/2019 14:46

Hide Details

From: [redacted]

To: [redacted]

Cc: [redacted]

1 Attachment



[redacted] 7_Programme Report_revised22032019.pdf

Dear [redacted],

Per our conversation over the phone, I attached the revised programme report of [redacted] your reference.

Total expenditure	:	\$1,216,867
Subvention level(90%)	:	\$1,095,180.3
Approved Funding	:	\$1,517,615
Refund	:	\$422,434.7

Please feel free to contact me if you need any further information.

Thanks

Best regards

[redacted]

Senior Administration Officer (Programme & I.T.)

[redacted]

[redacted]

17

Urgent Return receipt Sign Encrypt Mark Subject Restricted Expand personal&public groups



ASDF_ [REDACTED] _Programme report_revised

22/03/2019 15:22

From:

[REDACTED]

To:

[REDACTED]

Cc:

[REDACTED]

Dear [REDACTED],

I refer to your preceding email.

Based on the audited account and the programme report provided for the above event, I should be grateful if you would arrange for the cheque amount **\$422,434.70** made payable to "**Sir David Trench Fund for Recreation**" accordingly.

Regards,

[REDACTED]

MAJOR SPORTS EVENTS COMMITTEE
大型體育活動事務委員會
Membership List
委員會成員名單

(1 January 2019 onwards)

Chairman 主席	:	Mr Karl KWOK Chi-leung, MH	(郭志樑先生)
Vice Chairman 副主席	:	Mr Wilfred NG Sau-kei, SBS, MH, JP	(吳守基先生)
Members 成員	:	Mr Anson BAILEY	(利安生先生)
		Mr Henry CHAN Chi-chiu, MH, JP	(陳志超先生)
		Mr CHAN Man-chun, JP	(陳文俊先生)
		Mr Alex CHUNG Hau-yeung	(鍾孝揚先生)
		Dr LAM Tai-fai, SBS, BBS, JP	(林大輝博士)
		Mr LI Tak-nang	(李德能先生)
		Ms LU Hai, MH, JP	(陸海女士)
		Dr LUK Wai-hung, MH	(陸偉洪博士)
		Mr POON Chun-yuen, MH	(潘進源先生)
		Dr David MONG Tak-yeung	(蒙德揚博士)
		Ms Emba LEUNG Wun-man	(梁媛雯女士)
		Mr Jonathan TONG Chun-kit	(湯振傑先生)
		Ms Jamie WONG Wan-yiu	(黃蘊瑤女士)
		Ms Fay HO Kim-fai	(何劍暉女士)
		Representative of Sports Federation & Olympic Committee of Hong Kong, China	中國香港體育協會暨 奧林匹克委員會代表
		Representative of Home Affairs Bureau	民政事務局代表
		Representative of Leisure and Cultural Services Department	康樂及文化事務署代表
		Representative of Information Services Department	政府新聞處代表
		Representative of Tourism Commission	旅遊事務署代表

(20 Members)

CONFIDENTIAL**Scoring Table for “M” Mark Event Application: Major Sports Event**

(Name of Event)

(Date of Event)

Application should attain a passing mark of 80 based on the following vetting criterion.

	Items	Vetting Criterion	Marks (Max. of 30 marks)	Remarks
1	Status and significance of the event	Rating : Rated as “ High ” if <ul style="list-style-type: none"> • world championships, world class level (such as world cup, one stop of the world class series or world intercontinental championships or equivalent; and • sanctioned or endorsed by the respective International Federation (IF) and/or listed on the IF’s event calendar; and • world-top athletes/teams will take part in; and/or • athlete is able to gain points to elevate their world ranking (unless it is not applicable to particular sports events) 	High=30 Medium=15 Low=8 Note: applications which fails to attain 15 marks in this criteria will not be processed further	

	Items	Vetting Criterion	Marks	Remarks
		<p>Rated as “Medium” if</p> <ul style="list-style-type: none"> • Asian or Major National Championships or equivalent; and • sanctioned or endorsed by the respective IF or Asian Federation (AF) or the General Administration of Sport of China (GASC) and/or listed on the IF or AF’s or GASC’s event calendar; and • world-top athletes/teams will take part in; and/or • athlete is able to gain points to elevate their world ranking (unless it is not applicable to particular sports events) <p>Rated as “Low” if</p> <ul style="list-style-type: none"> • others • not on AF or IF calendar and no world-top athletes/teams will take part in 		
2	Financial viability	<p>Indicators:</p> <p>a. High possibility to secure private and business sector sponsorship to reach 20% or</p>	<p>(Max. of 15 marks) High=15 Medium=8</p>	

	Items	Vetting Criterion	Marks	Remarks
		<p>above of total expenditure of the event;</p> <p>b. Able to generate income from gate receipts to reach 10% or above of total expenditure of the event;</p> <p>c. A balanced or even surplus budget after taken into consideration estimated income (including funding support from MSEC) and expenditure or the applicant has demonstrated that it is able to bear the potential deficits arising from holding the events (documentary proof is required); and</p> <p>d. Track record of the organiser for successful holding of event(s) of similar scale with a surplus or balanced statement of account.</p> <p>Rated as “High” if</p> <ul style="list-style-type: none"> • At least THREE of the above indicators could be met <p>Rated as “Medium” if</p> <ul style="list-style-type: none"> • At least TWO of the above indicators could be met 	Low=4	

	Items	Vetting Criterion	Marks	Remarks
		<p>Rated as “Low” if</p> <ul style="list-style-type: none"> Only ONE of the above indicators could be met 		
3	Economic impact	<p>Considerations include:</p> <ul style="list-style-type: none"> Job creation by the event (e.g. full time/part-time event management staff, ushers, caterers, cleaners, etc.) Addition economic activities generated by the event (e.g. corporate hospitality, event merchandise, etc.). Spending (e.g. accommodation, food & beverages, transportation, ticket purchasing) by overseas visitors induced by the event, including spectators, players, supporting staff, officials, etc. 	<p>(Max. of 10 marks)</p> <p>High=10 Medium=5 Low=2</p>	
4	Media coverage and marketing plan	<p>Rated as “High” if</p> <ul style="list-style-type: none"> Overseas/local live or delay TV broadcast; and A comprehensive media/PR plan, e.g. advertisement on social media, print, TV etc. 	<p>(Max of 10 marks)</p> <p>High=10 Medium=5 Low=2</p>	

	Items	Vetting Criterion	Marks	Remarks
		<p>coverage by local and/or overseas media</p> <p>Rated as “Medium” if</p> <ul style="list-style-type: none"> • Online live streaming; and • A comprehensive medial/PR plan, e.g. advertisement on social media, print, TV etc. coverage by local and/or overseas media <p>Rated as “Low” if</p> <ul style="list-style-type: none"> • No intended TV broadcast or online live streaming. • A media/PR plan which is likely to general some profile in local and overseas media coverage 		
5	Community appeal and social benefits	Indicators: a. Maintains at least 90% of spectator attendance in a state-of-art facility or major venue with the largest	(Max. of 15 marks) High=15 Medium=8 Low=4	

	Items	Vetting Criterion	Marks	Remarks
		<p>seating capacity in both the semi-final and final rounds of the event;</p> <p>b. Fringe programmes or promotion and engagement programmes to be organised prior to or during the event period for the general public, schools, Community Sports Clubs, less privileged or youth groups (e.g. sports demonstration, autograph or play in session with involvement of overseas players) to achieve promotion, marketing and PR objectives;</p> <p>c. Volunteer services (expected number of participants);</p> <p>d. Charity / fund raising activities; and</p> <p>e. Activities to promote / showcase Hong Kong's unique culture or heritage.</p>		

	Items	Vetting Criterion	Marks	Remarks
		<p>Rated as “High” if</p> <ul style="list-style-type: none"> At least THREE of the above indicators could be met <p>Rated as “Medium” if</p> <ul style="list-style-type: none"> At least TWO of the above indicators could be met <p>Rated as “Low” if</p> <ul style="list-style-type: none"> Only ONE of the above indicators could be met <p>Note: While one activity may achieve more than one objective or benefit more than one group of the community, it may only count towards achieving one indicator.</p>		
6	Sports development impact	<p>Indicators:</p> <p>a. Opportunities for local athletes to secure a higher</p>	<p>(Max. of 10 marks) High=10 Medium=5</p>	

Items	Vetting Criterion	Marks	Remarks
	<p>position in world or regional ranking of the sport or to participate in the qualifying rounds of the event;</p> <p>b. Training opportunities for local coaches, referees and sports personnel for advancement and betterment of qualifications; and</p> <p>c. Sports development opportunities for local athletes, such as demonstrations, workshops, clinics, etc.</p> <p>Rated as “High” if</p> <ul style="list-style-type: none"> • ALL of the above indicators could be met <p>Rated as “Medium” if</p> <ul style="list-style-type: none"> • At least TWO of the above indicators could be met <p>Rated as “Low” if</p> <ul style="list-style-type: none"> • At least ONE of the above indicators could be met 	Low=2	

	Items	Vetting Criterion	Marks (Max. of 10 marks)	Remarks
7	Technical and administrative quality of the organiser	Considerations include: a. Track record of the applicant in organising large-scale events, in particular satisfactory completion of events of similar nature and scale funded by “M” Mark; b. Manpower plan, including out-sourced and/or in-house expertise in event organising, marketing and PR, commercial rights management, ticketing, etc.; and c. Any other factor or value-adding input from the applicant which demonstrates its ability in successful delivery of the event.	High=10 Medium=5 Low=2	
Total:				

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Scoring Table for “M” Mark Event Application: Exhibition Match or Tournament

(Name of Event)

(Date of Event)

Application should attain a passing mark of 80 based on the following vetting criterion. And the application has first to meet a mandatory requirement¹ on number of paid admission² before it is being considered and assessed.

Items	Vetting Criterion	Marks	Remarks
<p>1</p> <p>Player line-up / Team Strength</p>	<p>For individual sport (singles/doubles):</p> <p>Annotation:</p> <p>a. A Category A Player means he/she, the pair or the team ranks world’s top 10 at the time of application.</p> <p>b. A Category B Player means he/she, the pair or the team is world-renowned with excellent achievement (i.e. top 3) in past major World Championships or equivalent including the Olympic Games.</p> <p>c. In the case of doubles, both players of the top-ranking pair need to be present to be counted as one Player.</p> <p>d. In the case of team event, at least half of the team players are top-ranking or national team first team level to be counted as one Player.</p>	<p>(Max of 35 marks)</p> <p>High = 35</p> <p>Medium = 20</p> <p><u>Note:</u></p> <p>applications which fails to attain 20 marks in this criteria will not be processed further</p>	

¹ For an event held at a football stadium, at least 15 000 paid admission is required. For an event held at other venue, the accumulated paid admission is at least 8 000 per event.

² Paid admission means tickets in return of monetary payment. Complimentary tickets either as part of the sponsorship agreement or otherwise are not counted as “paid admission”.

Items	Vetting Criterion	Marks	Remarks
	<p>Rated as “High” if the players include:</p> <ul style="list-style-type: none"> • at least ONE Category A Player; and • in total at least THREE Category A or B Players <p>Rated as “Medium” if players include;</p> <ul style="list-style-type: none"> • at least ONE Category A Player; and • in total at least TWO Category A or B Players 		
	<p><i>For team only sport:</i></p> <p>Rated as “High” if the playing teams comprise of:</p> <p>(1) National team</p> <ol style="list-style-type: none"> a. top 20 or 1/10 of current world ranking (whichever is the higher ranking at the time of application); or b. finalist or semi-finalist in major international tournaments (i.e. Olympic Games, World Championships, World Cup, Confederation’s Championship or equivalent) within 4 years. <p>(2) Club team</p> <ol style="list-style-type: none"> a. top four in top tier leagues within the last 2 seasons; or b. finalist or semi-finalist in major international tournaments within the last 2 seasons; or c. world-renowned teams with excellent 		

Items	Vetting Criterion	Marks	Remarks
	<p>achievement (i.e. top 3) in past top tier leagues or major international tournaments (to be assessed by the Vetting Panel of MSEC).</p> <p>Rated as “Medium” if</p> <p>(1) National team</p> <ol style="list-style-type: none"> a. top 30 or 1/4 of current world ranking (whichever is the higher ranking at the time of application); or b. quarter-finalist in major international tournaments (i.e. Olympic Games, World Championships, World Cup, Confederation’s Championship or equivalent) within 4 years. <p>(2) Club team</p> <ol style="list-style-type: none"> a. top eight in top tier leagues within the last 2 seasons; or b. quarter-finalist in major international tournaments within the last 2 seasons; or c. world-renowned teams with excellent achievement (i.e. top 10) in past top tier leagues or major international tournaments (to be assessed by the Vetting Panel of MSEC). <p>To qualify for both “High” and “Medium” marks in team only sports, the concerned</p>		

Items	Vetting Criterion	Marks	Remarks
	<p>team must satisfy the following:</p> <p>(i) at least half of team players are first team players in the final, semi-final or quarter-final of a recent top tier league or major international tournaments; or</p> <p>(ii) at least five top world class players (names to be provided by organisers and vetted by Vetting Panel of MSEC) are in the team</p>		
<p>2 Financial viability</p>	<p>Indicators:</p> <p>e. High possibility to secure private and business sector sponsorship to reach 20% or above of total expenditure of the event;</p> <p>f. Able to generate income from gate receipts to reach 10% or above of total expenditure of the event;</p> <p>g. A balanced or even surplus budget after taken into consideration estimated income (including funding support from MSEC) and expenditure or the applicant has demonstrated that it is able to bear the potential deficits arising from holding the events (documentary proof is required);</p> <p>h. Track record of the organiser for successful holding of event(s) of similar scale with a surplus or balanced statement of account.</p> <p>Rated as “High” if</p> <ul style="list-style-type: none"> At least THREE of the above indicators could be met 	<p>(Max. of 15 marks)</p> <p>High=15</p> <p>Medium=8</p> <p>Low=4</p>	

Items	Vetting Criterion	Marks	Remarks
	<p>Rated as “Medium” if</p> <ul style="list-style-type: none"> • At least TWO of the above indicators could be met <p>Rated as “Low” if</p> <ul style="list-style-type: none"> • Only ONE of the above indicators could be met 		
<p>3 Media coverage and marketing plan</p>	<p>Rated as “High” if</p> <ul style="list-style-type: none"> • Overseas/local live or delay TV broadcasting; and • A comprehensive media / PR Plan to reach a wide spectrum of the public, which is supported by more than \$1.5 million budget <p>Rated as “Medium” if</p> <ul style="list-style-type: none"> • Online live streaming; and • A comprehensive media / PR Plan to reach a wide spectrum of the public, which is supported by \$1 to \$1.5 million budget <p>Rated as “Low” if</p> <ul style="list-style-type: none"> • No TV broadcast or online live streaming; and • A media / PR Plan to reach a reasonable spectrum of the public supported by at least \$0.5 million budget. 	<p>(Max of 15 marks)</p> <p>High=15 Medium=8 Low=4</p>	

Items	Vetting Criterion	Marks (Max. of 15 marks)	Remarks
<p>4 Community appeal and social benefits</p>	<p>Indicators:</p> <p>f. Fringe programmes or promotion and engagement programmes to be organised prior to or during the event period for the general public, schools, Community Sports Clubs, less privileged or youth groups (e.g. sports demonstration, autograph or play in session with involvement of overseas players) to achieve promotion, marketing and PR objectives.</p> <p>g. Volunteer services (expected number of participants).</p> <p>h. Charity / fund raising activities.</p> <p>i. Activities to promote / showcase Hong Kong's unique culture or heritage.</p> <p>Rated as “High” if</p> <ul style="list-style-type: none"> At least TWO of the above indicators could be met <p>Rated as “Medium” if</p> <ul style="list-style-type: none"> At least ONE of the above indicators could be met <p>NO marks will be given if none of the indicators could be met</p>	<p>High=15 Medium=8 Low=4</p>	

	Items	Vetting Criterion	Marks	Remarks
		<p>Note: While one activity may achieve more than one objective or benefit more than one group of the community, it may only count towards achieving one indicator.</p>		
5	<p>Sports development impact</p>	<p>Indicators:</p> <p>d. Opportunities for local athletes to take part in the event</p> <p>e. Training opportunities for local coaches, referees and sports personnel for advancement and betterment of qualifications.</p> <p>f. Sports development opportunities for local athletes, such as demonstrations, workshops, clinics, etc.</p> <p>Rated as “High” if</p> <ul style="list-style-type: none"> • ALL of the above indicators could be met <p>Rated as “Medium” if</p> <ul style="list-style-type: none"> • At least TWO of the above indicators could be met <p>Rated as “Low” if</p> <ul style="list-style-type: none"> • At least ONE of the above indicators could be met 	<p>(Max. of 10 marks)</p> <p>High=10</p> <p>Medium=5</p> <p>Low=2</p>	
6	<p>Technical and administrative</p>	<p>Considerations include:</p> <p>d. Track record of the applicant in</p>	<p>(Max. of 10 marks)</p> <p>High=10</p>	

Items	Vetting Criterion	Marks	Remarks
<p>quality of the organiser</p>	<p>organising large-scale events, in particular satisfactory completion of events of similar nature and scale funded by ‘M’ Mark.</p> <p>e. Manpower plan, including out-sourced and/or in-house expertise in event organising, marketing and PR, commercial rights management, ticketing, etc.</p> <p>f. Any other factor or value-adding input from the applicant which demonstrates its ability in successful delivery of the event.</p>	<p>Medium=5 Low=2</p>	
Total:			

Assessment Criteria		Marks	Weighting															
8.	<p>Sports development impact (The extent to which the event will encourage wider participation in that particular sport and opportunities for local athletes to secure world ranking etc.)</p> <p style="text-align: right;">✓ or ×</p> <table border="1"> <tr> <td>i)</td> <td>Opportunities for local athletes to secure a higher position in the world or regional ranking of the sport or participation in the qualifying matches of the event</td> <td></td> </tr> <tr> <td>ii)</td> <td>Availability of training opportunities for local coaches, referees and sports personnel for advancement and betterment of qualifications, before, during and/or after the event</td> <td></td> </tr> <tr> <td>iii)</td> <td>Sports development programmes, such as sports demonstrations, workshops, clinics for local athletes</td> <td></td> </tr> <tr> <td>iv)</td> <td>Official training programmes, such as workshops, clinics for coaches and referees, etc</td> <td></td> </tr> <tr> <td>v)</td> <td>Sport promotional programmes to encourage wider participation in the sport, especially for students and young players.</td> <td></td> </tr> </table> <p style="text-align: right;">(10)</p>	i)	Opportunities for local athletes to secure a higher position in the world or regional ranking of the sport or participation in the qualifying matches of the event		ii)	Availability of training opportunities for local coaches, referees and sports personnel for advancement and betterment of qualifications, before, during and/or after the event		iii)	Sports development programmes, such as sports demonstrations, workshops, clinics for local athletes		iv)	Official training programmes, such as workshops, clinics for coaches and referees, etc		v)	Sport promotional programmes to encourage wider participation in the sport, especially for students and young players.		<p>Mark 0-5 1 mark for 1 achievement "✓"</p>	2
i)	Opportunities for local athletes to secure a higher position in the world or regional ranking of the sport or participation in the qualifying matches of the event																	
ii)	Availability of training opportunities for local coaches, referees and sports personnel for advancement and betterment of qualifications, before, during and/or after the event																	
iii)	Sports development programmes, such as sports demonstrations, workshops, clinics for local athletes																	
iv)	Official training programmes, such as workshops, clinics for coaches and referees, etc																	
v)	Sport promotional programmes to encourage wider participation in the sport, especially for students and young players.																	

9.	<p>Technical and administrative quality of the organiser</p> <p style="text-align: right;">✓ or ×</p> <table border="1"> <tr> <td>i)</td> <td>Successful past experience in organising similar-scale events</td> <td></td> </tr> <tr> <td></td> <td>(a) Achieved target number of participating countries/ regions as planned</td> <td></td> </tr> <tr> <td></td> <td>(b) No significant variance between the planned programme and actual programme implementation (i.e. publicity plan, budgeting, community involvement, sports development impact, etc)</td> <td></td> </tr> <tr> <td></td> <td>(c) **Timeliness in submission of programme report and audited report before the deadline.</td> <td></td> </tr> <tr> <td>ii)</td> <td>Capability in secure cash sponsorships</td> <td></td> </tr> <tr> <td>iii)</td> <td>Availability of technical officials/ referees in Hong Kong as required in respective level of the event</td> <td></td> </tr> <tr> <td>iv)</td> <td>Provision of comprehensive event proposal (including business plan, budget plan, manpower plan, staging plan, etc.)</td> <td></td> </tr> <tr> <td colspan="3">** Mandatory Requirement : Failure in timely submission of the required reports in the last application will not attain any score in this criterion.</td> </tr> </table> <p style="text-align: right;">(10)</p>	i)	Successful past experience in organising similar-scale events			(a) Achieved target number of participating countries/ regions as planned			(b) No significant variance between the planned programme and actual programme implementation (i.e. publicity plan, budgeting, community involvement, sports development impact, etc)			(c) **Timeliness in submission of programme report and audited report before the deadline.		ii)	Capability in secure cash sponsorships		iii)	Availability of technical officials/ referees in Hong Kong as required in respective level of the event		iv)	Provision of comprehensive event proposal (including business plan, budget plan, manpower plan, staging plan, etc.)		** Mandatory Requirement : Failure in timely submission of the required reports in the last application will not attain any score in this criterion.			<p>Mark 0-5 1 mark for 1 achievement "✓"</p>	2
i)	Successful past experience in organising similar-scale events																										
	(a) Achieved target number of participating countries/ regions as planned																										
	(b) No significant variance between the planned programme and actual programme implementation (i.e. publicity plan, budgeting, community involvement, sports development impact, etc)																										
	(c) **Timeliness in submission of programme report and audited report before the deadline.																										
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iv)	Provision of comprehensive event proposal (including business plan, budget plan, manpower plan, staging plan, etc.)																										
** Mandatory Requirement : Failure in timely submission of the required reports in the last application will not attain any score in this criterion.																											

Maximum Level of Subvention:

- Score 76-100 : 85% of eligible expenditure but not exceeding \$1,000,000 per event
 Score 50-75 : 85% of eligible expenditure but not exceeding \$700,000 per event

Matching Grant:

A dollar-to-dollar matching grant up to a maximum amount of 50% of the approved direct grant of the event. Each NSA is entitled to receiving matching grant for more than one MLJE or MNC in each financial year.



電話 TEL: 2601 8839
圖文傳真 FAX NO: 2691 3264
本署檔號 OUR REF: (9) in LCSD LS ME 1-55/4
來函檔號 YOUR REF: CB4/PAC/R74

1 June 2020

Mr Anthony CHU
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 1 of the director of Audit's Report No. 74
Management of funding for sports development through
the Arts and Sport Development Fund (Sports Portion) (ASDF)

Thank you for your letter dated 18 May 2020 regarding Chapter 1 of the Audit Report. We are pleased to provide the required information as below to facilitate Public Accounts Committee's consideration.

Part 2: Funding for Hong Kong athletes to prepare for and participate in international games

(a)(i) example and calculation methodology of the 1% refund from a grantee who fails to submit reports on time

A grantee is required to refund the approved grants to the ASDF in case of failure to submit audited accounts and/or post-event reports six months after the events, calculated as 1% of the approved ceiling subvention amount for every month of further delay, until the grantee submits all the post-event reports and audited accounts.

For illustration, a grantee has been approved for a grant of \$263,465 under ASDF for Preparation Fund for a multi-sports games for the period from June to August 2018. The grantee should submit report by end of February 2019, which is six months after the event. Since the grantee submitted the required reports on 30 April 2019, the grantee was required to refund 1% of the approved ceiling subvention amount for every month of further delay due to late submission. The refund amount is \$5,269.3 (i.e. approved amount of \$263,465 x 1% x 2 months).

(a)(ii) since 2015-2016, whether there is any grantee requested to make refund due to the delay in submission of reports for over six months

During 2015-16 to 2018-19, there were 5 cases of preparation and participation funds in which the grantees were requested to make refund due to late submission of programme reports and/or audited accounts for over six months. Details are listed at **Annex A**.

(a)(iii) details of the six cases which 1% was not refunded for the delay in submission of reports and accounts

LCSD currently adopts an approach of counting calendar month instead of calendar days to calculate the deadline. For example, if an event is completed on 15 January, charges will only be imposed after 31 July which is the end of the 6th calendar month upon event completion instead of 15 July by counting on calendar day. Under this approach, these cases would not be counted as overdue. Details of the six cases are listed at **Annex B**.

(a)(iv) whether there is a mechanism for exercising discretion to waive the 1% charge on delay; please provide the details and justifications

There is no mechanism for exercising discretion to waive the 1% fee for late submission of reports.

For projects A, B, C and E at **Annex B**, the subject officers followed the approach of counting calendar month in deciding whether to impose the 1% charge on delay. For sake of consistency and avoid misinterpretation, we will set out clearly in our revised operation manual of the calendar month approach for officers to follow.

For project D, it is noted that the actual end date of event should be 8 September 2017 instead of 9 August 2017. As such, there should be no delay in submission

of reports for this particular case.

For project F, which was ended on 4 August 2016, the first programme report was submitted to LCSD on 7 December 2016. After receipt of the report, LCSD raised clarification with the grantee who submitted the finalised programme report to LCSD on 13 March 2017. Similarly, the first and finalized audit accounts were received on 11 January 2017 and 15 February 2017 respectively. As the submission of the first reports was within the deadline of six calendar months, we did not charge the grantee for delay in submission of the finalized programme reports and/or audited accounts.

(b)(i) how performance targets were set; whether there are specific guidelines for setting of performance targets; if yes, a copy of such guidelines; if no, whether guidelines would be drawn up

NSAs are in the best position to set performance targets such as rise in world ranking, breaking of personal best record, mode of training and number of training sessions attended etc.. Since the nature of sports and competition level of international games vary significantly, it is not practical for LCSD to draw up guidelines or set targets for applicants. The purpose of setting performance target and reporting the achieved result is to facilitate the grantee for self-assessment rather than deciding the amount of fund to be granted. Please refer to HAB’s reply for details of the funding criteria of preparation and participation fund.

(b)(ii) details on performance targets and results of two applications

The details on the performance targets and results of the two applications are tabulated below.

Application	Event	Projected achievements of the athletes marked on Application form	Achieved Target marked on Programme Report
A	Preparation Fund for a multi-sports games held in 2018	Top 16 in the Games	Enhance skills and gain experience
B	Preparation Fund for a multi-sports games held in 2016	Top 1/3 ranking for a Race	Not reported

(b)(iii) when will the review of funding guidelines be completed and be available; whether the guidelines would provide suggestions on the setting of practical and achievable targets

The review on performance targets is expected to be completed by end of June. If some measurable or quantitative performance indicators are identified and considered suitable, we will specify the requirement for grantees' compliance.

(b)(iv) how to monitor the use of preparation funds if performance targets were not set or not reported; are there better measures to monitor the use of funds

There are ceiling amount for qualified athletes or teams in the preparation fund. Also, there are eligible items stated in the training plan, such as employment of additional coaches, additional local training, overseas competitions and training, purchase of additional equipment, provision of on-field support, medical, insurance, international transportation and accommodation. LCSD will monitor the use of the approved grants according to the capped ceiling amount of eligible items.

(c)(i) is there policy to govern the variances of estimated and actual amounts of income and expenditure; if no, the reasons for that

At present, there is no policy or mechanism governing the variances of significant amount or percentage between the estimated and actual amounts of income and expenditure. In fact, as estimated expenditures are only the proposed level of subsidy rather than the amount agreed by LCSD, we do not consider it appropriate to compare the estimated expenditure with the actual expenditure. Instead, it is more logical to consider the variance of the approved expenditure and the actual expenditure. LCSD will modify the current report form for programmes under ASDF to require an explanation of variance of 25%.

(c)(ii) details of the 24 applications with estimated expenditure more than actual expenditure, and explanations for the variance of 87%

15 out of 24 applications shown in Table 6 are under the purview of LCSD. For details of these applications, please refer to **Annex C**. While the

percentage of variance between estimated expenditure and actual amount of expenditure ranged from 32% to 87%, the variance between approved expenditure and actual expenditure is significantly different ranging from -1% to 75%. Only 5 cases have a variance of over 25%.

(c)(iii) can the applicants revise their estimates; if no, any measures to reduce variances

The applicants can revise their estimates before the budget is approved.

(c)(iv) the progress of the review on relevant guidelines for explaining variances between estimated and actual expenditure/income, and the new report proforma if available

In connection to (c) (ii), LCSD considers it more appropriate to compare the actual expenditure with the approved expenditure. We will work with HAB to draw up new programme report proforma by end of June.

(d)(i) why there were no guidelines on the scope of audit

Currently, there is an Auditor's Guide for programmes under the Sports Subvention Scheme (SSS) for NSAs' compliance. These NSAs under SSS (subvented NSAs) are expected to follow this Auditor's Guide which imposes a requirement for auditors to certify grantee's compliance with the procurement requirements and the Code of Conduct. Therefore, LCSD has not issued separate guideline to these subvented NSAs on the scope of audit for programmes under ASDF.

(d)(ii) the progress of guidelines modification for ensuring the auditors certifying the compliance of procurement requirements and the Code of Conduct, and alert the grantees on the consequence if any non-compliance is spotted

With effect from 1 June 2020, LCSD will remind grantees to request their auditors to certify their compliance with the procurement requirements and the Code of Conduct in completing the audited account of programmes under ASDF. LCSD will also alert the grantees on the consequence if any non-compliance is spotted.

(d)(iii) other measures to ensure compliance with the procurement requirements and the Code of Conduct by grantees

LCSD will explicitly state in the approval letter of programmes under ASDF to remind grantees to comply with the requirement.

(e) provide any grantees who were repeatedly late for returning unspent balances in the period from 2014-2015 to 2018-2019

No other grantees were repeatedly late for returning unspent balances.

(f)(i) the workflow of verifying grantees' audited accounts for the return of unspent balances of the approved grant amount by grantees

The workflow is attached at **Annex D**.

(f)(ii) the staff establishment and strength for handling verification work and unspent balances; whether the current manpower is adequate

The administration work on funding application of programmes under ASDF are only part of the duties of LCSD staff concerned. There are 45 numbers of staff being involved for undertaking the administration work of programmes under ASDF. The current manpower is considered adequate for the tasks.

(f)(iii) measures to ensure timely return of unspent balances

HAB will review the existing mechanism with LCSD and consider imposing penalties to applicants who are late in returning unspent balances. The relevant measures will be announced by the end of June.

Part 3: Funding for international sports events

(g)(i) why the assessment criteria for MMEs and MLIEs are different; whether applications under each category would be subject to the same assessment criteria

There are variances in the assessment criteria for “M” Mark events (MMEs) and Major Local International Events (MLIEs) because there are significant

***Note by Clerk, PAC:** See Annex IV to Appendix 9 of this Report for Annex D.

differences in the scale and nature of the events under the two categories. MMEs are large-scale events (such as the Hong Kong Marathon and Hong Kong Sevens) that could attract large number of spectators and participants including overseas visitors. These events have the potential to attract larger amount of sponsorship and a maximum matching funding of \$10 million could be granted. Therefore the assessment criteria for MMEs include economic impacts of the event and the possibility to secure private and business sector sponsorship. On the other hand, MLIEs are of much smaller scale (such as Asian or major regional championships) which are not expected to generate substantial economic impact or attract large amount of sponsorship. Nevertheless, all applications under each category are subject to the same set of assessment criteria.

(g)(ii) the process and scoring system for assessing MMEs and MLIEs by VCSS

For MMEs, assessment of applications takes place throughout the year. All applications are scrutinized and vetted by the Major Sports Events Committee (MSEC)'s Vetting Panel (VP) with the support of the Secretariat in accordance with the vetting criteria and the scoring table for M Mark events. The recommendations from the VP on applications will then be presented to MSEC and Sports Commission for endorsement and approval respectively. The vetting criteria and scoring table for M Mark events are at **Annex E** and **Annex F** respectively.

For MLIEs, LCSD issues invitation letters to NSAs and Sports Organisations (SOs) under LCSD Sports Subvention Scheme in August/ September every year for submission of applications in the coming three years. All applications are scrutinized and vetted by the Vetting Committee for Sports Subvention (VCSS) in accordance with the vetting criteria and the scoring table for MLIEs. The recommendations from the VCSS on applications will then be submitted to HAB for approval. An approval-in-principle will be given to the NSAs/SOs. The NSAs/SOs are required to submit a formal application with full details of concerned MLIEs to LCSD at least four months before the date of event. The assessed applications will then be submitted to the VCSS for endorsement and HAB for approval. The scoring system for MLIEs is at **Annex G**.

****Note by Clerk, PAC: Refer to Major Sports Event's website for Annex E and see Annexes VIII and IX to Appendix 9 of this Report for Annexes F and G respectively.***

(h) provide the length of delay in the submission of programme report and audited reports for Events C and D. If there were delays, justifications for awarding scores to Events A, B and C

For Event C, the end date of event was 28 May 2017. The grantee submitted audited report and programme report on 2 November 2017 (within six calendar months) and 25 September 2017 (within six calendar months) respectively. According to the calculation method of late report by using six months after the event as mentioned in (a)(i), there is no late submission of report for Event C.

For Event D, the end date of event was 4 July 2016. The grantee submitted the audited report and programme report on 25 November 2016 (within six calendar months). According to the calculation method of late report by using the deadline as mentioned in (a)(i), there is no late report for Event D.

(i) provide an example illustrating the calculation methodology for the unspent balances of MLIEs and LIEs

The calculation methodology of unspent balance for MLIEs and LIEs is based on the equation below:

Unspent balance = Approved Cash Subsidy – (Actual Expenditure x Subsidy Level)

For example, the approved cash subsidy and actual expenditure of a MLIE held in 2018 were \$800,000 and \$605,026.86 respectively. The subsidy level was 70%. The unspent balance is calculated as follows:

$$\begin{aligned}\text{Unspent balance} &= \$800,000 - (\$605,026.86 \times 70\%) \\ &= \$800,000 - \$423,518.8 \\ &= \$376,481.2\end{aligned}$$

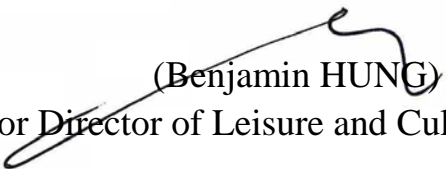
(j) the natures of MLIE A and MLIE B given the significant surplus amounts

The MLIE A is an Asian Olympic Qualification Tournament (Table Tennis). The VCSS scrutinized the application and recommended to grant subsidy from ASDF at the maximum amount of \$800,000, approved the LCSD subvention on notional venue charges at \$1,562,878 and recommended reserving a ceiling amount of \$200,000 in the form of matching fund from the ASDF to the event. Apart from LCSD subvention, the event attained

significant amount of income mainly came from sponsorship, entry fee and advertising fees, TV License fees and accommodation charge to participants that contributed to the significant surplus amount.

The MLIE B is an Asian Junior Team Championships (Squash), the VCSS scrutinized the application and recommended to grant subsidy from ASDF at the maximum amount of \$800,000, recommended reserving a ceiling amount of \$150,000 in the form of matching fund from the ASDF to the Championships and approved the LCSD subvention on notional venue charges at \$45,666. Apart from the cash subvention from the ASDF, the event attained significant amount income from sponsorship and athletes' entry fee that contributed to the significant surplus amount.

Yours sincerely,


(Benjamin HUNG)
for Director of Leisure and Cultural Services

c.c. Secretary for Home Affairs (fax no. 2591 5536)

5 Cases of late submission of programme report and/or audited accounts for over six months

Case	Programme Name	Approved Amount (HK \$)	End Date of Event	Deadline for Submission of Report	Date of Report Submitted by the Grantee	Deduction Methodology (HK\$)
1	Programme A	\$68,265	8 February 2017	31 August 2017	4 October 2017	\$68,265 x 1 % x 1 month = \$682.65*
2	Programme B	\$580,000	8 May 2017	30 Nov 2017	17 Jul 2018 (Programme Report) 30 Jul 2018 (Audit Report)	\$580,000 x 1 % x 8 months = \$46,400
3	Programme C	\$344,164	31 May 2017	30 Nov 2017	29 Jun 2018	\$344,164 x 1 % x 7 months = \$24,091.48
4	Programme D	\$263,465	16 Aug 2018	28 Feb 2019	30 Apr 2019	\$263,465 x 1 % x 2 months = \$5,269.30
5	Programme E	\$725,000	18 Aug 2018	28 Feb 2019	16 Apr 2019	\$725,000 x 1 % x 2 months = \$14,500

Remarks: * After a grantee is assessed to have made late submission of reports, we will charge 1% of late fee if the grantee submits the report between the 1st and last day of the first month after the deadline. Another 1 % will be charged if the report is received between the 1st and last day of the second month after deadline and so on. For Programme A, the subject officer interpreted that another 1 % late fee for the second month should not be charged unless the report was not received by last day of the second month. Therefore, only 1% late fee for one month was imposed. We have already briefed our staff of the proper calculation method.

Six cases appeared to be have late report over 6 months

Project Name	Date of Application	Start Date of Project	End Date of Project	Finalized Programme Report Submission Date	Finalized Statement of Account Submission Date	Date of Imposing Late Charge	Months	Note by Audit	Remarks by LCSD
Project A	26/06/17	1-Mar-18	12-Aug-18	15-Feb-19	15-Feb-19	1-Mar-19	6.2	without penalty	The subject officer acted in line with prevailing practice that the deadline was counted in calendar month basis.
Project B	26/06/17	1-Jan-18	19-Aug-18	1-Feb-19	20-Feb-19	1-Mar-19	6.2	without penalty	The subject officer acted in line with prevailing practice that the deadline was counted in calendar month basis.
Project C	26/06/17	16-Aug-18	1-Sep-18	28-Feb-19	6-Mar-19	1-Apr-19	6.2	without penalty	The subject officer acted in line with prevailing practice that the deadline was counted in calendar month basis.
Project D	26/06/17	27-Aug-17	9-Aug-17 8-Sep-17	12-Feb-18	12-Feb-18	1-Apr-18	6.2 5.2	without penalty	There was typo on the end date. It should be 8 September 2017. As such, there is no delay in submission of reports.
Project E	22/07/15	5-Nov-2015	14-May-2016	25-Nov-2016	25-Nov-2016	1-Dec-16	6.5	without penalty	The subject officer acted in line with prevailing practice that the deadline was counted in calendar month basis.
Project F	22/07/15	28-Jun-2016	4-Aug-2016	13-Mar-2017	15 Feb-2017	1-Mar-17	7.4*	without penalty	*The Audit Commission uses the submission date (Mar 2017) of the finalised programme report in deciding whether there was late submission. However, as LCSD had received the 1st programme report and 1st audited report on 7 December 2016 and 11 January 2017 respectively before raising clarification with the grantee, LCSD did not count the case as late submission when it received the finalised report after 6 months.

Remarks: Source from Audit Commission

Among the 24 applications shown in Table 6 with estimated amount expenditure more than actual amount of expenditure, 15 are handled by LCSD. Details of the amount and percentage of variances are tabulated below:

Case	Date of Approval	Estimated Expenditure (including non-eligible expenditure) (\$)	Approved Amount (\$)	Actual Expenditure (including non-eligible expenditure) (\$)	(Difference between Estimated Expenditure and Actual Expenditure) Calculation of Variance (\$)	(Difference between Estimated Expenditure and Actual Expenditure) Percentage of Variance (%)	(Difference between Approved amount and Actual Expenditure) Percentage of Variance (%)
		(a)	(b)	(c)	(d) = (a) - (c)	(e)=(d) / (a)	(f)=(b)-(c) / ((b)
1	2015-08-10	1,473,200.00	540,000.00	428,168.17	1,045,031.83	71%	21%
2	2015-08-10	1,083,840.00	540,000.00	546,379.91	537,460.09	50%	-1%
3	2015-08-10	702,195.00	180,000.00	142,665.00	559,530.00	80%	21%
4	2015-08-10	840,305.00	180,000.00	112,600.05	727,704.95	87%	37%
5	2017-05-23	1,445,635.00	1,219,712.00	977,032.22	468,602.78	32%	20%
6	2017-07-20	3,823,318.00	1,100,000.00	953,200.31	2,870,117.69	75%	13%
7	2017-07-20	1,668,020.00	960,000.00	960,816.42	707,203.58	42%	0%
8	2017-07-20	2,611,900.00	960,000.00	968,008.15	1,643,891.85	63%	-1%
9	2017-07-20	1,017,508.00	870,000.00	663,417.21	354,090.79	35%	24%
10	2017-07-20	952,791.00	697,419.00	437,634.55	515,156.45	54%	37%
11	2017-12-13	307,300.00	180,000.00	182,078.36	125,221.64	41%	-1%
12	2017-12-13	2,157,600.00	360,000.00	362,108.00	1,795,492.00	83%	-1%
13	2017-12-13	1,087,650.00	882,740.00	216,497.59	871,152.41	80%	75%
14	2017-12-13	1,019,812.00	976,912.00	508,114.38	511,697.62	50%	48%
15	2017-12-13	1,711,640.00	1,400,000.00	448,527.44	1,263,112.56	74%	68%

Remarks : 15 out of 24 events are under LCSD

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1 June 2020

Mr Anthony CHU
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

The Director of Audit's Report No. 74

Management of funding for sports development through the Arts and Sport Development Fund (Sports Portion)

Your letter dated 18 May 2020 was well received. Regarding your request for relevant information on Part 4 of Chapter 1 of the Director of Audit's Report No. 74, our response is as follows.

- (a) The policy objectives of the Government are to promote sports in the community, support elite sports development and promote Hong Kong as a centre for major international sports events. Football is one of the most popular sports in Hong Kong, hence we have been providing funding to take forward various initiatives to develop football and build more venues, encourage public participation in football, as well as support the Hong Kong Teams and players to improve their performance.

The Hong Kong Football Association (HKFA) is a member of the Federation Internationale de Football Association (FIFA), the Asian Football Confederation (AFC) and the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC). It is responsible for promoting football development in Hong Kong and the selection of athletes to participate in international events. The HKFA therefore plays an

important role in various Government-funded football development programmes. The major development programmes are as follows:

Sports Subvention Scheme

The Leisure and Cultural Services Department (LCSD) provides subvention to eligible “national sports associations” (NSAs) under the Sports Subvention Scheme (SSS) to promote and develop the respective sports. The HKFA is one of the eligible NSAs and it receives recurrent subvention under the SSS to develop and promote football, including the organisation of league matches, training of the Hong Kong Teams and Hong Kong Youth Teams and school promotion programmes. In 2020-21, the LCSD has earmarked a subvention of around \$20.26 million for the HKFA under the SSS.

Promotion of School Sports

We are committed to promoting school sports to encourage the development of an active and healthy lifestyle at an early age. Since 2001, the LCSD has been implementing the School Sports Programme (SSP) for students of primary, secondary and special schools in Hong Kong to participate in diversified sports activities. The aims of the SSP are to foster students’ interests in sports, encourage students to participate in sports continuously, raise the sport performance level among students and to identify potential student athletes to receive training of a higher level. Currently, 90% of schools in the territory are participating in the SSP and football is one of the 47 sports covered by the SSP.

District Football Funding Scheme

Since the 2011/12 football season, the Homes Affairs Bureau (HAB) has been providing funding support to 18 district-based teams for their participating in the various divisions of the HKFA’s football league with the aim of improving their performance and governance. The LCSD is also providing each district-based team with facilities free of charge for training use. These teams have taken root in local districts and made positive contribution to football development in Hong Kong. In 2019/20 football season, the HAB would provide a total of over \$11 million in funding support to the district-based teams.

Project Phoenix and Five-year Strategic Plan

The report on Project Phoenix spelled out the HKFA's work to be implemented in numerous areas. These included improving its organisational structure and management, as well as devising plans on football development such as youth development programmes. In the three years from 2011-12 to 2013-14, we earmarked a maximum of \$20 million annually for allocation to the HKFA for the implementation of the recommendations in Project Phoenix. From November 2011 to March 2015, the total amount of funding provided to the HKFA for this purpose was \$55.45 million. To build on the foundation laid by Project Phoenix, the HKFA implemented a Five-year Strategic Plan from 2015-16 to 2019-20. The HAB earmarked a maximum of \$25 million annually for allocation to the HKFA for the implementation of this plan. It was a logical and progressive way forward for further development of football. The Football Task Force considered that the Five-year Strategic Plan was a comprehensive plan covering all age groups with a view to nurturing local footballers with talents to improve the quality of football locally and raising our performance level.

Football Venues

Apart from the provision of funding support, the Government provides public football pitches to support the development of football. Currently, the LCSD provides 61 11-a-side turf pitches¹, 21 7-a-side turf pitches and 234 hard-surface pitches of 5-a-side or 7-a-side for members of the public to play football. The HKFA is given priority in reserving venues for football training and matches with the subvention provided. In the 2019/20 football season, the LCSD allocated 18 football pitches to the HKFA for Hong Kong Premier League (HKPL) matches and related club training. We will continue to increase the supply of football pitches and enhance existing venues.

With the HAB's policy support, the HKFA secured a lease for a 12-hectare site at the Tseung Kwan O Landfill from the Environmental Protection Department for the construction of the FTC. The construction cost was sponsored by the Hong Kong Jockey Club Charities Trust. The FTC is comprised of three standard-sized natural turf pitches, three standard-sized

¹ Turf pitches cover natural turf and artificial turf pitches.

artificial turf pitches, a hard-surfaced futsal pitch and related auxiliary facilities. The FTC is used as the training base of the Hong Kong Teams. It enables the HKFA to implement various development plans and community football activities. The FTC is also made available for use by organisations and members of the public. The FTC has been opened for use by the Hong Kong Teams and clubs since August 2018 and the public since March 2019.

In addition, some sports organisations are operating football pitches on rented government sites on a private recreational lease or short-term tenancy. Examples include the Jockey Club Kitchee Centre (the Kitchee Centre), the South China Athletic Association, the Hong Kong Football Club and the Hong Kong Rugby Union. The football pitches of the Kitchee Centre serve as a football training venue for various age groups and is open for public rental².

- (b) From 2011-12 to 2013-14, the HAB earmarked a maximum of \$20 million & annually for allocation to the HKFA for the implementation of the recommendations in Project Phoenix. The funding agreement and performance targets and indicators are at **Annexes 1 and 2** respectively.
- (c) Following Project Phoenix, the HAB decided to allocate a maximum of \$25 million annually to the HKFA for the implementation of the Five-year Strategic Plan. The funding agreement and performance targets and indicators are at **Annexes 3 and 4** respectively.

The HKFA's Five-year Strategic Plan from 2015-16 to 2019-20 was concluded in March this year. Due to the epidemic, the HKFA is still working to finalise its next five-year strategic plan, which would soon be presented to its Board of Directors for consideration. Upon receipt of the official documents on the new five-year strategic plan, the HAB will handle the funding application and consult the Football Task Force expeditiously.

- (d) According to the Five-year Strategic Plan funding agreement between the HAB and the HKFA and the SSS funding agreement between the LCSD and the HKFA, the HKFA's annual report is not an item that has to be submitted to the HAB or the LCSD. Neither the HAB nor the LCSD were provided with the annual reports of the HKFA in the past five years. It is

² According to the tenancy signed, the relevant operators are required to make available a portion of the operation time of the facility for public booking. For example, the Kitchee Centre has set aside 30% of operation time for public booking.

noted that the HKFA annual reports are mainly distributed to its members and are also made available to the public on its website.

- (e) In our HAB003 reply to the written questions from Members of the Finance Committee of the Legislative Council on the HAB's 2020-21 estimates, we stated that the amount of funding earmarked by the Government for the HKFA in 2017-18 was around \$45.41 million. The amount disbursed to the HKFA in the same year was around \$38.67 million, which was based on the actual expenditure of HKFA in that year. As for table 31 in the Report of the Director of Audit, the amount of Government funding was calculated based on the period of the football season instead of the fiscal year of the Government, and the figure is the amount of Government funding disbursed to the HKFA based on its actual expenditure. Hence, the figure concerned in table 31 cannot be directly compared with the amount of funding earmarked as provided in our HAB003 reply. A comparison of the funding amounts is shown in the table below –

Government Funding	Amount earmarked for HKFA in 2017-18 (\$'000)	Amount disbursed to HKFA in 2017-18 (\$'000)	Amount disbursed to HKFA in 2017/18 football season ³ (\$'000)
Arts and Sport Development Fund (including funding for Five-year Strategic Plan)	25,742	22,489 ⁴	19,969
Sports Subvention Scheme of the LCSD ⁵	19,665	16,178	14,151
Total:	45,407	38,667	34,120

- (f) The funding agreements signed between the HAB and the HKFA for Project Phoenix and the Five-year Strategic Plan contain performance targets and indicators, which facilitate the monitoring of the HKFA's implementation of the two plans. These performance targets and indicators cover the HKFA's measures to take forward the development of

³ We do not keep the amount earmarked or disbursed compiled based on football season. The related figures are provided by the HKFA.

⁴ Due to the postponement of the completion of the FTC, we did not provide the relevant funding that was originally earmarked. Besides, the preparation fund for the 2018 Youth Olympic Games required was less than the amount earmarked according to its funding application.

⁵ Inclusive of notional venue charges provided by the LCSD.

local football, as well as the HKFA's organisational structure and governance.

Organisational structure of the HKFA

Prior to implementing Project Phoenix, the HKFA's organisational structure, which included the composition of its Board of Directors and the division of labour among the departments of its management, had been in place for years. It was lagging behind professional football development and governance standards in recent years. For example, there was no independent director on the Board and there was a need to strengthen the manpower for technical development, financial control, human resources management as well as marketing and communication strategies. Drawing reference to football development in different regions, Project Phoenix identified weaknesses in the HKFA's organisation and recommended measures to improve its organisational structure, so as to allow the HKFA to better coordinate the development of football and improve professional standards.

The reform of the HKFA's organisational structure was a core part of Project Phoenix. Under the plan, the HKFA established a new organisational structure and set up a Technical Development Department to promote the development of grassroots football, women's football and futsal. It also created 27 positions, including the Chief Executive Officer, Head Coach of the Hong Kong Team, Technical Director, Head of Corporate Governance, Financial Controller, Grassroots Football Manager, Women's Football Manager and Futsal Manager, the majority of which were technical posts, for better coordination in the development of football and improving professional standards. From November 2011 to March 2015, the total amount of funding provided to the HKFA for implementing Project Phoenix amounted to \$55.45 million, of which around \$48 million was used to create the 27 positions. For the funding provided by the HAB, the HKFA had set targets related to its organisational structure (see Annex 2) and achieved good progress.

Following the Project Phoenix, the HKFA presented the Five-year Strategic Plan which covered all age groups with a view to nurturing local footballers with talents to improve the quality of football locally and raising our performance level. From 2015-16 to 2019-20, the HAB earmarked a

maximum of \$25 million annually to the HKFA for the implementation of the Five-year Strategic Plan, of which around \$92 million (as at March 2020) was provided to create 27 positions, including a majority of the subvented posts created under Project Phoenix, 2 new posts to strengthen its work on marketing and communications and 1 new post each to improve futsal development and referees development respectively. These subvented posts provided the HKFA with the required administrative and technical capability to implement its Five-year Strategic Plan. With reference to the football development strategies under the Five-year Strategic Plan, the HKFA set 33 performance targets and indicators (see Annex 4), mostly covering the various areas of local football development including grassroots and youth football, girls and women's football, futsal, coach and referees development and marketing. The HKFA was required submit to the HAB half-yearly reports on the progress against these performance targets and indicators. The agreement also stipulated that the Government would conduct a mid-term review to assess the effectiveness of the plan in achieving its objectives. The review should include an assessment of whether the level of funding earmarked for the implementation of the plan is justified in the light of progress achieved.

We completed the mid-term review on the HKFA's Five-year Strategic Plan in 2018. The review findings indicated that the performance of the HKFA in various areas has improved, including governance and organisational development, grassroots and youth football, girls and women's football, football curriculum, coach development and referee development. Credits should be given to the HKFA's promotion of football in the community as the number of participants of grassroots football, women's football and futsal programmes exceeded their performance targets. However, the performance of the HKFA in some areas still required improvement, including the performance of the Hong Kong Team, the organisation of the HKPL, communication and relationship with stakeholders and reliance on public funding.

Governance of the HKFA

The Government has the responsibility to monitor the use of public funding by the HKFA to ensure its proper and effective application. However, the HKFA is a member of FIFA, the AFC and the SF&OC, as well as an independent legal entity with full autonomy to run its affairs. The

Government would not and should not intervene in its management nor interfere with its daily operations. The HKFA Management is responsible for conducting the daily operations, and it is the responsibility of the HKFA Board to oversee the performance of the Management.

Some posts funded by the HAB under Project Phoenix and the Five-year Strategic Plan, such as the Chief Executive Officer and the Head of Corporate Governance, were created with an aim to, among other things, help the HKFA improve its level of governance. The HKFA had set performance targets on improving its governance under Project Phoenix in its funding agreement with the HAB. For example, the HKFA had updated its Articles of Association and adopted a new structure for its Board of Directors. The HKFA had also set 3 performance targets and indicators in improving its governance under the Five-year Strategic Plan in its funding agreement with the HAB. These included electing a minimum of four independent (non-club-linked) directors to the Board of Directors and reviewing the constitution bi-annually, while continuing to work towards achieving its indicator on expanding its membership.

In order to ensure the proper use of funding provided to the HKFA for its implementation of the Five-year Strategic Plan, the HAB and the HKFA entered into a funding agreement. According to the funding agreement, the HKFA must allow the Government and the Director of Audit to have unhindered access and to enquire, examine and audit for the records and accounts in relation to the funding and the management and control procedures. The HKFA must also follow and act upon any corruption prevention advice rendered by the Independent Commission Against Corruption and the Government. Furthermore, when required, the HKFA must agree to disclose all the information relating to the funding. The HKFA must adopt and comply with the Code of Conduct, accounting and payment procedural guidelines and procurement guidelines to avoid conflict of interest and ensure compliance with procedures. The funding agreement also requires the HKFA to submit to the Government an annual account examined by a registered public accountant and an annual budget application with details of each funding item clearly stated.

- (g) Good corporate governance is an important factor of the proper use of public funding. With an aim to further enhance the corporate governance of NSAs (including the HKFA) and the transparency of their operation, the

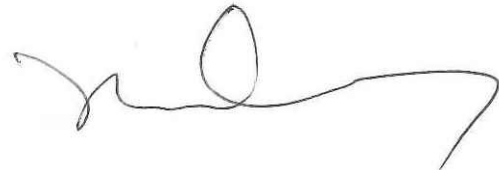
HAB has earmarked a time-limited funding of \$5 million per year for five years from 2020-21 to 2024-25 for conducting a review to examine the operation of all NSAs and their internal monitoring mechanism. Given the leading role of the SF&OC in the sports sector and that all NSAs are its member associations, the HAB has engaged the SF&OC to take charge of the review.

According to the proposal submitted by the SF&OC, it 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 –

- (i) 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; and
 - status of compliance with the Olympic Charter, Code of Ethics of the International Olympic Committee and the Articles and Association of the SF&OC.
- (ii) to prepare a comprehensive report on the review findings and recommendations for improvement;
- (iii) to formulate a code of governance for compliance by all NSAs;
- (iv) to arrange regular thematic seminars for serving and new office bearers and staff of NSAs;
- (v) to implement the recommendations for improvement and monitor the compliance by NSAs; and

- (vi) to compile an annual report on the progress of the review and implementation of the recommendations.
- (h) The organisation chart of its Board of Directors and committees is at **Annex 5**, the membership list of its Board of Directors is at **Annex 6**, the organisation chart of its management is at **Annex 7**, and the membership lists and terms of reference of its committees are at **Annexes 8 and 9** respectively. The documents are provided by the HKFA.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Paul Cheng', with a large loop and a long horizontal stroke.

(Paul Cheng)
for Secretary for Home Affairs

**Note by Clerk, PAC:* *Annex 9 not attached.*

政府總部
民政事務局

香港添馬添美道二號
政府總部西翼十二樓



GOVERNMENT SECRETARIAT
HOME AFFAIRS BUREAU

12TH FLOOR, WEST WING,
CENTRAL GOVERNMENT OFFICES,
2 TIM MEI AVENUE,
TAMAR,
HONG KONG.

本函檔號 Our Ref. : HAB/R&S 4012/46/137

來函檔號 Your Ref. :

電話號碼 Tel. No. : 3509 8124

傳真號碼 Fax No. : 2519 7404

17 May 2012

Mr Brian Leung
Chairman
Hong Kong Football Association Limited
55, Fat Kwong Street,
Ho Man Tin, Kowloon
Hong Kong

Dear Chairman,

**Funding for the Hong Kong Football Association from the
Arts and Sport Development Fund**

I write to inform you of the funding arrangements for supporting the implementation of the Hong Kong Football Association (HKFA)'s "Project Phoenix" through grants from the Arts and Sport Development Fund (ASDF).

In line with the recommendations of the Consultancy Study for Football Development in Hong Kong "Dare to Dream", the HKFA engaged a change agent to make recommendations on the reform of the Association and the development of football in Hong Kong. The change agent's recommendations are set out in the document "Develop – Deliver", which outlines the way forward for HKFA reform and the further development of Hong Kong football in the form of "Project Phoenix". To help the HKFA implement the change agent's recommendations, the Sports Commission has agreed to earmark \$20 million annually from the ASDF for allocation to the HKFA over a period of three years from 2011 to 2014. The actual allocation of funds is subject to application from the HKFA, and the HKFA is required to follow the conditions stipulated at the **Annex** to this letter.

Against this background, on the advice of the Football Task Force we agree to an annual commitment of \$14.05 million for three years for the creation of 12 new posts, as well as a one-off sum of \$2.62 million to engage consultants to review and help implement changes to the administration structure of HKFA.

I should be grateful if you would confirm in writing your acceptance of the conditions at the Annex by **31 May 2012** so that we can finalise the actual disbursement arrangements of funds with your Financial Controller. Please contact the undersigned or Miss Venus Tsoi at 3509 8059, if you have any enquiries.

Yours sincerely,



for Secretary for Home Affairs

**Conditions for Funding Support
from the Arts and Sport Development Fund
to the Hong Kong Football Association
for implementation of Project Phoenix**

Financial Support to the Hong Kong Football Association

- (a) Based on the decision of the Sports Commission at its meeting in October 2011, an allocation of \$20 million per year for three years has been earmarked from November 2011 to October 2014 for supporting the Hong Kong Football Association (HKFA) in its implementation of the Project Phoenix;
- (b) Funding will be disbursed to the HKFA in advance on a quarterly basis during the funding period;
- (c) Funding support is committed on an annual basis only – prior to allocating financial support to the HKFA in the second or third year of the funding period, the Home Affairs Bureau (HAB) will review with the HKFA and in consultation with the Football Task Force (FTF) the extent to which the HKFA has put the funding received in the previous year to effective and efficient use in enhancing the governance and operation of the Association and promoting football development in Hong Kong, and will determine the amount of the proposed allocation accordingly (see “Future Applications” below);
- (d) The HKFA should commit to undertaking cost-saving measures and ensure that there will be no duplication of funding for the same item from either public or private sources, including recurrent or one-off financial support from HAB or any other government departments; and
- (e) In the event that at the end of the funding period (i.e. by end October 2014) the HKFA has not exhausted the \$60 million financial support from the Arts and Sport Development Fund (ASDF), it may apply to HAB to extend the duration of the funding period to such time when the \$60 million financial support is exhausted. Full justification must be provided for such application.

Engagement of Staff or Consultancy Services

- (a) If the HKFA plans to create new posts or engage consultancy services to be funded from the ASDF for the implementation of Project Phoenix, it should do so only with the prior approval of HAB. Any proposals in this regard should be submitted to HAB at the first instance so that arrangements can be made for consultation with the FTF in a timely manner;
- (b) It should be noted that any new posts created by the HKFA for the implementation of Project Phoenix will be funded, either entirely or partially, by the ASDF for no more than 36 months. If the HKFA wishes to retain these posts beyond three years it must identify funding from other suitable sources. There shall be no expectation that financial support from the ASDF will continue for the retention of these posts;
- (c) Similarly, consultancy services so engaged shall begin and be completed within the funding period. All payment shall be settled within the funding period as far as practicable and in no event later than three months after the funding period, unless exceptional approval from HAB has been obtained; and
- (d) any new post created by the HKFA with financial support from the ASDF must be filled through an open, fair and merit-based recruitment process. The staff so engaged shall only be responsible for discharging the duties as represented to and approved by HAB, unless HAB's agreement has been sought to change such duties. Consultancy services should also be engaged through open tender procedures.

Monitoring and Control

The following measures shall be adopted and observed for effective monitoring of the use of the financial support from the ASDF -

- (a) The HKFA shall open a separate bank account at one of the banks approved by HAB for handling the funds received from the ASDF, into which HAB will deposit allocations on a quarterly basis. Upon request of HAB, the HKFA shall submit monthly statements which

specify expenditure items for which the funding has been used in the previous month;

- (b) At the end of each quarter, the HKFA shall prepare a financial summary on the use of the ASDF funding during the previous quarter, and a brief evaluation report on whether the objectives for such items have been met. The summary and evaluation report shall be submitted to HAB no later than 14 days after the end of each quarter during the funding period;
- (c) During the funding period, the HKFA shall report as required to the FTF on the use of the financial support from the ASDF;
- (d) At the end of each 12-month period of the funding period, the HKFA shall submit to HAB a statement of accounts and auditor's report showing the use of the funding from the ASDF for the implementation of Project Phoenix. This report should reach HAB no later than three months after the end of the 12-month period in question. The final accounts of any programme organised by the HKFA using funding from the ASDF shall be submitted to HAB no later than three months after the completion of such programme;
- (e) The HKFA must ensure that any funding allocation made to it under the ASDF is for the designated use and not for any other purpose. Any excess funding allocated will be offset in the next quarterly payment. After the final payment at the end of the funding period or any extension of that period as may be agreed by HAB, the HKFA shall refund any unused funding to HAB without delay; and
- (f) In case the HKFA fails to fulfil any of the above conditions to the satisfaction of HAB, and does not show any improvement after reminders, HAB reserves the right to deduct, suspend or terminate the financial support at any time without further notice, and the HKFA will be required to return any unused funding to HAB immediately.

Future Applications

Given that funding support is committed on an annual basis only, the HKFA shall present its manpower plan and proposed budget, with clear objectives and performance targets to HAB to secure funding support for the second and third years of the funding period. To allow sufficient time for processing and consultation with the FTF, these proposals shall reach HAB no fewer than three months before the beginning of the second or third year of the funding period.

Home Affairs Bureau

May 2012



HKFA

AFFILIATED TO FIFA & AFC IN 1954

THE HONG KONG FOOTBALL ASSOCIATION LIMITED

香港足球總會有限公司

Our reference: FIN-12-7

25 May 2012

Miss Petty LAI
Home Affairs Bureau
12/F West Wing
Central Government Offices
2 Tim Mei Avenue
Admiralty
Hong Kong

Dear Miss Lai

Funding for the Hong Kong Football Association from the Arts and Sport Development Fund

Referring to your letter dated 17 May 2012, we would like to confirm that the Association will accept the conditions for funding support from HAB.

The Association would also like to express our most sincere thanks to you and all your colleagues on all the funding arrangements.

Yours sincerely,



Chairman

All correspondence to be addressed to the General Secretary

Address 地址 : 55, Fat Kwong Street, Homantin, Kowloon, Hong Kong 香港九龍何文田佛光街55號

Tel 電話 : (852) 2712 9122 Fax 傳真 : (852) 2768 8825 / (852) 2760 4303 (Overseas) E-mail 電郵 : hkfa@hkfa.com Website 網址 : www.hkfa.com

Project Phoenix
Review on the Progress of Individual Recommendations

	Recommendation	Status	Progress made / Comments
Part 1 – Governance Structure and Constitution			
1.	<p>HKFA Structure</p> <p>That the HKFA extends its sphere of influence and in future has an overview of all football activity in Hong Kong. There should be one Hong Kong Football Association covering boys', men's, girls' and women's football at amateur and professional level as well as Futsal and mini football.</p>	Completed	<ul style="list-style-type: none"> ● The HKFA has extended its sphere of influence with the provision of more programmes in all areas, including boys', men's, girls' and women's football as well as Futsal. ● The responsibility for the development of girls' and women's football has been transferred from the Ladies Football Association to the HKFA.
2.	<p>HKFA Responsibility and Remit</p> <p>The HKFA should have four main areas of priority (three external to the organisation and one internal) and should align all people and resources to the simultaneous development and systematic improvement of these linked pillars of excellence, i.e. –</p> <ol style="list-style-type: none"> 1. Representative Teams and Elite Footballers; 2. The Professional Clubs and League; 3. All Grass Roots Football Development, Amateur Leagues and Pathways at all levels; and 4. Becoming a World Class Organisation by operating economically, effectively and efficiently and by seeking to uphold the highest professional standards 	Completed	<ul style="list-style-type: none"> ● The HKFA has adopted a logical organisational structure that enables the workforce to align with the areas specified in the recommendation. Specifically – <ol style="list-style-type: none"> 1. Representative teams and elite footballers - the HKFA has allocated additional resources to facilitate the development of the representative teams through, for example, the appointment of the Head Coach and Representative Teams Administrative Manager, and additional full-time Assistant Coaches. 2. Professional clubs and league - the HKFA will launch the Hong Kong Premier League in the 2014-15 season. Dedicated staff, such as the Special Projects Manager, has been engaged to oversee and lead the development of the new

	Recommendation	Status	Progress made / Comments
			<p>leagues in Hong Kong.</p> <p>3. Pathways at all levels - the HKFA has appointed a new technical staff, such as the Grassroots Football Manager and Futsal Manager, to take forward the development of grassroots football and amateur leagues to create a continuous pathway at all levels. The efforts will be overseen by a newly-created Head of Football Development.</p> <p>4. Becoming an economical, effective and efficient world-class organisation - the HKFA has undertaken new initiatives and implemented new policies and systems, particularly in the areas of finance and human resources initiatives to improve its governance, financial discipline and operational efficiency (see Recommendations 11-17 below).</p>
<p>3.</p>	<p>HKFA Constitution</p> <p>That the HKFA prepares, approves and implements a new set of constitutional documents (Memorandum and Articles, Rules) that are fully compliant with Asian Football Confederation (AFC) and FIFA statutes and include for the separation of Executive, Legislative and Judiciary functions.</p>	<p>Good Progress</p>	<ul style="list-style-type: none"> ● The HKFA has adopted a new set of Articles. The other constitutional documents are under review to bring them in line with AFC and FIFA statutes and other relevant requirements. The HKFA aims to complete this work by Q2 2015.
<p>4.</p>	<p>HKFA Board</p> <p>That the HKFA approves and adopts a new Board Structure. This should include the following provisions:</p> <ol style="list-style-type: none"> 1. A number of non-voting Honorary Board Positions including a Life President and Life Vice Presidents 	<p>Partially completed</p>	<ul style="list-style-type: none"> ● The proposed board structure has been adopted with certain modifications, e.g. the Chief Executive (CEO) is not a voting member in order to avoid possible conflict of interest on the part of the CEO in the process of decision making by the Board. There are three independent Non-Executive Directors instead of four. An additional independent Non-Executive

	Recommendation	Status	Progress made / Comments
	<p>2. An Independent Chairman</p> <p>3. 3 × voting Executive Directors Representing Football Clubs</p> <p>4. 4 × voting Independent Non-Executive Directors (not directly linked to Football Clubs)</p> <p>5. One Director to be the nominated “Treasurer”</p> <p>6. The Chief Executive as a full voting Ex-Officio Member</p> <p>7. The ability for the Board to appoint a number of Special Advisers</p> <p>8. 4 year term for Chairman and Board Members (excluding the CEO which is a permanent position)</p> <p>9. A maximum of two terms before retirement from the Board for non-Football Directors, 3 terms for Football Directors</p> <p>10. Three standing committees and a number of Technical sub-committees</p>		<p>Director will be elected in 2015.</p> <ul style="list-style-type: none"> ● The committees (as well as other committees) have been established as recommended, with external experts drafted in to give advice. ● The three independent Directors chair the Legal, Referee and Organisational and Development Committees. When elected, the HKFA would give a specific role to the fourth independent Director. ● The FTF has suggested that the HKFA further strengthen its board structure by increasing the number of directors (including independent directors). As noted above, the HKFA will appoint an additional independent director following the elections in 2015.
5.	<p>HKFA Membership</p> <p>That the current HKFA Membership is replaced on a phased basis by a new HKFA “Assembly” with a broader representation which includes Clubs (Professional and Amateur), Districts and a wide range of other “affiliated” stakeholders conditional on an application process and clear demonstration of compliance against defined criteria.</p>	Some progress	<ul style="list-style-type: none"> ● The HKFA has established an internal working party to work out the details of the new membership system, which has met several times and presented progress reports to the HKFA Board. The HKFA Board has approved in-principle the widening of the membership. The HKFA has set a target of 80 members by mid-2015 (there are currently 53 members).
6.	<p>Relationship with Executive</p> <p>That subject to the successful implementation of a new organisational structure (see Recommendation 11 below), the Board agrees a “Schedule of Delegation” that conveys powers on the Executive to deliver the Board’s approved Strategy and Business Plan.</p>	Completed	<ul style="list-style-type: none"> ● The HKFA has set up a new organisational structure with the appointment of key personnel completed. ● Delegation of authority is being practised with appropriate powers resting with the CEO.

	Recommendation	Status	Progress made / Comments
Part 2 – Vision, Strategy and Business Planning			
7.	<p>Vision</p> <p>That the HKFA agrees this new Vision Statement and communicates it effectively internally and extensively externally.</p>	Largely completed	<ul style="list-style-type: none"> ● The Vision has been approved by the HKFA Board. ● The new Five-year Strategic Plan, for 2015 to 2020, is being revised following feedback from major stakeholders such as FIFA and the AFC. The HKFA will conduct a formal communication exercise on the final version in Q3 of 2014.
8.	<p>Strategic and Business Planning</p> <p>That each Department/Function of the HKFA prepares an annual business and financial plan which reflects the priorities of the Board as set out in the vision and strategy. Plans should set out the resources required to deliver a specific set of measurable outcomes.</p>	Completed	<ul style="list-style-type: none"> ● An annual plan is prepared by each department during the annual budgeting exercise for resource planning with a view to achieving each department’s respective deliverables.
9.	<p>Day to Day Decision Making</p> <p>That the HKFA Secretariat should be strengthened and that a defined Schedule of Delegation should be approved giving authorisation for day to day decisions within a policy and strategy framework as determined by the Board.</p>	Completed	<ul style="list-style-type: none"> ● Delegation of authority is being practised in the HKFA. A number of new “support services” personnel have been appointed to strengthen the Secretariat, including a Head of Corporate Governance.
10.	<p>Leadership and Direction</p> <p>That the HKFA appoints an experienced Chief Executive as a full voting Board Member.</p>	Mostly completed	<ul style="list-style-type: none"> ● The HKFA has appointed a CEO, although the CEO is not a voting member of the Board (see also Recommendation 4 above).
Part 3 – Organisational Issues			
11.	<p>Organisational Structure</p> <p>That the HKFA approves and systematically implements a new</p>	Completed	<ul style="list-style-type: none"> ● The new organisational structure has been implemented and appointment of key personnel has been completed –

	Recommendation	Status	Progress made / Comments
	<p>organisational structure which is commensurate with and aligned to the new governance structure, remit and strategy of the HKFA as set out in Develop – Deliver. The new organisational structure should be based on:</p> <ol style="list-style-type: none"> 1. The appointment of a high level and suitably experienced Chief Executive 2. The establishment of four Directorates, 1) Technical, 2) Commercial, 3) Internal Finance and Administration, and 4) Football Administration 3. That appointments are made for the Directors of each Directorate as soon as the strategy is approved and funding is in place 4. A strong Technical Directorate responsible for delivering football development at all levels through the work of specialist Development Managers (Elite, Coaching, Refereeing, Youth and Grassroots, Women's, Futsal/Mini-Football) and eighteen Community Development Officers working at a District level 5. The appointment of other key support personnel required to deliver the strategy 6. The ability to appoint specialist external advisers for specific projects and roles 7. The appointment of a new Hong Kong Team Manager/Coach on a fixed term contact with clear targets 8. The immediate appointment of a Financial Controller 		<ol style="list-style-type: none"> 1. The Chief Executive, the Financial Controller and a new Hong Kong Team Coach have been appointed; 2. A Technical Directorate has been established with heads of Grassroots Football Manager, Women's Football Manager, Futsal Manager and Coach Education Manager; and 3. Heads of Commercial and Internal Finance and Administration, Marketing and Communications and Corporate Governance for Internal Finance and Administration have been appointed. <ul style="list-style-type: none"> ● The HKFA has also appointed key support personnel as well as specialist external advisers for projects, such as the development of the Football Training Centre using the fund allocated for Project Phoenix.
12.	<p>Financial Management</p> <p>That the HKFA immediately addresses its weakness in financial management and control as part of the fourth pillar of excellence. This will include –</p>	Completed	<ul style="list-style-type: none"> ● The HKFA has significantly improved its financial management, effectiveness and efficiency. It has adopted more stringent financial practice and developed a financial procedural manual (with external advice from KPMG) which is being continually

	Recommendation	Status	Progress made / Comments
	<ol style="list-style-type: none"> 1. The immediate appointment of a Financial Controller 2. The establishment of a new Directorate of Finance and Administration 3. The introduction of effective systems (hardware and software) and procedures (modus operandi), including the development of a detailed procedure manual with clear rules for modification and approval. The document should cover all activity of the HKFA and shall be strictly enforced to ensure the maintenance of good business practices 		<p>enriched. Relevant systems and procedures have also been developed.</p> <ul style="list-style-type: none"> ● The Financial Controller has been appointed under the Head of Corporate Governance.
13.	<p>Human Resource Management (General)</p> <p>That the HKFA become an employer of choice and adopts the highest standards of management of its human resources. This should include the appointment of a HR Manager within the Directorate of Finance and Administration who will be responsible for the recruitment, training, development, retention and discipline of staff.</p>	Completed	<ul style="list-style-type: none"> ● An HR Manager has been appointed. ● HR initiatives including salary benchmarking, staff manual and appraisal system are being implemented.
14.	<p>Team Briefing</p> <p>That regular dialogue takes place between all levels of the HKFA and that information is cascaded down effectively from the Board to the Senior Management Team and all staff through regular communication both formal and informal.</p>	Completed	<ul style="list-style-type: none"> ● Weekly management team and staff meetings have been established, and team briefings are held on a weekly basis.
15.	<p>Continuous Professional Development</p> <p>That all employees of the HKFA (current and future) are given job descriptions that reflect their role and prevailing priorities and that they are subject to a regular appraisal process that identifies training needs. Developing the human capital should be a key priority of the new HKFA based on merit and with the highest</p>	Completed	<ul style="list-style-type: none"> ● Job descriptions for the posts under Project Phoenix have been devised and properly documented. ● Regular staff appraisals are conducted and training needs are regularly gauged.

	Recommendation	Status	Progress made / Comments
	degree of integrity.		
16.	<p>Staff Remuneration</p> <p>That staff wages, salaries and benefits of the staff employed at the HKFA be reviewed and benchmarked against other similar sized National Sports Associations with a view to ensuring the ability to recruit and retain high calibre employees.</p>	Completed	<ul style="list-style-type: none"> ● A salary review mechanism is in place to ensure that the wages and benefits are benchmarked against other similar-sized “national sports associations”.
17.	<p>Systems and Resources</p> <p>That all systems, procedures and working practices are reviewed by the four Directorates and new protocols be developed based on the Schedule of Delegation (Recommendation 6) that reflect the priorities of the new vision and strategy. That additional hardware and software be purchased to streamline working practices and ensure that the HKFA is modernised technologically.</p>	Completed	<ul style="list-style-type: none"> ● The respective systems, procedures and working practice for internal governance, competitions, technical development and other core functions have been developed and are regularly reviewed by the HKFA. ● FIFA has given the HKFA a one-off grant of US\$100,000 to introduce a new integrated management system, which is being developed.
18.	<p>Public Relations</p> <p>That a new Marketing and Communications strategy is developed under the auspices of the new Commercial Director and that greater emphasis is placed on developing excellent working relationships with all stakeholders and especially the media.</p>	Partially implemented	<ul style="list-style-type: none"> ● Key personnel have been appointed and working relationships with stakeholders established. The marketing and communications teams have been restructured as advised by the FTF to help ensure more focus on each of the areas of marketing and PR. ● The HKFA has prepared a marketing strategy for the new Hong Kong Premier League (HKPL). Sponsorship sales have increased and a title sponsor has been secured for the HKPL. An external marketing partner has been appointed to help the HKFA obtain further commercial revenue. ● The HKFA should continue to step up its efforts in marketing and PR, with specific and quantifiable

	Recommendation	Status	Progress made / Comments
19.	<p>Working Environment</p> <p>That the existing HKFA Headquarters be refurbished and re-organised to create a better working environment that reflects the new organisational structure and that if the National Football Training Centre comes to fruition, consideration be given to relocating all or some (Technical Directorate) to that site.</p>	Completed	<p>targets and indicators.</p> <ul style="list-style-type: none"> ● The new office provision for the HKFA, as sponsored by FIFA, was officially inaugurated on 24 April 2014. ● It is the HKFA's intention to relocate the Technical Directorate to the Football Training Centre in the future.
Part 4 – Raising the Standard of Football			
20.	<p>Budget for Develop – Deliver</p> <p>That the HKFA agree in principle the budget included in Develop – Deliver as a blueprint for the transformation of the HKFA and the enhancement of football in Hong Kong.</p> <p>That discussion is entered into with funding partners to secure the additional funding required.</p> <p>That the award of additional funding be directly linked to the delivery of specific outputs and outcomes.</p> <p>That funding levels and targets are reviewed annually in an annual financial plan prepared by the CEO and endorsed by the Board and that this is used as the basis for future discussions with funding partners.</p>	Completed	<ul style="list-style-type: none"> ● Budgets are prepared and approved annually with different scenarios considered. ● As advised by the FTF, any additional funding public that may be provided to help the HKFA implement the Five-year Strategic Plan would be linked to specific targets and indicators.
21.	<p>Hong Kong and Representative Teams</p> <p>That additional resources be invested in the training and development of Hong Kong and representative teams under the auspices of the new Technical Directorate.</p> <p>That excellent relationships are forged between the Technical Directorate, the Hong Kong Team Manager/Coach and the Professional Clubs so that conflicts are resolved with minimal</p>	Completed	<ul style="list-style-type: none"> ● The HKFA has provided additional resources for the Teams through, for example, the appointment of the Head Coach and Representative Teams Administrative Manager, and additional full-time Assistant Coaches.

	Recommendation	Status	Progress made / Comments
	<p>impact, and that the relationship between “Club and Country” is in accordance with FIFA statutes.</p> <p>That commitment is given to using a National Football Training Centre if provided.</p>		
<p>22.</p>	<p>New Professional (Premier) League</p> <p>That the HKFA approves in principle the development of a new Professional “Premier” League and immediately establishes a Board Committee/Working Party to oversee its implementation. The new League should be based on the following:</p> <ol style="list-style-type: none"> 1. A target start date of the 2012/13 season and that the HKFA establishes a Working Party as a priority 2. The 2011/12 season be seen as a staging post to the new league with changes to the format etc. 3. A target of 12 teams with a minimum of 10. An initial maximum of 14, thereafter reviewed annually 4. There to be no relegation for the first two seasons to allow teams to consolidate. Promotion to be encouraged 5. That the inaugural league be based on an application/license basis with entry criteria linked to the AFC requirements 6. That 2011/12 teams be given “first refusal” subject to meeting the entry criteria 7. Home venues guaranteed through a partnership with Districts 8. A format that promotes excitement and a better product including more matches 9. A minimum number of paid professional players (16 with a maximum of 3 + 1 foreign players on the pitch and in the squad) and a minimum wage 	<p>Good progress</p>	<ul style="list-style-type: none"> ● With the launching of the Hong Kong Premier League (HKPL) in the 2014/15 season, most of the proposals in the recommendation have been implemented. The HKFA has secured the sponsorship of BOCG Life as the title sponsor of the HKPL. ● A licensing system has been implemented to ensure transparency and robustness of the governance of the clubs, as well as to foster youth development. The licence requirements will also be gradually aligned with those of the AFC. ● The HKFA aims to establish the HKPL as an independent legal entity in due course. The establishment of a Professional Footballers Association is still in progress.

	Recommendation	Status	Progress made / Comments
	<p>10. The establishment of a Professional Footballers Association to look after the welfare of footballers</p> <p>11. A commitment to use the proposed National Football Training Centre as a training base and centre of excellence (unless suitable alternative facilities are available)</p> <p>12. Finding a major league sponsor and ultimately securing broadcasting rights</p> <p>13. Consideration given to allowing gambling on domestic football subject to strict rules being applied</p> <p>14. That the League be established under the auspices of the HKFA with a target for the League to become an independent legal entity by 2014/15</p> <p>15. That the new League has a separate P and L within the HKFA financial plan</p>		
23.	<p>Structure of Football in Hong Kong</p> <p>The HKFA Change Agent recommends that consideration be given to a fundamental review of the Structure of Football Development in Hong Kong. In conjunction with the development of a new Professional League, a plan should be formulated for a phased introduction of the following:</p> <ol style="list-style-type: none"> 1. When the new Hong Kong Premier League is established i.e. 2012/13, the current Divisions 2, 3a and 3b should be replaced by new Divisions 1 and 2. These would have no age restrictions and would initially receive “seed” funding from the HKFA to ensure sustainability. The Premier League and Divisions 1 and 2 would collectively form the Hong Kong Football League. Although initially there would be no relegation from the Premier League, ultimately there should be free movement between the Divisions. The Rules for each Division should be enshrined and implemented consistently. Changes would require the approval of the Full 	Good progress	<ul style="list-style-type: none"> ● Changes to the football development activities and programmes are being implemented incrementally. ● Each HKPL Club is required to establish and maintain Youth Academies which will join the Academy League accordingly for each age group (which would replace the “Reserve” League). All of the HKPL Clubs have youth development programmes and enter teams in the HKFA Youth Leagues. Some clubs do this in partnership with District Councils. ● The HKFA is changing the format of the youth league in the 2014/15 season to help to ensure competitive matches and allow better players to improve more quickly. ● The Cup compositions have been reviewed. The

	Recommendation	Status	Progress made / Comments
	<p>FA Membership. The HKFA will organise and administer the HK Football League.</p> <p>2. Each Premier League team will need to meet AFC criteria and should operate age group youth Academies between under 13 and 18 years of age. There should be an Academy League for each age group. Youth Academies at Premier League Clubs should replace the “Reserve” League.</p> <p>3. The Cup Competitions should be reviewed. For example The Premier Shield which would be exclusively for the Premier League Clubs. The HK League Cup open to all Divisions of the Football League. The HK FA Cup open to all teams affiliated to the HKFA (see below) (Premier League teams joining in later rounds).</p> <p>4. Other Leagues e.g. Yau Yee League should be encouraged to “affiliate” to the HKFA and become part of the Football “fraternity”. Affiliated Clubs can apply for accredited status (subject to meeting minimum criteria). This “licence” will entitle them to benefits such as access to coaching support and advice. Eventually there should be promotion from these amateur leagues into the 2nd Division of the HK Football League.</p> <p>5. District Councils should channel their funding into Youth Development rather than teams in the current Divisions 1, 2 3a and 3b. Each District should have annual age group squads from under 9 to under 18 and there should be District Leagues at all age groups. Squads should be circa 16 boys and they would be subject to an annual selection and evaluation process. This would not prevent Districts from also continuing to support teams in the new Divisions (Premier, 1 and 2).</p> <p>6. The HKFA should establish a system of registration and accreditation for commercial soccer schools.</p>		<p>Senior Shield is retained as a Premier League-only competition. The FA Cup now includes a preliminary round that involves teams from lower divisions. A new League Cup will be introduced in the 2014/15 season with the winner entering the end of season play-offs, the winner of which gets through to the AFC Cup.</p> <ul style="list-style-type: none"> ● District-based youth teams at all age group levels take part in the HKFA age group leagues. ● Plans for a club and commercial football accreditation and affiliation scheme are targeted to be in place in time for the 2015/16 season.

	Recommendation	Status	Progress made / Comments
24.	<p>Football Development</p> <p>That the Football Development Plan prepared as part of Develop – Deliver be adopted by the HKFA and implemented by the new Technical Directorate.</p> <p>That the Football Development Fund be significantly increased to direct additional resources into representative teams, District youth teams, grass roots football development programme, coach education, officials development.</p> <p>That a Referees “supremo” be appointed on a short-term consultancy basis to establish a curriculum and referees development plan and thereafter a nominated officials officer within the Technical Directorate assumes responsibility for the recruitment, retention and training of officials.</p> <p>That greater emphasis and resources be put into football development at all levels (elite to grass roots) and covering all participants in football including boys, men, girls, women as well as Futsal and mini football players.</p> <p>That a “Performance Management” approach should be taken to football development in Hong Kong with annual targets and regular reviews.</p>	Good progress	<ul style="list-style-type: none"> ● The Football Development Plans have been reviewed by the Technical Department. More participants (both boys and girls) are now playing football under HKFA auspices. ● The Hong Kong U16 team has qualified for the AFC Finals for the first time ever. ● The HKFA has recruited a Coach Education Manager to supervise improved and more standardised coaching practices throughout the grassroots development programmes. ● Additional programmes are being implemented using additional funding allocated by LCSD. ● A full-time Referees Manager has been appointed to help recruit more referees, train them better and formally evaluate their performance.
25.	<p>Eligibility for Representative Teams</p> <p>That the HKFA investigates immigration policy in relation to dual nationality provisions and reviews the policy of eligibility for representative teams / squads.</p>	Completed	<ul style="list-style-type: none"> ● The HKFA has conducted a review of eligibility of players working in Hong Kong and concluded that eligibility for representative teams’ players is generally clear and being observed.
26.	<p>National Football Training Centre</p> <p>That the HKFA confirms its commitment to be a main partner in the development and future use of a National Centre for football and recognises that the National Centre for football is fundamental to the future success of football in Hong Kong. Dedicated access</p>	Some progress	<ul style="list-style-type: none"> ● The HKFA has prepared a revised plan for the Training Centre in anticipation of the launching of the Restored Landfill Revitalisation Funding Scheme. A consultant has been engaged to prepare the proposal.

	Recommendation	Status	Progress made / Comments
	to purpose-built football facilities is critical.		
27.	<p>New National Stadium</p> <p>That the HKFA confirms its commitment to the provision of a new National Stadium and provides appropriate support to the development.</p>	Some progress	<ul style="list-style-type: none"> ● The HKFA has provided comments and feedback to the Government on the development of the Multi-Purpose Sports Complex in Kai Tak.
28.	<p>Community Facilities</p> <p>That the HKFA recognises the current under-supply of good quality accessible facilities for football in Hong Kong and commits to working with partners and especially the Government (Central and District) on the development of enhanced facilities for football. In particular it agrees to work in partnership with HAB, LCSD and District Councils to facilities the establishment of a new Professional League involving the allocation of 'home' venues.</p> <p>That the HKFA requests that the Government consider the development of a hierarchy of use of facilities with guaranteed use for certain categories of Football and agreed quotas on levels of use.</p>	Good progress	<ul style="list-style-type: none"> ● The HKFA maintains close liaison and coordination with the Government on venue allocation. ● Home venues have been allocated to each team in the HKPL. ● Detailed proposals for facility development are included in the Five-year Strategic Plan. ● The development of facilities is subject to the Public Works Programme of the Government, which also takes into account other public development needs.
29.	<p>Player Status and Welfare</p> <p>That the HKFA gradually but systematically raises the status of professional players through the establishment of a new Professional League which has as part of its criteria for entry a requirement for Clubs to put in place education programmes at its Academies and also for senior players.</p> <p>That as part of the new Professional League a minimum wage is agreed which is reviewed regularly.</p> <p>That as part of the new Professional League a Professional</p>	Good progress	<ul style="list-style-type: none"> ● The new HKPL will commence in 2014/15 and is based on a licence system, fundamental to which are player welfare issues such as player contracts, medical insurance and integrity training. ● The HKFA has met the International Federation of Professional Footballers and discussed with the AFC establishing a Professional Footballers' Association.

	Recommendation	Status	Progress made / Comments
	<p>Footballers' Association is established as part of the HKFA which will eventually be an independent body with a remit to look after the welfare and training of existing and former players.</p>		
<p>30.</p>	<p>China League</p> <p>That consideration of a Hong Kong based team playing in the Chinese Football leagues be deferred for the foreseeable future and that only when the time is right, the HKFA should open dialogue with the AFC and with FIFA about the participation of a “Hong Kong United” team in the China League subject to that team not detracting from the new Professional League or compromising the success of the Hong Kong and representative teams.</p>	<p>Some progress</p>	<ul style="list-style-type: none"> ● The HKFA has regular dialogue with its counterparts in Mainland China and the AFC on this issue.
<p>31.</p>	<p>Partnership Working</p> <p>That the HKFA recognises that to bring about the transformation of the sport of football as articulated in Develop – Deliver it is essential to work in partnership with a range of stakeholders. This will be facilitated by:</p> <ol style="list-style-type: none"> 1. Wider representation on the new HKFA Assembly 2. Additional independent Board Members 3. Representing the sport as a whole and developing a football “family” through the affiliation of all teams and players 4. Working together with other partners and stakeholder on joint football development initiatives 5. Delivering agreed outputs and outcomes linked to funding agreements 6. The organisation of an annual football forum/conference 7. Better marketing, communications and PR 	<p>Some progress</p>	<ul style="list-style-type: none"> ● The HKFA is working on the structure of the new “HKFA Assembly”. ● FTF Members have advised that the HKFA seek to improve its relationship with the clubs and seek more partnership with sponsors. ● The HKFA appointed three independent Non-Executive Directors in 2011. On the advice of the FTF, the HKFA will appoint an additional independent Director in 2015 to strengthen governance. ● Any public funding that may be provided to help implement the Five-year Strategic Plan would have to be linked to specific, quantifiable indicators and formalised in a funding agreement.

	Recommendation	Status	Progress made / Comments
32.	<p>Targets and Measures of Success</p> <p>That the HKFA adopt the target outputs and outcomes articulated in Develop – Deliver as the starting point for measuring the success of the transformation of the HKFA and the raised standards of football development in Hong Kong.</p> <p>That these targets be monitored, reported and reviewed annually as part of the organisations Business Planning cycle.</p>	Completed	<ul style="list-style-type: none"> ● The HKFA has adopted the target outputs and outcomes in Develop – Deliver. ● The progress of implementing Develop-Deliver is regularly reviewed by the FTF. The FTF and HAB also keep the progress of Project Phoenix under review, and the HKFA is required to submit an annual proposal on the use of funding for review by the FTF. The HKFA is also required to submit quarterly reports to HAB on the progress of Project Phoenix. ● Some recommendations are still in progress at this stage. By their nature, some of these are on-going, e.g. improved communication with stakeholders. The revitalisation of football in Hong Kong is a long-term exercise and, as pointed out by FTF members, some of the recommendations cannot realistically be fully implemented within 3 years.
33.	<p>The Way Forward</p> <p>That the HKFA approves the recommendations in Develop – Deliver and the Implementation Plan.</p> <p>That the HKFA consults with all stakeholders on this strategy and enters into constructive dialogue with funding partners and specifically the Government on changes to current policy.</p> <p>That the HKFA regularly reviews progress against the action Plan.</p>	Completed	<ul style="list-style-type: none"> ● The recommendations in Develop – Deliver and the implementation plan were endorsed by the HKFA and have largely been implemented. ● The progress of Project Phoenix is under regular review by the FTF.

**AGREEMENT
BETWEEN
THE GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION
AND
THE HONG KONG FOOTBALL ASSOCIATION LIMITED
FROM YEAR 2015-16 TO 2019-20**

THIS AGREEMENT is made this 13th day of February 2015 between the Government of the Hong Kong Special Administrative Region acting through the Secretary for Home Affairs whose principal office is located at 12/F, West Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong (“the Government”) on the one part and the Hong Kong Football Association Limited, an organisation registered in Hong Kong whose registered office is located at 55 Fat Kwong Street, Homantin, Kowloon, Hong Kong (“the Grantee”) on the other part.

WHEREAS the Government wishes to promote and develop football in Hong Kong and the Grantee has agreed to formulate and deliver specific initiatives to develop football in Hong Kong in accordance with a five-year strategic plan “Aiming High Together’ 5 Year Strategy”, Executive Summary of which attached hereto as **Annex A** (“the Plan”),

IT IS HEREBY AGREED as follows : -

IN CONSIDERATION of the maximum sum of HK\$125,000,000 (Hong Kong Dollars One Hundred and Twenty-five Million only) (“the Grant”), which the Government shall allocate to the Grantee pursuant to this Agreement, the Grantee shall implement all the recommendations in the Plan and other relevant activities approved by the Government and shall fulfil and meet all the performance indicators and targets set out in Part A of **Annex B** pursuant to this Agreement.

THE PARTIES HEREBY agree to the following : -

Grant Period

1. Subject to earlier termination as provided herein, this Agreement shall take effect on 1 April 2015 and shall continue until 31 March 2020 (both days inclusive) (“the Grant Period”).

Relationship of the Parties

2. Nothing contained or implied in this Agreement is intended to or will create a partnership, joint venture or association of any kind between the parties hereto. Save as expressly provided in this Agreement, neither party shall enter into or have authority to enter into any engagement or make any representation or warranty on behalf of, or pledge the credit of or otherwise bind or oblige the other party hereto. Nothing contained in this Agreement shall be so construed as to constitute either party to be the agent of the other. The Government or its employees shall in no way be held responsible for the Grantee’s acts, omission and conduct of business.

Payment of Grant, Budget Submission, etc.

3. (a) Subject to the terms of this Agreement, the Government shall allocate the Grant by five (5) equal annual grants (each of which is referred to as “Annual Grant”), with each Annual Grant corresponding to an annual grant period commencing from 1 April to 31 March the following year (“the Annual Grant Period”). The maximum amount of each Annual Grant is HK\$25,000,000 only (Hong Kong Dollars Twenty-Five Million only). The Grantee shall make the application for each Annual Grant by submitting a budget (“Annual Budget”) and a plan for using venues managed by the Leisure and Cultural Services Department (LCSD) (“Annual Venue Plan”), with clear objectives and performance targets and relevant supporting documents, to the Government, according to the schedule set out below –

Annual Grant application submission deadline	For Annual Grant Period
1 December 2015	1 April 2016 to 31 March 2017
1 December 2016	1 April 2017 to 31 March 2018
1 December 2017	1 April 2018 to 31 March 2019
3 December 2018	1 April 2019 to 31 March 2020

The Government may reject the Annual Grant application if it is submitted after the submission deadline and the corresponding Annual Grant, unless otherwise agreed by the Government in writing, shall be deemed to have lapsed. The Government shall have the absolute discretion to determine the actual amount of each Annual Grant.

- (b) The Government will conduct a mid-term review on or before 31 December 2017, to assess the progress of the implementation of the Plan and the extent to which the indicators and targets set out at Annex B have been achieved, and to evaluate whether the achievements to date justify the level of funding earmarked for the remainder of the Grant Period covered by this Agreement.
- (c) Subject to the terms of this Agreement, each Annual Grant approved by the Government shall be allocated to the Grantee by four (4) equal quarterly instalments payable in advance at the beginning of each quarter of each Annual Grant Period. Subject to the terms of this Agreement, the Government may pay the first quarterly instalment in April 2015. The payment of the Grant or any part thereof shall be subject to the due performance by the Grantee of its obligations under this Agreement to the Government’s satisfaction, and to other rights and remedies of the Government. For the avoidance of doubt, the Grantee shall not be entitled to charge any interest or claim any compensation or relief of whatever nature against the Government in the event of any late or withholding of payment of the Grant or any part thereof by the Government for any reason whatsoever.
- (d) The Grantee shall ensure that the Grant or any part thereof is for the designated use of performing the initiatives in the Plan, and not for any other purpose. At the end of each Annual Grant Period, any unspent balance of the Annual Grant for that period will lapse, and the Grantee shall return such unspent balance to the Government. At the end of the Grant Period on 31 March 2020, any unspent balance of the Grant will lapse, and the Grantee shall return such unspent balance to the Government.

- (e) The Government shall have the right to suspend, vary, reduce or cancel all or any part of the Grant or to demand repayment of all or any part of the Grant. This right may be exercised by the Government after a one-month notice is given to the Grantee and this is without prejudice to Clause 5 and any other rights and remedies available to the Government if at any time the Grantee fails to duly perform its obligations under this Agreement, or is unable to implement any part of the Plan, or is unable to achieve the targets set out in Annex B, or any part of the Plan is materially affected by delay, change of timing, change of scope, cancellation or other circumstances or upon the temporary or permanent cessation of the Grantee's business or operation, PROVIDED that the Government will not exercise the right to demand repayment if it is proved that the Grant or any part of it has been spent by the Grantee bona fide and with due care for the carrying out of its obligations under this Agreement or the delay, change of timing, change of scope, cancellation or other circumstances are in the opinion of the Government due to factors beyond the control of the Grantee.
- (f) For the purposes of sub-Clause (e) above, the Grantee shall notify and seek the approval of the Government in writing of any proposed changes to the scope and progress of the Plan, including cancellation of implementation of the Plan or any part thereof, at least one (1) month prior to the proposed date of such changes.
- (g) Should the Government exercise its right to demand repayment under sub-Clause (e) above, the Grantee shall repay the Government upon demand any amount that has been granted to the Grantee.
- (h) Notwithstanding sub-Clause (g) above, any such suspension, variation, reduction, cancellation or demand for repayment of the Grant or any part thereof by the Government exercised pursuant to its right above shall not diminish, vary or discharge from any of the Grantee's remaining obligations under this Agreement.
- (i) Without prejudice to the Government's rights and remedies under this Agreement, including but not limited to Clauses 3(e) and 17 hereof, should the Grantee fail to submit any one of the reports under Clause 6(b), or the annual accounts under Clause 6(d), in accordance with the dates and/or timeframe specified under the respective Clauses and/or such time extension(s) as may be given by the Government in writing, the Government shall have the right to adjust the Grant by deducting 1% of a quarter (25%) of the Annual Grant (i.e. a deduction of 0.25% of the Annual Grant) for late submission of any of the report(s) without giving any prior notice. Without prejudice to other rights and remedies, the Government has the right to continue deduction of the Grant in the following quarterly instalment(s) until the irregularity is rectified. Any deduction under this sub-Clause is permanent and will not be released to the Grantee even if the delay is rectified.

Bank Accounts

- 4. (a) The Grantee shall keep separate ledger accounts for the Grant. The Grantee shall keep a separate and designated bank account for the Grant with a licensed bank in Hong Kong within the meaning of the Banking Ordinance (Cap. 155) and, upon the request of the Government submit monthly statements which specify expenditure items for which any part of the Grant has been used.

- (b) The Grantee shall ensure that all payments relating to this Agreement are paid out of the said designated bank account, and ensure that all receipts and payments in respect of this Agreement are properly recorded and in a timely manner. All bank interest received in respect of the Grant shall only be used for the purpose of this Agreement.

Other Donations and Sponsorship

5. (a) The Grantee agrees to notify promptly the Government of any donation or sponsorship made to the Grantee in respect of any part of the Plan. The Grantee shall keep any funds from donations or sponsorship separated from the Grant in order to facilitate audit. For this purpose, the Grantee shall keep a separate ledger account for donations and/or sponsorship received that are designated for the Plan in the same designated bank account prescribed in sub-Clause 4(a);
- (b) In case the Grantee accepts and uses any donation or sponsorship in respect of any part of the Plan and at the same time receives the Grant, the Grantee shall properly account to the Government for the relevant expenditure chargeable to the donation and/or sponsorship and to the Grant, failing which the Government may suspend, vary, reduce or cancel all or any part of the Grant or to demand repayment of all or any part of the Grant.
- (c) The Grantee agrees to bear all consequences, financial and otherwise, arising from the acceptance of donations and/or sponsorship at its own cost and without recourse to any remedy or financial assistance whatsoever by the Government.

Reporting Obligations

6. To ensure that the objectives of allocating the Grant to the Grantee are achieved, and to enable the Government to account for the use of the Grant by the Grantee, the Grantee agrees and undertakes to –
- (a) inform the Government in writing on each and every occasion of the election of office-bearers of the Grantee;
- (b) submit to the Government half-yearly reports, including a financial summary of the use of the Grant and a summary of progress of implementation of the recommendations of the Plan against the performance indicators and targets set out in Annex B, according to the following schedule :

Submission deadline for half-yearly reports	Covering period
2 November 2015	1 April 2015 to 30 September 2015
2 May 2016	1 October 2015 to 31 March 2016
31 October 2016	1 April 2016 to 30 September 2016
2 May 2017	1 October 2016 to 31 March 2017
31 October 2017	1 April 2017 to 30 September 2017
30 April 2018	1 October 2017 to 31 March 2018
31 October 2018	1 April 2018 to 30 September 2018

Submission deadline for half-yearly reports	Covering period
30 April 2019	1 October 2018 to 31 March 2019
31 October 2019	1 April 2019 to 30 September 2019
30 April 2020	1 October 2019 to 31 March 2020

The half-yearly reports should also include explanations as to why any performance indicators and targets set out in Annex B have not been achieved and what measures have been taken, or should be taken, to rectify the situation.

- (c) engage a public accountant registered under section 22 of the Professional Accountants Ordinance (Cap. 50) to conduct a reasonable assurance examination of and report on the annual accounts of the Grant for each Annual Grant Period in accordance with the standards specified in sub-Clause 6(d) below, and submit to the Government a copy of the document signed between the public accountant and the Grantee confirming such engagement on or before 30 April 2015;
- (d) submit to the Government annual accounts of the Grant for each Annual Grant Period no later than three (3) months after the end of each Annual Grant Period. The annual accounts should be certified by the Chairman or President of the Grantee and examined by the public accountant engaged pursuant to sub-Clause (c) above by conducting a reasonable assurance engagement in accordance with **Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”** issued by the Hong Kong Institute of Certified Public Accountants. The assurance report accompanying the annual accounts shall contain an expression of conclusion on the Grantee’s compliance with the provisions of this Agreement, the Auditor’s Guide published and amended by the Leisure and Cultural Services Department (“LCSD”) from time to time (“the Auditor’s Guide”), the Code of Conduct and Procurement Guidelines which the Grantee has deposited with the Government (respectively “the Code of Conduct” and “the Procurement Guidelines”). In respect of the Code of Conduct, the assurance report shall conclude on the Grantee’s compliance with the procedural requirements in processing declaration on conflict of interests and application for acceptance of advantages only; and
- (e) allow the Government, Director of Audit or its representatives to have unhindered access to and to enquire, examine and audit (including making copy of) the records and accounts of the Grantee in relation to the Plan and the management and control procedures of the Grantee and explain to the Government, Director of Audit or its representatives any matters relating to the receipt, expenditure or custody of any monies derived from the Grant. The Grantee shall keep all records and accounts in relation to the Grant for not less than seven (7) years from the date the annual accounts of the Grant are submitted to the Government to facilitate audit and other inspections.

Approved Establishment

7. To ensure that the Grant is properly used in the remuneration of the subvented posts referred to in **Annex C** (“Approved Establishment”), the Grantee agrees and undertakes –

- (a) for every subvented post referred to in Annex C, to recruit and appoint competent staff through an open, fair and merit-based recruitment process, making reference to the procedures stipulated in the Handbook for National Sports Associations (“the Handbook”) as published and amended by LCS D from time to time;
- (b) to bear all staff costs over and above the staff costs approved by the Government for the posts stipulated in the Approved Establishment in Annex C (as amended from time to time with the Government’s approval);
- (c) to report to the Government on recruitment and movement of staff in the Approved Establishment in Annex C, and submit copies of the employment contracts within one (1) month of such staff recruitment or staff movement, detailing the terms and conditions of employment, recruitment process and selection procedures to the Government for reference. Without prejudice to any other rights and remedies of the Government, any part of the Grant related to the Approved Establishment shall only be released subject to the Government’s satisfaction with the documents submitted; and
- (d) the Grantee may submit applications, with full justifications and support documents, to amend the Approved Establishment in connection with its half-yearly reports to be submitted to the Government under Clause 6(b). Applications requiring additional financial resources with retrospective effect would not normally be considered by the Government except under very exceptional circumstances.

Annual Budget

- 8. (a) In making an application for the Annual Grant, the Grantee should set out clearly in the corresponding Annual Budget the items proposed to be covered by the Annual Grant, as well as the associated breakdown and supporting documents.
- (b) The Grantee shall not deviate from the Annual Budget for the corresponding Annual Grant Period as approved by the Government insofar as the items covered by the Grant or the corresponding approved budgets (“Grant Item”) are concerned. In the event that the Grantee wishes to amend the Annual Budget in respect of the Grant Items within an Annual Grant Period, the Grantee should submit an application to the Government with full justifications and supporting documents as appropriate, in conjunction with the half-year reports. Applications requiring additional financial resources with retrospective effect would not normally be considered by the Government except under very exceptional circumstances.
- (c) Without prejudice to Clause 5, the Grantee shall endeavour to ensure that there will be no duplication of funding for the same Grant Item from any other public or private sources, including recurrent or one-off financial support from the Government.
- (d) This Agreement should be read in conjunction with the updated versions of the following as approved by the Government –
 - (i) Executive Summary of The five-year strategic plan “‘Aiming High Together’ 5 Year Strategy” (under Annex A);
 - (ii) Targets and indicators (under Annex B);
 - (iii) Approved Establishment (under Annex C);

- (iv) Annual Budgets (under **Annex D**);
- (v) Annual Venue Plan (under **Annex E**), and
- (vi) any other proposals to revise items (i) to (iv) above.

Updated versions of Annexes A to E, and (vi), should become addenda to this Agreement upon approval by the Government.

Evaluation and Monitoring

- 9. (a) The Government shall be entitled to assess and monitor the progress of the Grantee's implementation of the Plan and the extent to which the indicators and targets set out in Annex B are achieved, on the basis of (i) reports submitted by the Grantee, including but not limited to those required under this Agreement, and (ii) other sources of relevant information that may reflect the performance of the Grantee.
- (b) The targets and indicators as set out in Annex B may be reviewed and revised as initiated by either the Government or the Grantee, and subject to the agreement of both parties.
- (c) Failure to achieve any of the performance indicators and targets in Part A of Annex B without reasons that are acceptable to the Government shall be followed up by the Grantee for imposing corresponding remedial actions. Failure of remedy is treated as a breach of this Agreement and the Government shall be entitled to terminate this Agreement in accordance with Clause 17(h).

Grantee's Warranties and Undertakings

- 10. The Grantee hereby agrees warrants and undertakes (with continuing effect until the termination or expiry of this Agreement) –
 - (a) to adopt proper internal controls to ensure that the Grant is used in a cost-effective and accountable manner. In the event that irregularities are detected, the Grantee is required to immediately undertake an investigation and forward a full report of the investigation within fourteen (14) days to the Government. The report should cover all aspects of the investigation, including a recommendation as to how such irregularities may be prevented from occurring in future;
 - (b) to comply with all laws, enactments, ordinances, rules and regulations in force in Hong Kong for the time being and as amended from time to time;
 - (c) to comply with the principles and procedural guidelines laid down in this Agreement;
 - (d) to comply with the Code of Conduct and Procurement Guidelines, in particular the approval mechanism and declaration system stated therein to avoid conflict of interest and other internal administrative procedures in all work practices and decision-making processes and to answer all enquiries made by the Government about the performances or acts of the Grantee, any of its office-bearers, employees, contractors or agents in all work practices and decision-making processes within fourteen (14) days in writing to the Government's satisfaction;

- (e) to follow and act upon the Government's advice with regard to implementing the Plan for the purposes of improving the Grantee's internal control and monitoring mechanism, Code of Conduct, Procurement Guidelines or procedures for the recruitment and employment of staff;
- (f) to provide explanation on any complaint, allegation or suspicion of breach of or non-compliance with the Code of Conduct, Procurement Guidelines, and all internal guidelines and procedures committed by the Grantee, any of its office-bearers, employees, contractors or agents and provide relevant information, document and material upon the Government's request and in the manner and within such period of time to be specified by the Government and to the Government's satisfaction PROVIDED that any failure to provide explanation on such complaint, allegation or suspicion of breach of or non-compliance with the Code of Conduct, Procurement Guidelines, and all internal guidelines and procedures or provide such information, document or material shall be treated as the Grantee's breach of the terms and conditions of this Agreement whether or not the breach of or non-compliance with the Code of Conduct, Procurement Guidelines, and all internal guidelines and procedures is committed by the Grantee, any of its office-bearers, employees, contractors or agents;
- (g) not to accept any sponsorship from tobacco companies for any part of the Plan, and not to accept any sponsorship from liquor companies for any of the activities organised for people under the age of 18, or any donation or sponsorship that may adversely affect the image or integrity of the Government;
- (h) to use its best endeavours to generate income from other sources and to commit to undertaking cost-saving measures;
- (i) to include in its annual accounts any revenue derived from any bank interest received in respect of the Grant;
- (j) to advise the Government from time to time and in any event within one (1) month upon effect of any changes in or amendment to the Code of Conduct, Procurement Guidelines, accounting and payment procedures, selection procedures for the recruitment and employment of staff, and all internal guidelines and procedures of the Grantee; and
- (k) to advise the Government as to the declaration of interests made by all its office-bearers, employees, contractors or agents and, as and when required, to provide the Government with all the official records including but not limited to notes of discussion, minutes of meeting, and management decisions for examination of the Grantee's compliance with the Code of Conduct, Procurement Guidelines and all internal guidelines and procedures.

Corruption Prevention, Personal Data and Internal Control

11. To ensure that the Grantee remains eligible to receive the Grant, the Grantee agrees –
- (a) To allow the Government or its representatives to carry out value for money studies for the Plan whenever requested by the Government;

- (b) To allow the Commissioner of the Independent Commission Against Corruption (“ICAC”) or its authorised representatives to examine the management and control procedures of the Grantee and to follow and act upon any corruption prevention advice rendered by the ICAC;
- (c) To ensure the strict compliance by all its office-bearers, employees, contractors and agents with the Code of Conduct, Procurement Guidelines, and all internal guidelines and procedures of the Grantee in the conduct of all affairs involving the Grantee PROVIDED that any breach of or non-compliance with the Code of Conduct, Procurement Guidelines, and all internal guidelines and procedures shall be treated as the Grantee’s breach of the terms and conditions of this Agreement whether or not the breach of or non-compliance with the Code of Conduct, Procurement Guidelines, and all internal guidelines and procedures is committed by the Grantee, any of its office-bearers, employees, contractors or agents;
- (d) To prohibit all its office-bearers, employees, contractors and agents from offering, soliciting or accepting any advantage as defined in the Prevention of Bribery Ordinance (Cap. 201) and require all its office-bearers, employees, contractors and agents to declare and avoid any conflict of interest; and
- (e) To use necessary experience, skill, care, diligence and expertise, and to procure its employees and agents who are engaged to carry out the Plan, to use the necessary experience, skill, care, diligence and expertise to ensure that the Plan will be carried out in a professional, timely and diligent manner.

12. The Grantee hereby –

- (a) consents, agrees and authorises the Government without further notification to disclose, verify and/or exchange all and any information and data (“the Data”) related to the Grantee’s constituent committees (including other third parties) for the purposes of and in relation to the consideration, review and evaluation of the Grantee’s application for the Grant and the Grant hereby allocated or for the maintenance of the Grant made or in respect of the continuation of the Grant made or to be made, or in relation to the use of the Data in the Government’s discretion in the general policies, requirements, decisions and related activities and matters of the Government in the administration of and for publicity as part of the general transparency of the Government in the discharge of its functions and duties. The Grantee shall obtain the consent of data subjects and comply with the Personal Data (Privacy) Ordinance (Cap. 486) (“PDPO”) before disclosing or transferring the Data obtained from data subjects to the Government; and
- (b) accepts and authorises that all Data are supplied to the Government in connection with the application for the Grant and in connection, first, with the making, maintaining, reviewing, assessing, recovering and publicising the Data for the direct primary purpose of the Grant, and secondly, the objectives of the Government for the wider but equal secondary purpose of recording, storing, identifying and making available the Data for public access and fully informing the public of the performance of the Grantee from time to time and at all times in the necessary discharge of its statutory responsibilities and that failure so to treat and deal with the Data may result in the Government being unable to discharge its functions properly and efficiently and that such treatment of and dealing with the Data are accordingly hereby fully and irrevocably authorised by the Grantee. The Grantee hereby indemnifies the Government against all third party claims in this regard including without limitation

employees of or consultants to and any other direct or indirect providers of services or benefits to the Grantee.

13. The Grantee shall take steps to implement internal control and monitoring, succession planning of all office-bearers and employees; and shall conduct in a proper and lawful manner all its business and activities, including but not limited to the implementation of the Plan.

Assignment, Sub-contracting and Transfer

14. This Agreement is personal to the Grantee. The Grantee shall not, without the prior written consent of the Government, assign, sub-contract or otherwise transfer this Agreement or any part, share or interest therein.

Insurance

15. (a) The Grantee shall effect and keep in force during the Grant Period a public liability policy of insurance in the joint names of the Government and the Grantee for all the activities under the Plan in the insured sum of not less than HK\$6.5 million for each Grant Period for the occurrence of any single accident and unlimited number of claims for the Grant Period or in any other insured sum to be directed by the Government with a reputable insurance company authorized under the Insurance Companies Ordinance (Cap. 41). The insurance policy shall cover liability to pay damages and compensation for injury to or death of any person and for loss of or damage to any property where such injury, death, loss or damage is caused by or arises out of any act, omission or negligence of the Government, the Grantee or any of their employees or agents for any activity under the Plan. The Grantee shall ensure that any public liability shall be adequately covered by the policy of insurance.
- (b) The Grantee shall provide a copy of the policy of insurance to the Government upon the Government's demand free of charge.
- (c) If the public liability policy of insurance provides for the payment of any amount of excess or compensation to be borne by the insured parties, the Grantee shall be solely responsible for such payment and shall reimburse the Government forthwith if the Government shall be required to make such payment.
- (d) The Grantee shall report any accident and claim in respect of any of the activities under the Plan and provide relevant information within fourteen (14) days to the Government and report such accident and claim to the insurance company as may be required by the policy of insurance.
- (e) The Government shall be at liberty to give instructions to and liaise with the insurance company directly in respect of such accident and claim if it so desires.

Indemnity

16. (a) The Government and its employees or agents shall not be under any liability whatsoever for or in respect of –

- (i) any loss of or damage to any of the Grantee's property or that of its office-bearers, employees, contractors or agents howsoever caused except by any act, omission, default or negligence of the Government or any of its employees or agents or otherwise; and
 - (ii) any injury to or death of any of the Grantee's office-bearers, employees, contractors or agents save and except any such injury or death caused by the negligence of the Government or any of its employees or agents.
- (b) The Grantee shall indemnify the Government and its employees or agents against any claim or demand made against or liability incurred (including all costs, charges or expenses whatsoever) by the Government or any of its employees or agents in respect of –
 - (i) any loss, damage, injury or death referred to in sub-Clause (a) of this Clause save and except loss, damage, injury or death caused by the negligence of the Government or any of its employees or agents; and
 - (ii) any loss of or damage sustained by or any injury to or death of any third party in consequence of any act, omission, default or negligence of the Grantee or any of its office-bearers, employees, contractors or agents.
- (c) The Grantee shall indemnify the Government against any loss of or damage to any property of the Government or of any of its employees or agents or any injury to or death of any employee or agent of the Government arising out of any act, omission, default or negligence of the Grantee or any of its office-bearers, employees, contractors or agents.
- (d) For the purposes of this Clause 'negligence' shall have the same meaning as that assigned to it in Section 2(1) of the Control of Exemption Clauses Ordinance (Cap. 71).
- (e) Without prejudice to Sub-Clauses (a) to (d) hereinabove, the Grantee shall indemnify the Government and keep the Government fully and effectively indemnified against any and all losses, claims, damages, costs, charges, expenses, liabilities, demands, proceedings and actions which the Government may sustain or incur or which may be brought or established against it by any person and which in any case arises out of or in relation to or by reason of, but not be limited to, the following –
 - (i) the negligence, recklessness or wilful misconduct of the Grantee or its office-bearers, employees, contractors or agents;
 - (ii) the breach or the non-performance or non-observance of any of the warranties and undertakings, obligations or conditions by the Grantee or its office-bearers, employees, contractors or agents under this Agreement;
 - (iii) any unauthorised act or omission of the Grantee or its office-bearers, employees, contractors or agents.
- (f) The indemnities, payment and compensation given in pursuance of this Agreement by the Grantee shall not be defected or reduced by reason of any failure or omission of the Government in enforcing any of the terms and conditions of this Agreement, or in supervising or controlling the Grantee's operation or method of working.

Termination

17. The Government shall be entitled to terminate this Agreement forthwith but without prejudice to any other rights and remedies which the Government has or may have under various circumstances including but not limited to the following –
- (a) the Grantee goes into liquidation or a petition is being filed for the bankruptcy or the winding up of the Grantee's business otherwise than for the purpose of a reconstruction or amalgamation previously approved by the Government in writing or the Grantee becomes insolvent or makes any composition or arrangement with creditors;
 - (b) the Grantee, being a company shall pass a resolution or the court shall make an order for the liquidation of its assets, or a receiver or manager shall be appointed on behalf of the debenture holders, or circumstances shall have arisen which entitled the court or debenture holders to appoint a receiver or manager;
 - (c) non-payment of any sums due from the Grantee to the Government in accordance with the terms and conditions of this Agreement;
 - (d) the Grantee assigns, sub-contracts or transfers or purports to assign, sub-contract or transfer this Agreement or any part thereof without the prior written consent of the Government;
 - (e) the Grantee fails and/or neglects to carry out the obligations under this Agreement or any part thereof;
 - (f) the Grantee fails to fulfil the obligations under this Agreement or any part thereof with due care and diligence or in accordance with the terms and conditions of this Agreement despite previous warning by the Government;
 - (g) the Grantee is or has been unnecessarily or unreasonably delaying the fulfilment of its obligations under this Agreement or any part thereof;
 - (h) the Grantee is in breach of any of the terms and conditions of this Agreement; and
 - (i) the contravention of any provision of the Prevention of Bribery Ordinance (Cap. 201) by any of the Grantee's office-bearers, employees, contractors or agents in connection with or in the fulfilment of the obligations under this Agreement.
18. Notwithstanding anything herein to the contrary, the Government may at any time, at its option and without cause, terminate this Agreement by giving the Grantee 14 days' prior written notice of such termination (or at an agreed period of time between the Government and the Grantee).
19. (a) If this Agreement is terminated in accordance with the terms and conditions of the Agreement –
- (i) The Government shall not be obliged to make further payment of the Grant to the Grantee;
 - (ii) The Government shall not be responsible for any loss and expenses suffered or incurred by the Grantee due to the termination of this Agreement;

- (iii) The Grantee shall not be eligible to use the unspent balance of the Grant and shall forthwith return such balance to the Government.
 - (b) The rights of the Government hereinabove are in addition to and without prejudice to any other rights the Government may have whether against the Grantee directly or pursuant to any indemnity.
 - (c) Any termination of this Agreement howsoever occasioned shall not affect any accrued rights or liabilities of either party.
 - (d) The Grantee shall be liable for all expenses necessary incurred by the Government as a result of the termination of this Agreement.
20. The remedies available to the Government in this Agreement and the Government's rights under Clauses 3(e), 3(g), 3(h), 3(i), 15(c), 16(b), 16(c), 16(e), 16(f) and 19 shall survive the expiry or termination of this Agreement and the Government may seek any remedy and exercise any such right upon any breach committed by the Grantee or discovered by the Government before or after the expiry or termination of this Agreement. Any money due and payable to or demanded by the Government under this Agreement may be deducted from any money payable by the Government to the Grantee under this Agreement or any other agreement, in any form, made between the Government and the Grantee in the past, present or future. Any money due and payable to or demanded by the Government under any previous agreement in any form of Government subvention may be deducted from any money payable by the Government to the Grantee under this Agreement.
21. Should the Grantee have a legitimate reason to terminate this Agreement, the Grantee shall make an appropriate submission in writing with full justifications, including a plan to show how the balance of the Grant is to be repaid to the Government for the Government's approval three (3) months before the proposed termination date.

Conflict of interests

22. (a) The Grantee shall during the term of this Agreement:-
- (i) ensure that it (including its associates and associated persons, each of its, office-bearers or employees, each sub-contractor, and their associates and associated persons) shall not undertake any service, task or job or do anything whatsoever for or on behalf of any third party (other than in the performance of this Agreement) which conflicts, or which may be seen to conflict, with the Grantee's duties to the Government under this Agreement, without prior written approval of the Government; and
 - (ii) forthwith notify the Government in writing of all or any facts which may reasonably be considered to give rise to a situation where the financial, professional, commercial, personal or other interests of the Grantee or its associates or associated persons, or any of the Grantee's sub-contractors or any of the Grantee's, office-bearers or employees, or their associates and associated persons, conflict or compete, or may conflict or compete, with the Grantee's duties to the Government under this Agreement.
- (b) The Grantee shall carry out the Plan on an impartial basis without giving favour to any particular product, service or equipment in which the Grantee has a commercial interest.

The Grantee shall notify the Government in writing immediately upon knowing of any actual or potential financial, professional, commercial, personal or other interests that the Grantee or its associates or associated persons, or any of its sub-contractors or any, office-bearers or employees of the Grantee or their associates or associated persons may have in, or of any association or connection which the Grantee or the aforesaid persons may have with, any product, service or equipment proposed or recommended by the Grantee under this Agreement.

- (c) The Grantee shall ensure that its associates and associated persons, each of its sub-contractors and each of the Grantee's office-bearers or employees and their associates and associated persons shall keep themselves informed and shall inform the Grantee and keep it informed regularly of all facts which may reasonably be considered to give rise to a situation where the financial, professional, commercial, personal or other interests of such persons, conflict or compete, or may conflict or compete, with the Grantee's duties to the Government under this Agreement.

Notice

23. (a) Each notice, demand or other communication given or made under this Agreement shall be in writing, and may be delivered or sent to the relevant party at its address or fax number set out below (or such other address or fax number as the addressee has by five (5) days' prior written notice specified to the other party):

To the Grantee:

Hong Kong Football Association
55 Fat Kwong Street
Homantin
Kowloon
Hong Kong.
Attention : Mr Mark SUTCLIFFE, Chief Executive Officer

Fax Number : (852) 2768 8825

To the Government:

Home Affairs Bureau
13/F Central Government Offices (West Wing)
2 Tim Mei Avenue
Hong Kong
Attention : Miss Petty LAI, Principal Assistant Secretary for Home Affairs (Recreation and Sport)¹

Fax Number : (852) 2519 7404

- (b) Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (i) if delivered by hand, when actually delivered to the relevant address; or (ii) if delivered by registered post, on the date it is officially recorded as delivered to the intended recipient by return receipt or equivalent; or (iii) if delivered by

ordinary post, on the expiry of two (2) days after the same is put into the post in Hong Kong; or (d) if delivered by fax, when dispatched (with confirmed transmission report).

Variation of Contract

24. Subject to the provisions of this Agreement, no waiver, cancellation, alteration or amendment of or to the provisions of the Agreement shall be valid unless made in writing and duly signed by both parties.

Entire Agreement Clause

25. This Agreement and the documents referred to herein shall constitute the entire agreement concerning the subject matter hereof and shall supersede any and all prior representations, warranties and undertakings in respect of the subject matter herein.

Severability

26. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, such provision shall, to that extent, be deemed not to form part of this Agreement without affecting the legality, validity and enforceability of the remaining provisions of this Agreement.

Time of Essence and Waiver

27. Time shall be of the essence for the purpose of the performance of the Grantee's obligations under this Agreement, but no waiver, failure by either party to exercise and no delay by either party in exercising any right or remedy available to it under this Agreement or in law or in equity shall operate as a waiver of such right or remedy, nor shall any single or partial exercises of any such right or remedy preclude any other or further exercise thereof nor shall any such failure to exercise, or delay in exercising, or single or partial exercise of, any such right or remedy preclude the exercise of any other right or remedy. The rights and remedies of each party herein contained shall be cumulative and not exclusive of any other rights or remedies provided by law or in equity.

Governing Law and Jurisdiction

28. This Agreement shall be governed by and interpreted in accordance with the laws of the Hong Kong and the parties hereby irrevocably submit to the exclusive jurisdiction of the courts of Hong Kong.

Definitions and Interpretation

29. In this Agreement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates” in relation to any person means:-

- (i) a relative or partner of that person; or
- (ii) any body of persons (corporate or unincorporate) one or more of whose directors is in common with one or more of the directors of that person.

“associated person” in relation to another person means

- (i) any person who has control, directly or indirectly, over the other; or
- (ii) any person who is controlled, directly or indirectly, by the other; or
- (iii) any person who is in controlled by, or has control over, a person at (i) or (ii) above.

“control” in relation to another person means the power of a person to secure—

- (i) by means of the holding of shares or interests or the possession of voting power in or in relation to that or any other person; or
- (ii) by virtue of powers conferred by any constitution, memorandum or articles of association, partnership, agreement or arrangement (whether legally enforceable or not) affecting that or any other person; or
- (iii) by virtue of being or holding office as a director in that or any other person, that the affairs of the first-mentioned person are conducted in accordance with the wishes of that other person.

“office-bearer” means any person who is the president, vice-president, secretary, treasurer or member of the Grantee’s governing body or committees

“relative” means the spouse, parent, child, brother or sister of the relevant person, and, in deducing such a relationship, an adopted child shall be deemed to be a child both of the natural parents and the adopting parent and a step child to be a child of both the natural parent and of any step parent.

30. In this Agreement, except where the context otherwise requires:

- (a) References to statutes or statutory provisions shall be construed as references to those statutes or statutory provisions as replaced, amended, modified or re-enacted from time to time; and shall include all subordinate legislation made under those statutes;
- (b) headings to Clauses are for reference only and do not affect the interpretation of this Agreement;
- (c) any agreement, consent or approval to be given by the Government may be given or withheld in its discretion, and subject to any conditions as the Government may consider appropriate, must be in writing, must be given before the act or matter or thing for which agreement, consent or approval is required and must be signed by the Government or a duly authorized person on its behalf. Failure by the Government to give any agreement, consent or approval shall be deemed a denial or refusal;
- (d) Words importing the singular include the plural and vice versa; words importing a gender shall include every gender; words importing the whole shall be treated as including a reference to any part of the whole; references to any person shall include references to any individual, partnership, firm, corporation, body corporate or unincorporate (wherever established or incorporated).

In witness whereof the parties have executed this Agreement the day and year first above written.

SIGNED for and on behalf of the
Government of the Hong Kong Special
Administrative Region



Principal Assistant Secretary
(Recreation and Sport)¹
Home Affairs Bureau

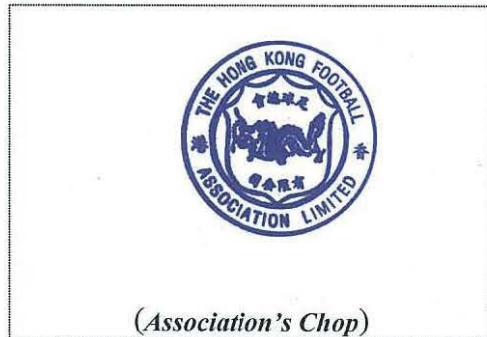
SIGNED for and on behalf of the
Hong Kong Football Association Limited



Chairman



(HAB's Chop)



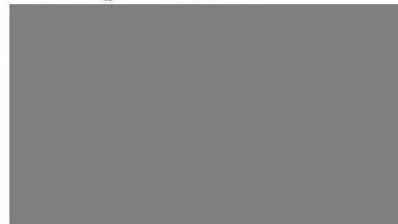
(Association's Chop)

in the presence of



Assistant Secretary
(Recreation and Sport)²
Home Affairs Bureau

in the presence of



Chief Executive Officer

Aiming High – Together

A Five-year Strategic Plan for Football in Hong Kong 2015-2020

Executive Summary

This Executive Summary gives an overview of the salient points of the five-year strategic plan for football. It is not a comprehensive report and should be read in conjunction with the full strategy document.

Aiming High – Together - A Vision

“To transform football in Hong Kong through a systematic and integrated strategic plan, so that players can become competitive against the best in the world and so that all organisations, systems, processes and resources are consistently focused on producing an environment which helps and motivates individuals, teams and clubs to reach their potential in their chosen area of football whether it be playing, officiating, coaching or managing.”

Aim of the HKFA Football Development Strategy:

To raise the standard of football in Hong Kong whilst ensuring that there are opportunities for all to play and fulfill their potential.

Aiming High – Together is a five-year Strategic Plan from 2015 to 2020 for Football Development in Hong Kong from the grassroots to high performance. The plan is ‘player-centric’ - the basic philosophy is: **putting players first**. This Strategic Plan aims to ‘join up’ all of the facets of football. Whilst the HKFA will lead the implementation of the plan it will need buy-in from all football stakeholders in Hong Kong.

Introduction - Recent Improvements as a catalyst for development

Since the Government's Football Development Strategy, 'Dare to Dream' was published in 2010 and the **Project Phoenix** report was completed in 2011 there have been positive changes:

- There has been a re-organisation of the structure of the HKFA board and the association has developed stronger governance and executive capabilities
- There is a more strategic approach to the planning of football activities
- Additional Public Sector funding has been made available linked to Project Phoenix
- Additional technical expertise has been brought into the HKFA
- Plans for the Football Training Centre continue to take shape
- The Hong Kong Premier League commenced in time for the 2014/15 season
- South China FC and Kitchee FC have received AFC Champions League Licences
- Some professional teams have started to put in place structured youth development programmes
- The World ranking of the Men's team has risen and the team has been competitive in the Asian Cup
- The Hong Kong U16 team has qualified for the Asian Cup finals in 2014 (the first time an age group team from Hong Kong has qualified for the finals of a regional tournament)
- The Women's Football Association has been incorporated into the HKFA and many new girl's and women's programmes and activities have been developed
- A range of Futsal initiatives have been instigated focusing on the schools
- The Coach Education programme has been expanded
- More referees are being recruited, trained and assessed

These are all steps in the right direction and indicators that positive change is happening. Project Phoenix has started the ball rolling but it is only the start of a long journey. **Aiming High - Together** looks to put in place the coalition of factors that will lead to the top.

Aiming High - Together - Prerequisites for Success

The critical success factors that will enable football to flourish include:

- **Governance and Leadership;** inspirational and influential people at the top of football organisations
- **Resources;** people, equipment, facilities and money aligned to deliver the strategic plan
- **Philosophy;** one agreed Hong Kong style of play and a system for continuous delivery and review
- **Players and Opportunity;** a large talent pool with technically competent footballers playing in a competitive environment with a fully professional League at the apex
- **Coaching;** the bedrock for success is people who understand the style of play and have the skills, knowledge and ability to teach and to motivate

Aiming High - Together - Existing Constraints

The limiting factors that still inhibit the quality of football in Hong Kong include:

- **Lack of a Strategic and Joined-up Approach**
- **No Consistent Style of Play**

- **Insufficient Good Quality Facilities**
- **Lack of Expertise in Key Areas**
- **Lack of Player Career Prospects**

These factors create a situation where it is not possible for Hong Kong players to become as good at football as players from other countries.

If one accepts the conventional wisdom that it takes around 10,000 hours of purposeful 'deep' practice over say 15 years (equivalent to 13 hours a week) to develop the technique necessary to be a world-class footballer, then we must create the environment in which that can happen (or at least get as close to it as possible).

We must improve every aspect of football development to give all players the best chance of success. We must ensure that the systems, structures, facilities and resources are put in place to allow footballers to practice longer, harder and smarter.

There are undoubtedly a lot of talented footballers in Hong Kong. Unfortunately talent alone is not enough; it needs to be blended with opportunity and relentless hard work. **Practice** will only take a player so far however. If they are to become truly effective they need regular high quality **competition**. It is only by pitting the best against the best on a regular basis that the skills learned in practice will be honed alongside competitive instinct.

Aiming High – Together – Ten Key Goals

Through the implementation of this plan we aim to:

1. Develop a consistent style of play that yields better standards at all levels and introduce this style of play throughout Hong Kong football
2. Improve coach education through the development of a syllabus and the organization of courses that reinforce the Hong Kong style of play
3. Develop a 'high performance' football culture through the establishment of youth Academies at National and Professional Club level
4. Achieve higher AFC/FIFA ranking for all Hong Kong teams (senior, youth men's, women's)
5. Become more competitive at international competitions in both men's and women's football (Asian Cup, East Asian Games, Asian Games, Olympics, World Cup etc)
6. Significantly increase the number and quality of players, coaches and officials
7. Improve the quantity, quality and accessibility of football facilities across Hong Kong
8. Encourage more people to play football more often and to a higher standard

9. Introduce a more competitive structure for Hong Kong leagues and cup competitions, including a fully professional 'Premier' Football League with home venues, commercial revenue and higher levels of spectators
10. Make football a career that young players can aspire to with effective player welfare

Aiming High – Together – 18 Key Targets and Performance Indicators

The success of this strategy will be measured by the extent to which we can deliver the following outcomes:

- A **Hong Kong Football Curriculum** based on a the Hong Kong 'style' by early 2015
- Revised **Coach Education** Courses linked to the new Curriculum by April 2015
- The introduction of a **football development plan** which maximizes participation, utilizes the HK Football Curriculum and includes pathways from beginner to international player by the start of the 2015/16 season
- Men's Senior Team **FIFA** Ranking averaging 130 within 5 years (and 100 within ten years)*
- Men's Senior Team **AFC** Ranking averaging 15 within 5 years (and top 10 within ten years)*
- Men's Representative Team U23 Qualifying for the Olympics in 2020
- Women's Senior Team **FIFA** Ranking Top 50 within 5 years *
- Women's Senior Team **AFC** Ranking Top 10 within 5 years *
- 100% increase in the number of young people taking part in HKFA **grassroots and youth** football activities and programmes within 5 years
- 100% increase in **girls and women's** participation on HKFA programmes within 5 years
- Introduction of 'representative' age group teams for girls and women's football within 3 years
- 20,000 participants on HKFA **Futsal** programmes in conjunction with schools and Districts within 3 years
- Increase in **qualified coaches** from 800 to 2,000 including 760 new 'D' Licences, 480 new 'C' licences, 144 new 'B' licences and 48 new 'A' licences within 5 years
- Increase in **qualified referees** from 176 to 338 including 20 new Class 1 referees, 2 new FIFA referees and 28 new referee assessors/instructors within 5 years
- Sustainable and independent fully professional **Premier League** with average attendances of 3,000 within 5 years (Benchmarks 2014/15 season 1,250, 2015/16 1,600, 2016/17 2,000, 2017/18 2,500)
- **Restructured Leagues** feeding into the Premier League including a new 'Reserve' League and High Performance Youth League by the 2015/16 season
- More **inclusive HKFA with wider Membership** including accreditation schemes for Clubs and Soccer Schools by the end of 2015 (Benchmarks end 2015 Membership 80, end 2017 100)
- An agreed '**hierarchy**' of football facilities with better quality and culminating in a **Football Training Centre** by 2016/17

**It should be noted that the FIFA Rankings should be used as a benchmark only because the relative performance of other countries is outside of the control of the HKFA.*

The HKFA will provide an annual report on these indicators throughout the strategy period. It should also be noted that the achievement of these targets and performance indicators is subject to the provision of the identified resources required, including additional venues and funding.

Football Development Systems and Structures

'Game Changers'

Aiming High – Together is based on a systematic and coordinated **player development continuum** where every footballer is given the chance to participate and progress to their level of competence and where the most talented footballers are identified at an early age and given more and better quality training and conditioning. This strategic plan has been written to focus on the major changes that will make a difference.

Implementing the changes identified below over the next five years should enable Hong Kong to:

- Establish a systematic and coordinated approach to football development
- Define, agree and implement a consistent style of football across Hong Kong through the development of a National Curriculum
- Get more people playing football, more often and to a higher standard
- Equip developing players with the four 'pillars' of football performance; technique, tactical knowledge, physical attributes and mental strength
- Develop a better system for talent identification that is objective and effective
- Develop a 'high performance' culture
- Align Coach Education courses and programmes to the new approach
- Coordinate the requirements of the football development plan with the use of facilities
- Monitor the effectiveness of players, coaches, activities, programmes and systems
- Make the HKFA more inclusive by overseeing and assisting all football development activity in Hong Kong

To implement the plan, we will need to make changes in a number of fundamental and **inter-related** areas. These are discussed below (numbers in brackets refer to the recommendation serial number in the full strategy document):

Game Changer 1 - Hong Kong Style of Play and National Curriculum

Current Situation: There is no recognizable uniform 'style' or 'style' of play in Hong Kong.

What needs to change? Introducing a '**Hong Kong Football Curriculum**' that articulates a consistent style and system of play will result in better player development. The curriculum will cover all aspects of football development from the grassroots up to the elite level and include modules on men's and boy's, women's and girls' football, futsal and coach education.

Key Recommendation:

- Hong Kong Football Curriculum – development of a Hong Kong style to be implemented consistently. The curriculum will set out the coaching methods and standards appropriate to each age and phase of the player development continuum. The Curriculum will be reflected in the Coach Education syllabus (#FDP1).

Game Changer 2 - Consistent Player Development

Current Situation: The passage of a footballer in Hong Kong from beginner to elite is currently ad hoc. Many organisations are involved in delivering football programmes including the HKFA, schools, amateur clubs and leagues, commercial soccer schools etc. There is very little structure or communication and this results in a lack of coordination. As a result opportunities for structured progression are limited.

What needs to change? Hong Kong football needs a well-structured and strategic football development continuum. This will involve a number of stages of progressive development:

- **Stage 1 – Pre-school and early years Education**
- **Stage 2 – Grass roots (6-12)**
- **Stage 3 – Youth Development (13-18)**
- **Stage 3a - Youth Development (13-18) Talented Player - Pathways**

There should be a clear development pathway through grassroots programmes to youth programmes and if the person is good enough they should progress through Regional Centres of Excellence into a central High Performance Squad or Professional Club Academy. The HKFA should have an overview of all football activity in Hong Kong so that opportunities for progression are open to all. If implemented effectively the player development continuum will be delivered and its success measured in terms of:

- More boys and girls playing football
- Better standard of coaching leading to better quality players
- A bigger and better talent pool for Clubs to pick from
- More success on the pitch at all levels in professional clubs and international competition

Key Recommendations:

- Football Development Player Pathway – Hong Kong football should adopt and implement a structured system for developing players involving all providers of football opportunities working together for the benefit of player development. (see Annex 1) (#FDP2)
- HKFA School Sport Coaching Programme –improve the scale and scope of the scheme. (#FDP3)
- Amateur Clubs' and Commercial Soccer Schools' Accreditation Programme – the introduction of a voluntary accreditation programme and affiliation to the HKFA. (#FDP4)
- HKFA Summer Youth Programme –reduce to July/August and extend to all 18 Districts as a talent ID opportunity linked to youth programmes. (#FDP5)
- Professional Club Academies – the HKFA should set the criteria for the development of Club Academies linked to the Club Licence criteria. (#FDP9).
- High Performance Academy. In the short to medium term (until the Club Academy system is fully developed), the HKFA should operate central academy squads for the very best players at U13, U14, U15, U16, U17 and U18. (#FDP10)

- High Performance Youth League – once established the Club Academies, Central Academy and the Regional Centres of Excellence should play in a separate High Performance League. (#FDP11)

Grassroots Football

Current Situation: Because there is no consistent style of play or curriculum to follow, young children (aged 6 to 12) are introduced to football in many ways and at different times. The quality and effectiveness of teaching and learning is variable. The importance of this stage of a player's development cannot be over-stated. Players must acquire the core skills, techniques and basic understanding of football between 6 to 12 years of age. The core foundations of coordination, technique and attitude must be instilled. Tactical awareness, physical conditioning and mental toughness can be built on later but if basic skills are lacking after this period, it will be very difficult to catch up.

What needs to change? The Curriculum will set out age-related progressions based on a small-sided games approach where young boys and girls are taught the skills of a footballer in a systematic and structured way.

Key Recommendations:

- That the HKFA organises a Hong Kong-wide Grassroots programme based on the new National Curriculum (#FDP1) and Coach Education syllabus (#GR1)
- To establish a grassroots football 'volunteer' programme designed to provide a 'pipeline' of enthusiastic people to attend the HKFA 'entry-level' courses (#GR4)
- To create a new 'brand' for grassroots football in Hong Kong and develop a marketing and promotion strategy designed to maximize opportunity for all in conjunction with the Education sector (#GR5)

Youth Development

Current Situation: Youth development (13 – 18) as a progression from grass roots football is fragmented across Hong Kong. The quality of coaching, training and competition is variable and there is no recognizable style or coordinated coaching syllabus.

The biggest problem at this age is the lack of opportunity to play often enough. In developed football countries aspiring footballers train and play between 10-15 hours a week. Due to the lack of facilities, variable standards of coaching and other pressures, Hong Kong footballers suffer from a lack of both quality and quantity of training and competing.

What needs to change? A more systematic approach is required. Coaches should adopt the curriculum so that players are taught in a structured way. Access to good quality facilities must be improved so that the frequency and intensity of training can be significantly enhanced. From the age of 13, children should progress to play 11 v 11, building on the grass roots small-sided games approach.

The emphasis should be on player development rather than 'win at all cost'. Time on the pitch should be maximised to give the players as much opportunity to have been exposed to 10,000 hours by the time they are 18 to 21.

Key Recommendations:

- District-based Development Programme –to build on the **grass roots programme**. Youth programmes should operate at six age groups (U13, U14, U15, U16, U17 and U18). Training

should be held at least twice a week. Amateur (affiliated Clubs) and Commercial Soccer Schools should be invited to join the Leagues and the leagues separated into Divisions based on ability. (#FDP 7)

Talent Identification and Development

Current Situation: There is no systematic approach to the identification and development of talent. Players with exceptional ability are often not 'scouted' or given any special treatment if found.

What needs to change? Potential elite footballers must be spotted at an early age and given preferential treatment. They should receive expert tuition and be given the opportunity to train more frequently and to compete in a more structured environment where the best play against the best. Better players should be selected for additional training and coaching during their formative years. These 'stars of the future' should be given every assistance and should play against other talented players based on the 'best v the best' philosophy. Their development and performance should be constantly monitored to ensure that they continue to improve. The HKFA should work with other stakeholders such as schools and commercial soccer schools to provide coordinated opportunities.

Key Recommendations:

- Regional Centres of Excellence – to be improved and enhanced and seen as a high priority. Regional Supervisors to pick the best players from each District to attend training sessions taken by better qualified coaches. (#FDP8)

'High Performance' Football

Current Situation: As described above, talented players 'emerge' by accident in Hong Kong rather than being systematically developed. Our players are usually significantly behind elite football players in other countries because they simply do not get sufficient time to train and play. Hong Kong's elite footballers have no dedicated training facilities and very little sports science support.

What needs to change? There needs to be a fundamental change in the support given to elite football. This needs to start at the grass roots and youth development stages; indeed throughout the player development cycle. Elite players must be given an opportunity to compete on a level playing field with other countries. This involves improving access to facilities at all ages and being given support from elite coaches and sports scientists. Once elite players are in the system they must be given every opportunity to become full time professional footballers if they are good enough and that is what they want. This means better facilities, sports science and medical support, analysis and evaluation and the best coaching available. Top quality competition must be arranged as well.

Key Recommendations:

Representative Teams

- That the Hong Kong Representative Teams be allocated additional resources to help them to train and prepare for competition. Resources to include; people, facilities, support, technology (#HP1)
- That Hong Kong bids to host international football tournaments and competitions (#HP2)

'Testing, Training and Caring'

- **Testing.** The HKFA should work in partnership with the HK Higher Education sector to implement a scientific study into the physiological and psychological needs of players and to establish conditioning benchmarks for footballers of different ages (#TTC1)
- **Training.** The HKFA should also employ a fulltime conditioning coach and a physiotherapist for the Senior and Academy teams. (#TTC3)
- **Caring.** The HKFA should instigate a medical programme to guarantee the health and well-being of footballers to include: Annual Screening, Medical Passport and Database, Access to Medical Advice for players and clubs, equipment, research. (#TTC4)

Player Eligibility

- The HKFA should encourage players to become eligible by adopting an inclusive approach to player selection and involvement (#PE1)
- The HKFA should implement a more pro-active international 'scouting' system to identify players that are or could become eligible to play for Hong Kong (#PE2)

Links with Education

- The HKFA in conjunction with the Education sector should investigate and implement ways in which a career in football can be pursued in conjunction with achieving academic success including; offering scholarships and bursaries both within Hong Kong and overseas. (#E1)

Game Changer 3 – Professional Football

Current Situation: In the 2013/14 season 12 'professional' teams participated in the HKFA 12st Division. A new Licence system has been adopted for the 2014/15 season to coincide with the launch of the new Premier League. Nine teams have been granted Licences. The quality of these varies as does the level of resources at their disposal. Generally the popularity of the 'top tier' of football in Hong Kong has been diminishing since the heydays of the 70s and 80s. There are many, well-documented reasons for this decline.

What needs to change? The standard of football needs to be improved so that more people are encouraged to support local teams. Many of the initiatives described in this strategy should do just that but it is acknowledged that it will take some time for systems to change and for better players to emerge.

In the meantime the league itself must change and clubs must become more professional in their governance, management and operation. The key to this is the establishment of a new Premier League and Licence system.

Football must become a worthwhile career option. The top tier of football in Hong Kong must become more economically viable if it is to encourage young people to aspire to become fulltime.

This means raising the standard of play on the pitch so more people watch and more commercial revenue is generated. This will provide the resources to make playing football more lucrative.

Key Recommendations:

HKFA Premier League

- That the new Premier League established for the 2014/15 season becomes more sustainable and ultimately independent and that the HKFA Club Licence Scheme criteria become 'harmonised' with the AFC Champions League Club Licence requirements. (#PF1)

Youth Development

- That the HKFA works with the Premier League Clubs to establish Youth Academies based on the Club Licencing criteria (#PF3)

Game Changer 4 - Women's Football

Current Situation: Women's football is acknowledged to be the world's fastest growing sport. Participation in Hong Kong remains quite low and the resources given to women's football are limited.

What needs to change? Women's football must be taken more seriously and be allocated more resources at all levels from the encouragement of mass participation to the development of talented players. There should be a similar development continuum with pathways for girls as there is for boys with a coaching syllabus, more playing opportunities and structured competition (see Annex 2).

Key Recommendations:

- The systems, structures and programmes for girl's and women's football will mirror those of the boy's and men's in so far as there will be a Hong Kong Football Curriculum and player development pathways (#WFD1)
- The HKFA will employ a National Coach and Academy Coach (#WFD2)
- The HKFA will work with partners to secure regular and appropriate training facilities for women's football (#WFD3)
- The HKFA will improve the marketing and promotion of girl's and women's football (#WFD4)
- The HKFA Women's Football Department will work closely with the Coach Education Division and Referees Department to increase the number and quality of female coaches and officials (#WFD5)
- The HKFA will promote excellence in women's football through the establishment of leagues, teams, competitions and elite squads/teams (#WFD7)

Game Changer 5 - Futsal

Current Situation: Futsal is a sport in its own right as well as a good introduction to and complementary activity to football. The 5a-side format means that players develop good technique, agility and spatial awareness. Futsal can be played on small hard courts in schools, sports grounds etc and therefore lends itself well to the nature of facilities in Hong Kong. There is room to expand participation in futsal especially within schools for both boys and girls.

What needs to change? Futsal should receive more attention and resources both as a sport and as a contributor to the 11 a side game. There should be increased opportunities created at all ages and for both males and females. There should be similar systematic programmes and activities that create development pathways from beginner to elite player including giving additional resources to international competition.

Key Recommendations:

- The HKFA will adopt a systematic and coordinated approach to the development of Futsal and this will be coordinated with football development to ensure that the synergies are mutually beneficial (#Fut1)
- The HKFA will support the participation of Futsal teams in international competitions (#Fut2)
- The HKFA will organize local competitions within schools and at a community level (#Fut3)
- The Futsal manager will work closely with the Grassroots Manager and Women's Football manager to promote Futsal throughout the Education sector involving schools, colleges and Universities. (#Fut4)
- The Futsal manager will work closely with the HKFA Coach Education Manager and Referees Manager to increase the number of coaches and officials. (#Fut6)

Game Changer 6 - Leagues and Competitions

Current Situation: The HKFA has been slowly increasing the number of youth training schemes and youth leagues and in 2013/14 these operated at U13, U14, U15, U16 and U17/18. The leagues used to operate on a 1 Division basis with District teams playing against Club youth teams and one or two amateur clubs such as HKFC and KCC. A new divisional structure is being introduced in 2014/15 to facilitate a more competitive situation. However due to the lack of facilities teams still do not train or play frequently enough. The current system does not produce good quality footballers. In terms of adult football, the HKFA operates a league with four Divisions. A new professional Premier League of nine teams is in place for the 2014/15 season. There are many amateur leagues in Hong Kong but the HKFA has very little, if any interaction with them.

What needs to change? The structure of leagues in Hong Kong needs to change so that there is a focus on player development. Youth leagues should be more competitive with additional training and more Divisions so teams play against teams of similar standard. The emphasis of youth leagues should be player development.

The HKFA should be more inclusive so that it oversees all football in Hong Kong. This means that amateur clubs and leagues should be affiliated and eventually have an opportunity to play in HKFA organised competitions. There is a need to improve the top tier of football and the new professional Premier League should become more sustainable through additional resources and should eventually become an independent entity. The new league should be based on a Licence system (linked to the AFC) so that clubs have to meet defined criteria.

Key Recommendations:

- The HKFA will ensure that its leagues and competitions are coordinated and progressive and will increase the number of age-group Leagues (U13-U18) and initiate a new High Performance Youth League. (#LCS1)
- The HKFA will re-structure its leagues including the Premier League and will ensure that the Premier League Reserve League is targeted at developing young players i.e. there should be no more than 5 players over the age of 20 on the pitch. (#LCS2)
- The HKFA should increase the accessibility of the FA Cup by initially expanding the format of the competition to include other HKFA affiliated league teams and eventually opening it up to all affiliated Clubs in Hong Kong (#LCS3)

Game Changer 7 - Player Education and Welfare

Current Situation: For various reasons football is not a realistic career opportunity for many young talented footballers in Hong Kong. Footballers do not earn high salaries and they have no transfer value.

What needs to change? A way must be found to make sure that academic achievement and football prowess are not mutually exclusive. This will mean schemes to link Education with Football Development through academies, scholarships, bursaries etc and on-going vocational education of footballers to give them second-career opportunities. A further safety net for footballers could be provided through a Professional Footballers Association that would be responsible for the welfare of players if they are injured or in dispute with their Clubs.

Key Recommendations:

- As part of the introduction of the new Premier League, the HKFA will strengthen its role in monitoring the relationship between the Clubs and Players and ensure that the FIFA Statutes in relation to player status and transfer are adhered to. (#PW1)
- The HKFA will encourage the establishment of an 'independent' Professional Footballers Association and at some stage in the future a similar independent body for Professional Managers and Coaches (#PW2)

Game Changer 8 - Coaching and Coach Education

Current Situation: The standard of coaching in Hong Kong is variable. There are too few qualified coaches operating (or at least registered with the HKFA) and often qualifications are not updated with the latest techniques. Monitoring and evaluation of coaches is sporadic and no minimum standards are set for coaches operating at different levels. Much football coaching takes place outside of the remit of the HKFA through 'commercial' soccer schools. There is no quality control in this area. Generally speaking football coaching is ad hoc, dependent on individuals who work to their own system and therefore young players often do not get the level of expert advice they need to develop and progress.

What needs to change? The HKFA intends to train more coaches to a higher level and maintain their knowledge through regular re-training and evaluation. The quality of coaching sessions needs to be constantly monitored. It is critical that our coach education syllabus reflects the Hong Kong playing style and Curriculum. Minimum standards will be set so for example, those involved in coaching high performance football will have an 'A' Licence as a prerequisite.

Key Recommendations:

- The HKFA will devise a Coach Education syllabus that reinforces and underpins the revised HKFA Football Development Plan and National Curriculum. This will be a progressive 'hierarchy' of qualifications linked to the AFC accredited courses including Youth Leader 1, Youth Leader 2, HKFA 'D' Licence, AFC 'C' Licence, AFC 'B Licence', and AFC 'A' Licence. (#CE1)
- The HKFA will promote its courses across Hong Kong in an inclusive way and will gradually increase the number of qualified coaches in Hong Kong (#CE2)
- The HKFA will employ fewer (but better) coaches and deploy them within the HKFA Development programmes and will regularly monitor their progress. The more ambitious and effective coaches will be selected to attend 'fast-tracked' qualifications (#CE4)
- Minimum standards of qualification will be adopted at the different levels of the HKFA programmes (#CE5)

Game Changer 9 - Refereeing and Officials

Current Situation: Football cannot operate without officials. They are paid low allowances and are frequently shown little respect. As a result there are too few referees and officials.

What needs to change? The standard of refereeing must reflect the standard of football; the whole . Additional referees will be identified and trained to the requisite standard. Referees will be monitored and assessed continuously to ensure on-going improvement.

Key Recommendations:

- The HKFA Referees Manager will gradually and systematically increase the number and quality of referring in Hong Kong by; running more new Referee Courses, introducing Practical Trials, Developing better systems for on-going mentoring and assessment, running more Referee Assessor Courses, improving the communication between referees and other stakeholders and promoting the concept of 'respect'. (#Ref1)

Game Changer 10 - Football Facilities

Current Situation: Hong Kong football faces many problems but undoubtedly the biggest one is the inadequate supply of good quality football facilities. The geography and topography of Hong Kong is such that there are too few facilities to cater for the demand. The facilities that do exist are over-used and the quality of the playing surface is often seriously compromised.

Deficiencies in the allocation of pitches exist at all levels of football from the grass roots programmes to the elite training and playing facilities for clubs and HKFA elite squads. By the time a footballer reaches the age of 18, he or she will have trained and played around 50% of the time enjoyed by footballers from other countries with a better supply of facilities.

What needs to change? There is a need to re-assess priorities and the current quota system. The strategic plan suggests a hierarchy of facilities from the grassroots through to the professional Clubs through to the elite international level. Again minimum standards are required on a District, Regional and National level. At the top of the hierarchy is the provision of a Hong Kong Football Training Centre. This long overdue facility is now critical to the development of football. There is a need for at least a 30-40% increase in the allocation of pitches to the HKFA. Without this, the standard of football will not improve.

Key Recommendations:

- The HKFA will work with partners to agree and implement a standard 'facilities model' across Hong Kong to ensure that there are adequate good quality facilities to deliver this strategic plan and if necessary will agree a revised quota of facilities allocated to football (#FF1)
- The HKFA will work with partners to realize the Football Training Centre at Tseung Kwan O (#FF2)
- The HKFA will work with partners to ensure that the facilities for Professional Football are improved in accordance with the requirements for entry into the AFC Champions League (#FF3)
- That consideration be given to the HKFA taking over the day to day management and operation of the Mong Kok Stadium subject to further and discussion with the Government. (#FF4)

Game Changer 11 - Integrity and Equality

Current Situation: Recent events have shown that football in Hong Kong is not immune to the world-wide threat of corruption and match-manipulation. Indeed there are certain characteristics that make it especially vulnerable.

What needs to change? It is critical that football is 'clean' and seen to be 'clean'. This means being transparent in terms of governance and ensuring that all football stakeholders uphold the highest standards of personal, management and financial probity.

Systems will be put in place to monitor match-manipulation and there will be a zero-tolerance adopted to those that fail to comply with a new code of conduct.

The HKFA will abide by the principles contained in Article 3 of the FIFA Regulations on equal opportunities and anti-discrimination.

Key Recommendations:

- The HKFA will comply with FIFA Statutes and best practice and adopt a 'zero tolerance' approach to match-manipulation and will work with partners to instigate monitoring systems (#Int1)
- The HKFA will work with partners to monitor the use of illegal substances and will take the appropriate action against anyone found guilty of such an offence (#Int2)
- The HKFA will apply a 'zero tolerance' approach to any form of discrimination and will take the appropriate action against anyone not complying with its Equal Opportunities Policy (#Int3)

Game Changer 12 - Resources

Current Situation: In recent years, the HKFA has had a significant injection of additional public money. Football in Hong Kong has the potential to be much better and there is much work that needs to be done (as illustrated by this strategy).

What needs to change? The delivery of the recommendations contained within the strategic plan will require additional resources. Public sector grants and charitable donations will be needed if the HKFA is to remain financially sustainable. It will take time before this financial catalyst results in more commercial revenue streams from gate receipts, broadcasting and sponsorship.

In 2013/14 the HKFA received circa HK\$37m from the Government and will receive a similar amount in 2014/15. This is a combination of Project Phoenix money (circa HK\$20m) and circa HK\$17m as an annual subvention from LCSD. A significant proportion of this (circa 25%) was 'given back' to the Government in the form of stadium levy. If this strategic plan is to be implemented fully an **increase** in funding is required. Over time the intention would be to replace this with commercial revenue but in the short to medium term further investment will be required from Government and Charity sources.

Key Recommendations:

- The HKFA will work with partners and stakeholders to determine priorities, identify resource requirements and optimize the financial position of the HKFA. It will use the resources effectively and efficiently, complying with best practice in financial management and be accountable for all income and expenditure. (#FR1)

Conclusion

Aiming High – Together is an ambitious 5-year plan for the development of football in Hong Kong covering the period 2015 to 2020. Its preparation was one of the key recommendations of Project Phoenix. The investment in Project Phoenix has been important in laying the foundations in certain areas such as improving the governance and administration of the HKFA. Project Phoenix has also provided additional funding for the Human Resources necessary to transform the organization and to identify the plans that will ultimately transform the sport itself.

It will take time for the HKFA to generate significant commercial revenue. In the meantime additional public sector funding is required to take the game forward. Football is the world's most popular participation and spectator sport. Hong Kong is no exception and similarly football is the most popular participation sport in Hong Kong. Hundreds of thousands of people play football on a regular basis and the sport contributes positively to individuals, to communities and to society as a whole. The demand for football as a spectator sport is also massive in Hong Kong. At the moment this is manifested in people watching foreign football on TV or buying tickets to watch visiting overseas teams. This strategy should help to change that and get people back into local stadia as the quality of football improves.

The HKFA should (as the governing body for football in Hong Kong), be the strategic lead and oversee all football in Hong Kong. However the sport is fragmented and the HKFA is involved in a fraction of the football in Hong Kong. There is a need for a much more inclusive and strategic approach across all football stakeholders. This strategic plan is for football in Hong Kong and not just the HKFA. For it to be successful and to deliver the targets and performance indicators it must be adopted and delivered by all of the football stakeholders.

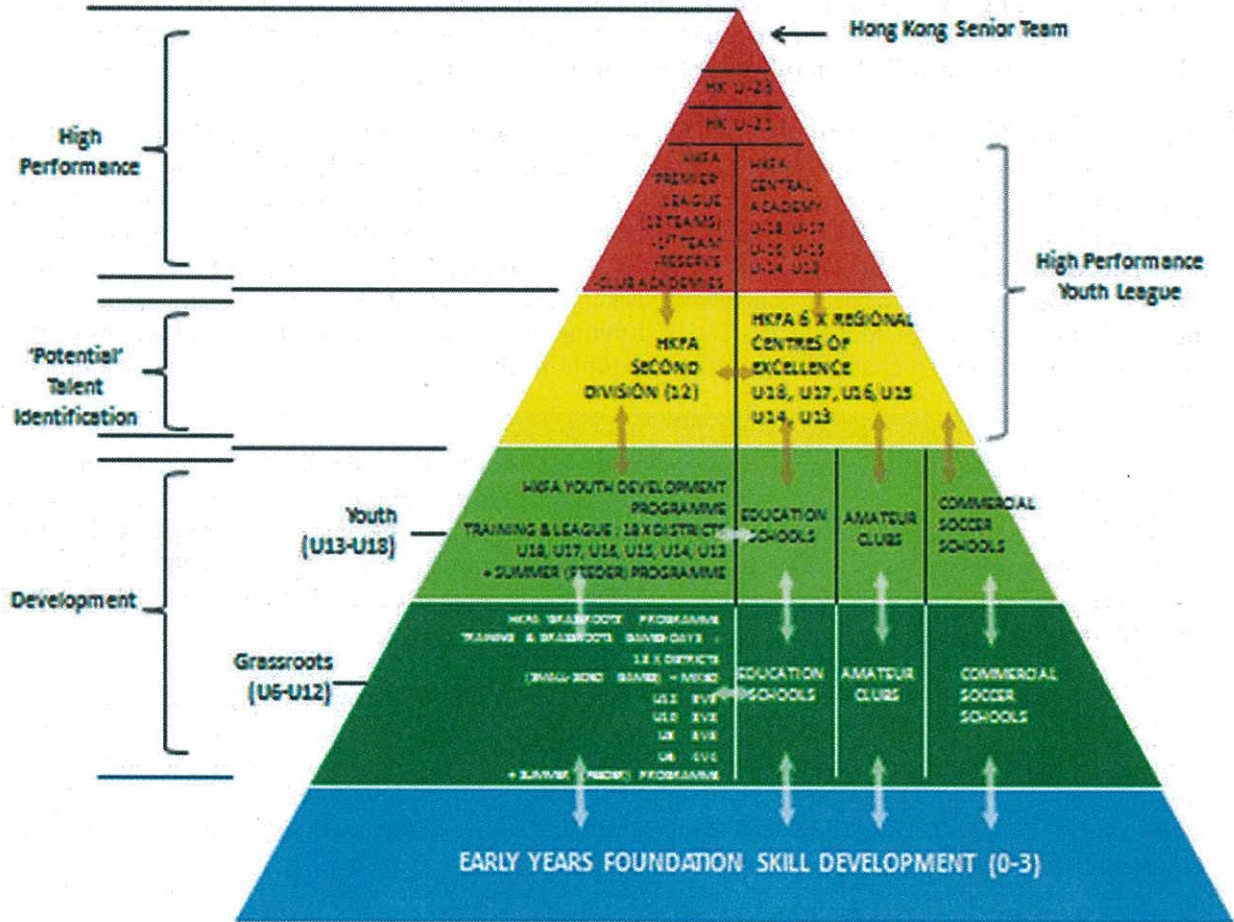
This plan has highlighted the constraints and roadblocks that are holding back the development of football at all levels and has identified the changes that are necessary to transform the sport in Hong Kong. The main challenges relate to funding, facilities, systems and skilled personnel including good quality coaches. Progress can be made in all of these areas but only if there is agreement and tangible buy-in from all stakeholders and concerted effort to implement this strategic plan, hence the name '**Aiming High – Together**'.

In **Aiming High – Together**, the HKFA now has an integrated plan for the development and enhancement of football. The strategy is designed to 'join-up' the various facets of football as well as the different providers and stakeholders. As a result of Project Phoenix the HKFA already has most of the people to lead the transformation process but to do this, the HKFA is now dependent (at least for the foreseeable future) on additional funding and partnerships.

Annex 1



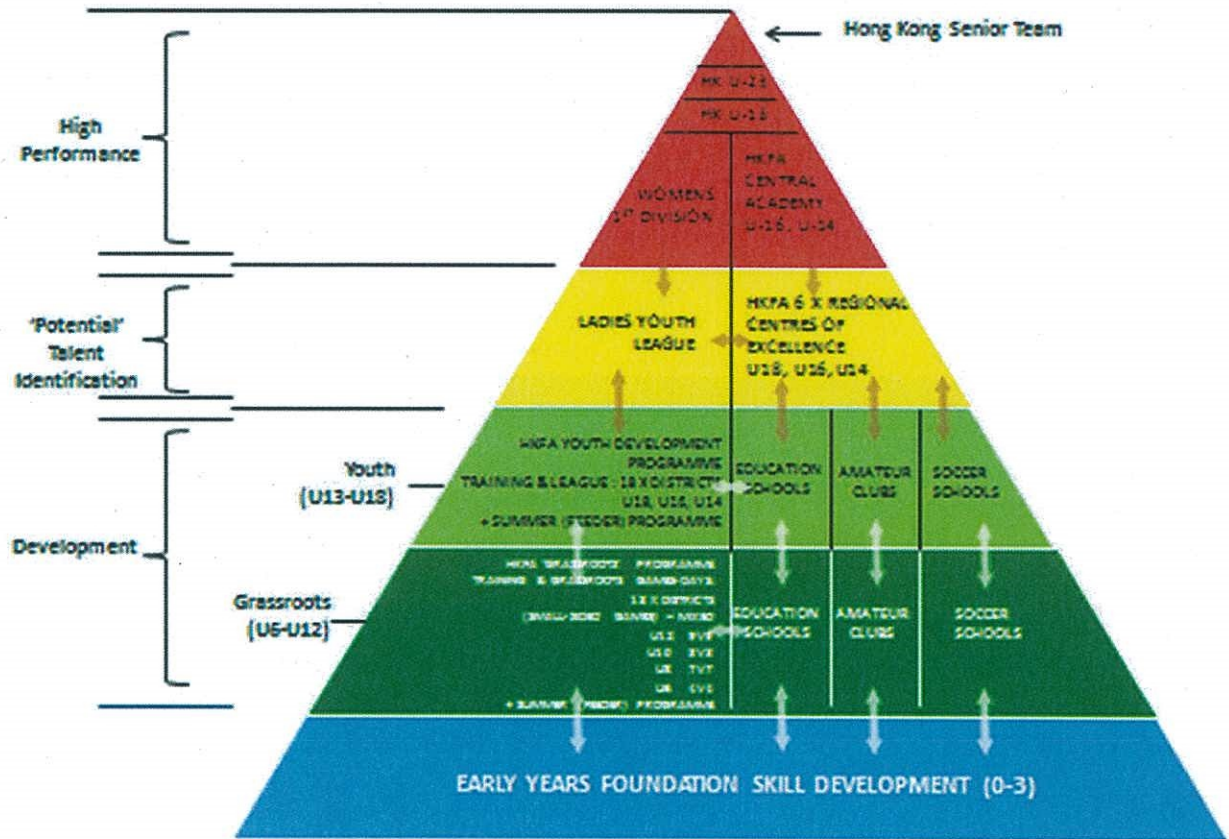
**HONG KONG FOOTBALL DEVELOPMENT
- PYRAMID AND PATHWAYS (BOYS AND MEN)**



Annex 2



**HONG KONG FOOTBALL DEVELOPMENT
- PYRAMID AND PATHWAYS (GIRLS AND WOMEN)**



Performance Targets and Indicators

A. Performance Targets

1. The Grantee shall implement all the recommendations set out in the Plan and in particular shall use its best endeavours to achieve the performance targets set out below -

- (a) **Introduce a Hong Kong Football Curriculum**, the intellectual property rights of which will be held by the Grantee, that articulates a consistent style and system of play in Hong Kong, as per the timeline below -

Timing	Target
1 April 2015	introduce the curriculum
2015-16	review the curriculum with a view to producing a revised version for implementation starting from the 2017/18 football season
2017-18	review the curriculum with a view to producing a revised version for implementation starting from the 2020/21 football season

- (b) **Issue revised Coach Education Courses**, the intellectual property rights of which will be held by the Grantee, as per the timeline below –

Timing	Target
June 2015	issue the Coach Education Courses, linked to the Hong Kong Football Curriculum described in Target (a) above
2015-16	review the courses with a view to producing revised versions for implementation starting from the 2017/18 football season
2017-18	review the courses with a view to producing revised versions for implementation starting from the 2020/21 football season

- (c) **Introduce a football development plan** (which shall build upon the Hong Kong Football Curriculum described in Target (a) above and shall include pathways from beginner to international player level), as per the timeline below –

Timing	Target
Before the beginning of 2015/16 football season	introduce the development plan
2016-17	review the plan with a view to producing revised a version for implementation starting from the 2019/20 football season
2018-19	review the plan with a view to producing a revised version for implementation starting from the 2021/22 football season

- (d) **Increase the number of participants in the Grantee's grassroots and youth football programmes, as below –**

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Number of participants	14,750	15,000	15,000	15,000	15,000

- (e) **Increase the number of girls and women taking part in the Grantee's programmes as outlined below. Programmes include grass roots, development and elite performance programmes, and local competitions.**

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Number of participants	1,950	2,318	2,770	2,967	3,000

- (f) **Introduce representative age group teams for girls and women by 2017.**
- (g) **Increase the number of participants in the Grantee's futsal programmes as per the timeline below –**

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Number of participants	9,500	11,000	13,000	15,000	15,000

- (h) **Increase the number of qualified coaches registered with the HKFA as per the timeline below –**

Year	2015-16	2016-17	2017-18	2018-19	2019-20
'D' Licence coaches	198	254	350	350	350
'C' Licence coaches	228	308	324	324	324
'B' Licence coaches	70	94	118	118	118
'A' Licence coaches	45	45	45	45	45
Level 1 and 2	702	902	1,102	1,163	1,163
Total :	1,243	1,603	1,963	2,000	2,000

- (i) **Increase the number of referees as per the timeline below –**

Referee Development	2015/16	2016/17	2017/18
FIFA Referee	6	6	6
FIFA Assistant Referee	8	8	8
Women FIFA Referee	1	2	2
Women FIFA Assistant Referee	1	2	2
Class 1	40	45	45
Class 2	50	55	55
Class 3	90	100	100

* reference year(s)

Referee Development	2015/16	2016/17	2017/18
New	100	120	120
Total	298	338	338

Assessors and Instructors	2015/16	2016/17	2017/18
Referees instructors	12	14	14
Referees Fitness Instructors	4	4	4
Referees Assessors	35	40	40
Total	51	58	58

NB: The targets for years 2018/19 and 2019/20 are the same as 2017/18 because optimal numbers will have been reached.

Marketing

- (j) **Increase sponsorship and advertising gross revenue** as per the following timeline –

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Sponsorship and advertising gross revenue (\$'000)	8,744	9,619	10,580	11,639	12,802

- (k) **Conduct** longitudinal independently supervised **match day surveys of spectators** in 2016-17 and 2018-19, based on a minimum of 500 questionnaires.

Governance and Management

- (l) **Arrange for the election of a minimum of four independent (non-club linked) directors** to the board of directors of the Grantee in the elections to be held in 2015-16 and 2019-20;
- (m) **Adopt a new constitution** in 2015-16 to reflect AFC/FIFA regulations and review the constitution bi-annually thereafter; and

* reference year(s)

B. Indicators

2. The following indicators will help the Grantee and HAB to monitor the progress of the delivery of the Grantee's Five-year strategic plan for football development.

- (n) **Average attendance at Hong Kong Premier League matches** – progress will be evaluated with reference to the extent to which the average attendance achieves the following benchmarks in the relevant football season –

Season	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Average attendance per match	1,000	1,100	1,250	1,500	2,000	2,500

- (o) In partnership with the Government, **preparation of a plan for the implementation of a new football facilities strategy** – progress will be evaluated with reference to the extent to which the Grantee is able to produce by 2016-17 a plan that results in the provision of good quality facilities at different levels and standards appropriate to District, Regional and Hong Kong-wide levels, including a Football Training Centre.

- (p) **Increase the average daily website hits of the Grantee's website** – progress will be evaluated with reference to the extent to which the Grantee is able to achieve the following hit-rates–

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Daily website hit	440,000	480,000	520,000	560,000	600,000

- (q) **Increase the number of fans in the Grantee's fans e-newsletter database** - progress will be evaluated with reference to the extent to which the Grantee is able to achieve the following numbers of registered fans –

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Number of fans registered in the fan database	22,000	24,000	26,000	28,000	30,000

- (r) **Expand the membership of HKFA** - progress will be evaluated with reference to the extent to which the Grantee is able to achieve the following increase in members, including accredited clubs and footballs schools –

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Number of Members	70	80	90	100	100

3. Reference to years above shall be taken to indicate the relevant financial year (from 1 April until 31 March of the following year) unless otherwise stated. For the purpose of the indicator at (n) above, the football season will be taken to run from 1 September to 31 May of the following year.

* reference year(s)

Approved Establishment

The following is the list of the positions in the establishment approved under the Agreement as at 1 April 2015 -

1. Chief Executive Officer (CEO)
2. Personal Assistant to CEO
3. Financial Controller
4. Accounting Officer
5. Accounting Assistant
6. Head of Corporate Governance
7. Internal Control Manager
8. Human Resources Manager
9. Human Resources Officer
10. IT Manager
11. Marketing Manager
12. Public Relations and Communications Manager
13. Marketing Officer
14. Technical Director & Head Coach
15. Head of Football Development
16. Academy Head Coach
17. Coach Education Manager
18. Grassroots Football Manager
19. Women's Football Manager
20. Representative Teams Administrative Manager
21. Futsal Manager (Part Time)
22. Referees Manager

Annual Budgets

The following summary forms the annual budgets for the 2015/16 under this Agreement :

Item	Description	Approved Amount for 2015-16 Budget Amount (HKD)	Remarks
1	Staff and related costs	\$17.42 million	Breakdown at <u>Appendix 1</u>
2	Programme expenses	\$683,272	Breakdown at <u>Appendix 2</u> Programmes listed under Appendix 2 are recurrent programmes. Given the time-limited nature of the funding to be provided under this Agreement, the HKFA confirms that such programmes will not be funded under this Agreement beyond 2015-16, and that funding under this Agreement will be only be used for one-off activities or programmes.
3	Legal and Professional fee	\$1.5 million	1. Legal advisor fee : \$800,000 2. Internal audit professional services : \$500,000 3. Marketing consultancy : \$200,000
Total:		\$19.60 million	

***Note by Clerk, PAC: Appendix 1 not attached.**

Approved Programme Expenditure for 2015-16

Programmes	Approved Amount for 2015-16
1. Subsidy for youth academy :	
- U15 Local squad Training	\$183,070
- U13 Local squad Training	\$183,070
2. Subsidy for Primary Athletes Football Training Scheme	\$36,645
3. Subsidy for Local Competitions :	
- Futsal competition (schools)	\$280,487
Total :	\$683,272

Note :

With respect to each of the above programmes, the Grantee shall utilise funding from the LCSD subvention or sponsorship, if applicable, before applying for the any grant of the approved programme expenditure from HAB. The funding granted by HAB shall be used only for items and amounts eligible under LCSD's prevailing guidelines. The Grantee shall explain clearly in its regular reports that any grant from the approved programme expenditure does not duplicate the subvention provided by LCSD under the Sports Subvention Scheme. HAB reserves the right to determine the actual amount of grant to be disbursed to the HKFA from the approved programme expenditure.

Annual Venue Plan for 2015-16

2014/15 Season

		Sessions	Related Dept.	
Premier League	Competition	440	Comp. Dept.	
	Reserve League	171	Comp. Dept.	
	Competition (International)	180	Comp. Dept.	
	Youth Academy	-		
	Training	2,947	Comp. Dept.	Sub Total HKPL
1st Division	Competition	375	Comp. Dept.	3,738
	Training	360	Comp. Dept.	
2nd Division	Competition	285	Comp. Dept.	
	Training	254	Comp. Dept.	
3rd Division	Competition	375	Comp. Dept.	
	Training	3	Comp. Dept.	Sub Total, Other Divisions
		5,390		1,852
U18 - Youth League	Competition	369	Comp. Dept.	
U18 - Development Training	Training	882	Tech. Dept.	
U17 - Youth League	Competition	126	Comp. Dept.	
U17 - Development Training	Training	6	Tech. Dept.	
U16 - Youth League	Competition	369	Comp. Dept.	
U16 - Development Training	Training	882	Tech. Dept.	
U15 - Youth League	Competition	369	Comp. Dept.	
U15 - Development Training	Training	207	Tech. Dept.	
U14 - Youth League	Competition	242	Comp. Dept.	* around 160 sessions from non-LCSD venue for U13 & U14
U14 - Development Training	Training	882	Tech. Dept.	
U13 - Youth League	Competition	242	Comp. Dept.	
U13 - Development Training	Training	207	Tech. Dept.	
U12 - Development Training	Training	882	Tech. Dept.	
Regional Training	Training/ competition	-	Tech. Dept.	
		5,665		
Women League	Competition	180	Comp. Dept.	
Women Youth League U20	Competition	100	Comp. Dept.	
Women - Development Training	Training	240	Tech. Dept.	
Women Representative Team	Training	220	Tech. Dept.	
		740		
Futsal League - Indoor	Competition	60	Comp. Dept.	
Futsal Competition (School & Nike5) - Outdoor	Competition	290	Comp. Dept.	
Futsal Representative Team	Training	87	Tech. Dept.	
		437		
Hong Kong Team	Competition	38	Comp. Dept.	Sub Total Senior Teams
	Training	58	Tech. Dept.	96
Hong Kong Youth Team	Competition	60	Comp. Dept.	
	Training	533	Tech. Dept.	Sub Total Youth Teams
		689		593
Referee	Training	111	Ref. Dept.	
Coach Education	Training	348	Tech. Dept.	
Grassroot	Training	1,176	Tech. Dept.	
JFC	Training	288	Tech. Dept.	
		1,923		
		14,844		

2015/16 Season

		Sessions	Related Dept.		Pitch type
Premier League	Competition	550	Comp. Dept.		G, A
	Reserve League	280	Comp. Dept.		A
	Competition (International)	110	Comp. Dept.		G, A
	Youth Academy	-			
	Training	3,070	Comp. Dept.	Sub Total HKPL	G, A
1st Division	Competition	375	Comp. Dept.	3,990	G, A
	Training	308	Comp. Dept.		G, A
2nd Division	Competition	285	Comp. Dept.		G, A
	Training	132	Comp. Dept.		G, A
3rd Division	Competition	375	Comp. Dept.		G, A
	Training	154	Comp. Dept.	Sub Total, Other Divisions	G, A
		5,619		1,629	
U18 - Youth League	Competition	341	Comp. Dept.		G, A
U18 - Development Training	Training	882	Tech. Dept.		G, A
U17 - Youth League	Competition	341	Comp. Dept.		G, A
U17 - Development Training	Training	207	Tech. Dept.		G, A
U16 - Youth League	Competition	341	Comp. Dept.		G, A
U16 - Development Training	Training	882	Tech. Dept.		G, A
U15 - Youth League	Competition	341	Comp. Dept.		G, A
U15 - Development Training	Training	207	Tech. Dept.		G, A
U14 - Youth League	Competition	242	Comp. Dept.		G, A
U14 - Development Training	Training	882	Tech. Dept.		G, A
U13 - Youth League	Competition	242	Comp. Dept.		G, A
U13 - Development Training	Training	207	Tech. Dept.		G, A
U12 - Development Training	Training	882	Tech. Dept.		G, A
Regional Training	Training/ competition	-	Tech. Dept.		
		5,997			
Women League	Competition	230	Comp. Dept.		G, A
Women Youth League U20	Competition	100	Comp. Dept.		G, A
Women - Development Training	Training	240	Tech. Dept.		G, A
Women Representative Team	Training	290	Tech. Dept.		G, A
		860			
Futsal League - Indoor	Competition	120	Comp. Dept.		I
Futsal Competition (School & Nike5) - Outdoor	Competition	290	Comp. Dept.		H
Futsal Representative Team	Training	144	Tech. Dept.		H, I
		554			
Hong Kong Team	Competition	60	Comp. Dept.	Sub Total Senior Teams	G, A
	Training	68	Tech. Dept.	128	G, A
Hong Kong Youth Team	Competition	60	Comp. Dept.		G, A
	Training	816	Tech. Dept.	Sub Total Youth Teams	G, A
		1,004		876	
Referee	Training	120	Ref. Dept.		G, A, H
Coach Education	Training	357	Tech. Dept.		G, A, H
Grassroot	Training	1,176	Tech. Dept.		A, H
JFC	Training	313	Tech. Dept.		A, H
		1,966			
		16,000			

Pitch Type : G=Grass, A=Artificial, H=Hard, I=Indoor

Summary

	2014/15 season	2015/16 season	Notes
Premier League	3,738	3,990	Based on 9 teams in 2014/15, estimate of 10 teams in 2015/16
Other HKFA Senior Divisions	1,652	1,629	
Youth Development	5,665	5,997	Based on 5 age groups in 2014/15, 6 age groups in 2015/16
Womens Football	740	860	
Futsal	437	554	
Representative Teams Senior	96	128	
Representative Teams Youth	593	876	
Referee	111	120	
Coach Education	348	357	
Grassroots	1,176	1,176	
JFC	288	313	
Total	14,844	16,000	

Acceptable Playing Surface

	2015/16 season	Grass %	Grass #	Artificial %	Artificial #	Hard %	Hard #	Indoor Hard %	Indoor Hard#
Premier League	3,990	40	1,596	60	2,394	0	-	0	-
Other HKFA Senior Divisions	1,629	30	489	70	1,140	0	-	0	-
Youth Development	5,997	10	600	90	5,397	0	-	0	-
Womens Football	860	25	215	75	645	0	-	0	-
Futsal	554	0	-	-	-	50	277	50	277
Representative Teams Senior	128	50	64	50	64	0	-	0	-
Representative Teams Youth	876	10	88	90	788	0	-	0	-
Referee	120	10	12	88	106	2	2	0	-
Coach Education	357	10	36	70	250	20	71	0	-
Grassroots	1,176	0	-	25	294	75	882	0	-
JFC	313	0	-	75	235	25	78	0	-
Total	16,000	19	3,099	71	11,313	8	1,311	2	277

Hong Kong Football Association (HKFA) Five-Year Strategic Plan Final Results of the Performance Targets and Indicators

Performance Targets

- Among the 28 performance targets, the HKFA finally met or exceeded 21 of them, while the remaining 7 were not met.

Performance Target	Final Target	Final Position	Result
<i>Hong Kong Football Curriculum</i>			
(a) Review the curriculum with a view to producing a revised version for implementation	Review the curriculum	The curriculum has been revised to include additional information on “golden age” coaching.	Target met
<i>Coach Education</i>			
(b) Review the courses with a view to producing revised versions for implementation	Review the courses	The courses have been reviewed with changes made as required by the Coach Education Manager and Technical Director	Target met
<i>Football Development Plan</i>			
(c) Introduce a football development plan	Introduce in 2015/16 football season	Introduced in 2015/16 football season	Target met
<i>Grassroots and Youth Football</i>			
(d) Increase the number of programme participants	15 000	17 032	Target exceeded by 13%
<i>Girls and Women Football</i>			
(e) Increase the number of programme participants	3 000	4 078*	Target exceeded by 36%
(f) Introduce representative age group teams	Introduce representative age group teams in	U12 representative team set up in February 2017	Target met

Performance Target	Final Target	Final Position	Result
	2016/17 football season		
<i>Futsal</i>			
(g) Increase the number of programme participants	15 000	23 413	Target exceeded by 56%
<i>Coaching</i>			
(h) Increase the number of qualified coaches registered with HKFA -			
'D' Licence coaches	350	315	Below target by 10%
'C' Licence coaches	324	289	Below target by 11%
'B' Licence coaches	118	112	Below target by 5%
'A' Licence coaches	45	48	Exceed target by 7%
'Pro' Licence coaches	0	14	Target met
Youth Football Leader certificate#	200	104	Below target by 48%
<i>Refereeing</i>			
(i) Increase the number of referees –			
<u>Referee Development</u>			
FIFA Referee	6	7	Target exceeded by 17%
FIFA Assistant Referee	8	8	Target met
Women FIFA Referee	2	1	Below target by 50%
Women FIFA Assistant Referee	2	1	Below target by 50%
Class 1	45	46	Target exceeded by 2%
Class 2	55	50	Below target by 9%
Class 3	100	127	Target exceeded by 27%
New	120	188	Target exceeded by 56%

Performance Target	Final Target	Final Position	Result
<u>Assessors and Instructors</u>			
Referees instructors	14	28	Target exceeded by 200%
Referees fitness instructors	4	6	Target exceeded by 20%
Referees assessors	40	50	Target exceeded by 25%
<i>Marketing</i>			
(j) Increase sponsorship and advertising gross revenue (cash & product in kind)	12,802,000	16,800,000	Target exceeded by 31%
(k) Conduct longitudinal independently supervised match day surveys of spectators, based on a minimum of 500 questionnaires	Conduct in 2018/19 football season	Conducted 519 interviews with fans	Target met
<i>Governance and Management</i>			
(l) Arrange for the election of a minimum of four independent (non club-linked) directors to the board of directors of the Grantee in the elections to be held	Election of a minimum of four independent directors	5 of independent directors elected	Target met
(m) Adopt a new constitution to reflect AFC/FIFA regulations and review the constitution bi-annually thereafter	Review the constitution	On-going review is underway	Target met

* The HKFA's women football programmes have been seriously affected by the COVID-2019. However, this target has been met and exceeded consistently since the 2015/16 football season. Therefore, to give a fair assessment of the performance of HKFA in women football, we will adopt the HKFA's achieved target for the past one year as at September 2019 as its final result.

This is a new target added in 2018/19 football season.

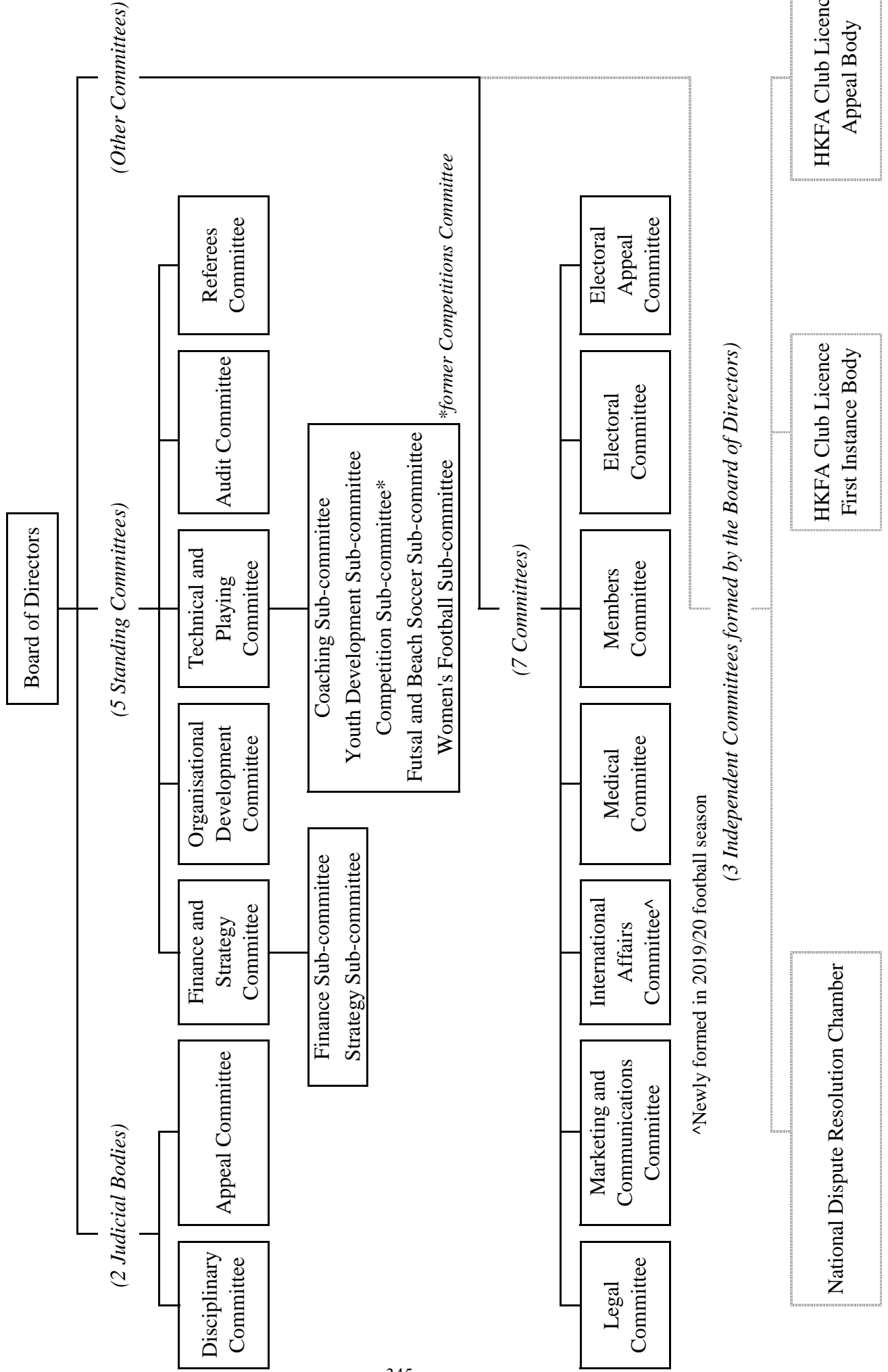
Performance Indicators

- Among the 5 performance indicators, the HKFA finally met or exceeded 2 of them, while the remaining 3 were not met.

Performance Indicator	Final Target	Final Position	Result
<i>Hong Kong Premier League (HKPL)</i>			
(n) Average attendance per HKPL match (by football season)	2 500	765 [@]	Below target by 70%
<i>Football Facilities</i>			
(o) Preparation of a plan for the implementation of a new football facilities strategy	Produced the plan	The Football Training Centre was in official operation and for public since March 2019	Target met
<i>Website Hits</i>			
(p) Increase average daily website hits of HKFA website	600 000	386 062	Below target by 36%
<i>HKFA Fans Database</i>			
(q) Increase number of fans registered in HKFA fan database	30 000	51 420	Target exceeded by 71%
<i>HKFA Membership</i>			
(r) Expand the membership of HKFA	100	82	Below target by 12%

- [@] Due to COVID-19, the number of people attending HKPL matches dropped and a number of HKPL matches were postponed. In the 2018/19 football season, the average attendance per HKPL match was 1 006.

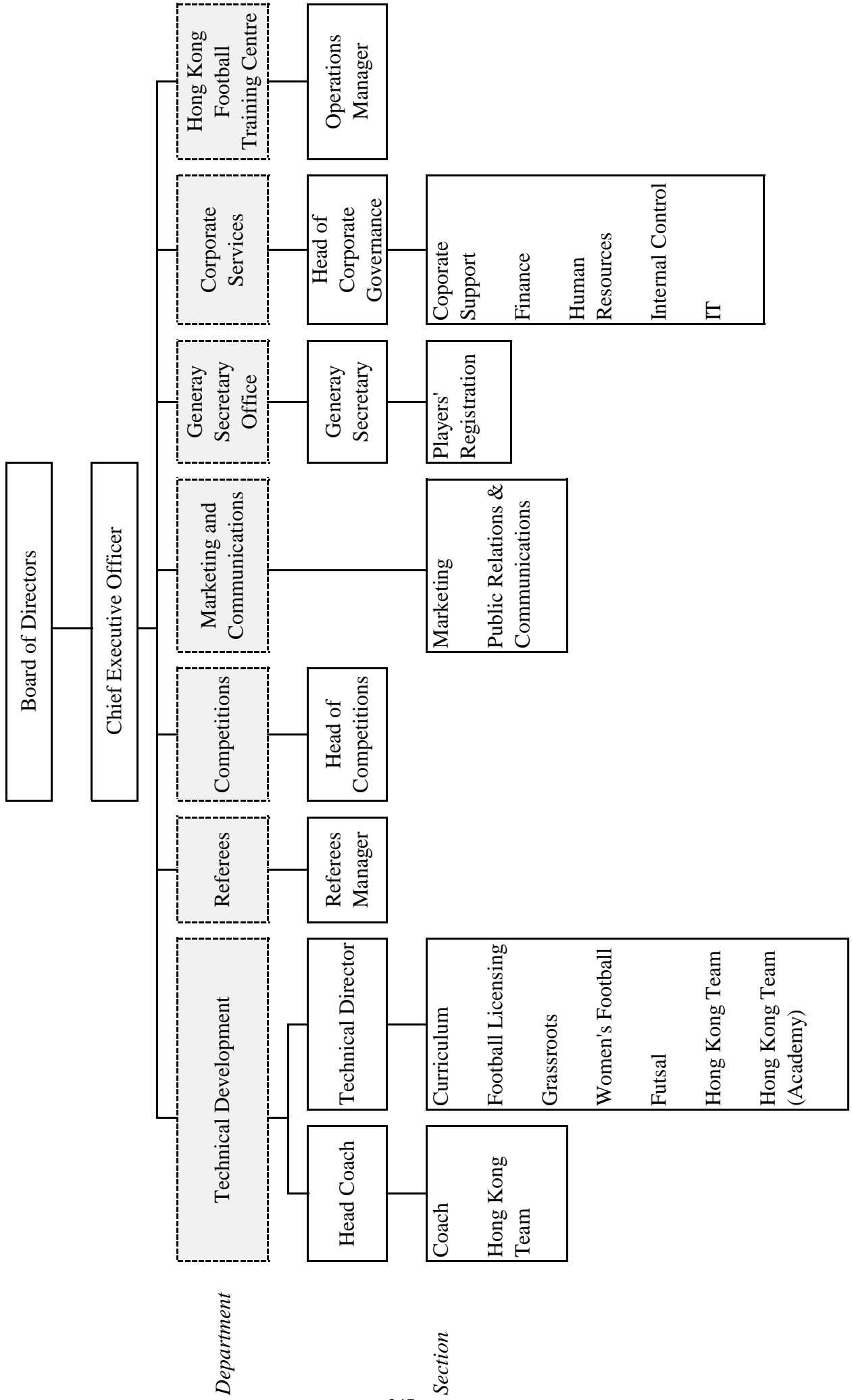
Board and Committee Structure of the Hong Kong Football Association (HKFA)



Hong Kong Football Association Board of Directors

President	(2019-2023)	Timothy Fok
Chairman	(2019-2023)	Pui Kwan Kay
Vice Chairman	(2019-2021)	Matthew Wong Eric Fok
Club-Linked Director	(2015-2021) (2015-2021) (2019-2023)	Wilson Wong Ms. Yvonne Wong Chan Chi Hong
Non-Club-Linked Director	(2015-2021) (2015-2021) (2015-2021) (2019-2023)	Samuel Hui Sin Yat Kin Stephen Yau Ching Ming Yu

Organisation Chart of the Hong Kong Football Association



Department

Section

THE HONG KONG FOOTBALL ASSOCIATION LIMITED
 香 港 足 球 總 會 有 限 公 司

2017-19 Committees and Sub-committees
2017 至 19 年度事務委員會及工作小組

司法委員會

1. 紀律委員會

召集人	邱浩波先生
主席	伍靜國先生
副主席	歐學林先生
成員	趙偉佳先生
	周紹榮律師
	李偉民先生
	譚麗芬醫生

2. 上訴委員會

召集人	邱浩波先生
主席	李業華先生
副主席	-----
成員	張國鈞律師
	林振敏先生
	黃繼兒大律師

Judicial Bodies

1. Disciplinary Committee

Convenor	Mr. Stephen Yau
Chairman	Mr. Benny Ng
Deputy Chairman	Mr. Herbert Au
Member	Mr. David Chiu
	Mr. Joseph Chow
	Mr. Raymond Li
	Dr. Gloria Tam

2. Appeal Committee

Convenor	Mr. Stephen Yau
Chairman	Mr. Peter Lee
Deputy Chairman	-----
Member	Mr. Horace Cheung
	Mr. Anthony Lam
	Mr. Stephen Wong

常務委員會

3. 財務及策略委員會

主席	康寶駒先生
副主席	-----
當然委員	梁孔德先生
	行政總裁
	總幹事
	機構管治總監

3.1 財務小組

成員	王威信先生
	王威信先生
	朱福榮先生
	盧永文太平紳士
	麥敬年先生

3.2 策略小組

成員	霍啟山先生
	王威信先生
	張炎有先生
	朱福榮先生
	郭家明太平紳士
	盧永文太平紳士
	麥敬年先生
	容樹恒醫生

Standing Committees

3. Finance and Strategy Committee

Chairman	Mr. Martin Hong
Deputy Chairman	-----
Ex officio	Mr. Brian Leung
	Chief Executive Office
	General Secretary
	Head of Corporate Governance

3.1 Finance Sub-committee

Member	Mr. Wilson Wong
	Mr. Wilson Wong
	Mr. Charles Chu
	Mr. Lawrence Lo, JP
	Mr. Jonathan McKinley

3.2 Strategy Sub-committee

Member	Mr. Eric Fok
	Mr. Wilson Wong
	Mr. Charles Cheung
	Mr. Charles Chu
	Mr. Kwok Ka Ming, JP
	Mr. Lawrence Lo, JP
	Mr. Jonathan McKinley
	Dr. Patrick Yung

4. 組織發展委員會

主席	許國定先生
副主席	-----
當然委員	梁孔德先生
	行政總裁
	總幹事
	機構管治總監
成員	霍啟山先生
	朱福榮先生
	杜淑婉女士

5. 技術及競技委員會

主席	王威信先生
副主席	-----
當然委員	梁孔德先生
成員	梁芷珊女士
	霍啟山先生
	陳澤銘先生
	陳文俊先生
	麥敬年先生
	伍健先生

4. Organisational Development Committee

Chairman	Mr. Samuel Hui
Deputy Chairman	-----
Ex officio	Mr. Brian Leung
	Chief Executive Office
	General Secretary
	Head of Corporate Governance
Member	Mr. Eric Fok
	Mr. Charles Chu
	Ms. Helena To

5. Technical and Playing Committee

Chairman	Mr. Wilson Wong
Deputy Chairman	-----
Ex officio	Mr. Brian Leung
Member	Ms. Canny Leung
	Mr. Eric Fok
	Mr. C.M. Chan
	Mr. Chan Man Chun
	Mr. Jonathan McKinley
	Mr. Ken Ng

5.1 五人、女子及沙灘足球小組

主席	霍啟山先生
當然委員	梁孔德先生
成員	何佩犀先生
	李麥潔嫻女士
	伍翰章律師
	山度士先生
	曾王琬琪女士
	胡偉民先生

6. 審計委員會

召集人	許國定先生
主席	
副主席	
成員	

7. 裁判委員會

主席	邱浩波先生
副主席	-----
當然委員	梁孔德先生
成員	陳紹雄先生
	陳紹基先生
	方有發先生
	林德成先生
	李德能先生
	彭湛佳先生
	潘明輝先生
	黃寶安先生

5.1 Futsal, Women's Football and Beach Soccer Sub-committee

Chairman	Mr. Eric Fok
Ex officio	Mr. Brian Leung
Member	Mr. Tony Ho
	Mrs. Josephine Mark Lee
	Mr. Hon Ng
	Mr. Leslie Santos
	Ms. Yvonne Wong
	Mr. Johnny Woo

6. Audit Committee

Convenor	Mr. Samuel Hui
Chairman	
Deputy Chairman	
Member	

7. Referees Committee

Chairman	Mr. Stephen Yau
Deputy Chairman	-----
Ex officio	Mr. Brian Leung
Member	Mr. Chan Shui Hung
	Mr. Chan Siu Ki
	Mr. Jame Fong
	Mr. Lam Tak Sing
	Mr. Li Tak Nang
	Mr. Pang Cham Kai
	Mr. Poon Ming Fai
	Mr. Andy Wong

其他委員會及機構

8. 法律事務委員會

主席	何君堯先生
副主席	王威信先生
當然委員	梁孔德先生
成員	陳澤銘先生
	陳曉峰律師
	范佩蘭律師
	廖仲賢律師

9. 市務及傳訊委員會

主席	梁芷珊女士
副主席	霍啟山先生
當然委員	梁孔德先生
成員	陳文俊先生
	梁志健先生(森美)
	盧覓雪女士
	曾王琬琪女士
(10/9/2018)	方力申先生
(10/9/2018)	郭靜然女士
(10/9/2018)	陳偉豪先生
(10/9/2018)	郭耀輝先生
(10/9/2018)	朱耀中先生

Other Committees and Bodies

8. Legal Committee

Chairman	Mr. Junius Ho
Deputy Chairman	Mr. Wilson Wong
Ex officio	Mr. Brian Leung
Member	Mr. C.M. Chan
	Mr. Nicholas Chan
	Ms. Yolanda Fan
	Mr. Terry Liu

9. Marketing and Communications Committee

Chairman	Ms. Canny Leung
Deputy Chairman	Mr. Eric Fok
Ex officio	Mr. Brian Leung
Member	Mr. Chan Man Chun
	Mr. Sammy Leung
	Ms. Michelle Loo
	Ms. Yvonne Wong
(10/9/2018)	Mr. Alex Fong
(10/9/2018)	Ms. Christy Kwok
(10/9/2018)	Mr. Chan Wai Ho
(10/9/2018)	Mr. Marcus Benjamin Kwik
(10/9/2018)	Mr. Torres Chee

10. 會員委員會

主席	霍啟山先生
副主席	-----
當然委員	梁孔德先生
成員	王威信先生
	許國定先生
	單日堅先生
	邱浩波先生
	陳曉峰律師
	伍翰章律師
	胡偉民先生

10. Members Committee

Chairman	Mr. Eric Fok
Deputy Chairman	-----
Ex officio	Mr. Brian Leung
Member	Mr. Wilson Wong
	Mr. Samuel Hui
	Mr. Sin Yat Kin
	Mr. Stephen Yau
	Mr. Nicholas Chan
	Mr. Hon Ng
	Mr. Johnny Woo

11. 球員合約糾紛決議庭 (2015-19)

召集人	康寶駒先生
主席	阮雲道先生
副主席	余超卓大律師
成員(球員)	陳偉豪先生
	陳旭智先生
	黃洋先生
	麥基先生
	葉鴻輝先生
成員(球會)	陳文俊先生
	周文健先生
	康錦煒先生
	李輝立先生
	貝可泓先生

11. National Dispute Resolution Chamber (2015-19)

Convenor	Mr. Martin Hong
Chairman	Mr. Peter Nguyen
Deputy Chairman	Mr. Raymond Yu
Member (Player)	Mr. Chan Wai Ho
	Mr. Chan Yuk Chi
	Mr. Huang Yang
	Mr. Jaimes McKee
	Mr. Yapp Hung Fai
Member (Club)	Mr. Chan Man Chun
	Mr. Chow Man Kin
	Mr. Kelvin Hong
	Mr. Philip Lee
	Mr. Kelvin Pui

12. 選舉委員會 (2015-19)

召集人	梁孔德先生
主席	馬豪輝律師
副主席	-----
成員	李鳳英女士 黎藉冠先生

12. Electoral Committee (2015-19)

Convenor	Mr. Brian Leung
Chairman	Mr. Ma Ho Fai
Deputy Chairman	-----
Member	Ms. Li Fung Ying Mr. Michael Lai

13. 醫藥委員會

主席	容樹恒醫生
副主席	-----
成員	麥耀光醫生 雷雄德博士 胡裕初醫生 胡永祥醫生 袁慧儀博士

13. Medical Committee

Chairman	Dr. Patrick Yung
Deputy Chairman	-----
Member	Dr. Gary Mak Dr. Lobo Louie Dr. Woo Yu Cho Dr. Kenneth Wu Dr. Yvonne Yuan

14. 香港超級聯賽座談會

召集人	王威信先生
-----	-------

14. HKPL Meeting

Convenor	Mr. Wilson Wong
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15. 香港足球聯賽(甲乙丙組)座談會

召集人	貝鈞奇先生
-----	-------

15. HKFL (1st, 2nd & 3rd Divisions) Meeting

Convenor	Mr. Pui Kwan Kay
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16. 競賽委員會

主席	梁孔德先生
副主席	-----
成員	霍啟山先生
	康寶駒先生
	梁芷珊女士
	王威信先生
	伍健先生
	薛基輔先生 (行政總裁)
	袁文川先生 (總幹事)
	溫達倫先生 (足球發展主管)
	金判坤先生 (總教練)
	劉綽姿女士 (競賽主管)
	張衍冲先生 (競賽經理)
	張炎有先生 (裁判經理)
	黃若玲女士 (女子足球經理)

16. Competitions Committee

Chairman	Mr. Brian Leung
Deputy Chairman	-----
Member	Mr. Eric Fok
	Mr. Martin Hong
	Ms. Canny Leung
	Mr. Wilson Wong
	Mr. Ken Ng
	Mr. Mark Sutcliffe (CEO)
	Mr. Vincent Yuen (General Secretary)
	Mr. Paul Woodland (Head of Football Development)
	Mr. Kim Pan Gon (Head Coach)
	Ms. Emily Lau (Head of Competitions)
	Mr. Alex Cheung (Competitions Manager)
	Mr. Charles Cheung (Referees Manager)
	Ms. Betty Wong (Women's Football Manager)

17. 香港足球總會球會牌照初審小組

主席	利安生先生
成員	戴樂斌先生
	李德能先生
	叢川普先生
	Mr. Alex Norman

18. 香港足球總會球會牌照上訴小組

主席	Mr. Jeremy Gill
成員	Mr. Tony Sealy
	趙善銓先生
	傅忠偉先生
	張定賢先生

17. HKFA Club Licence First Instance Body

Chairman	Mr. Anson Bailey (Principal, KPMG)
Member	Mr. Robin Darton (Partner, Tanner De Witt Solicitors)
	Mr. Li Tak Nang (Hong Kong Jockey Club)
	Mr. Francis Chung (CEO MPF Ratings Financial Services)
	Mr. Alex Norman (Lawyer, Bird & Bird Lawyers Hong Kong)

18. HKFA Club Licence Appeal Body

Chairman	Mr. Jeremy Gill (Lawyer)
Member	Mr. Tony Sealy (Operations Manager at the HKFC)
	Mr. Albert Chiu (Chief Executive Asia Pacific Region at EFG Bank)
	Mr. Tiong Wee (Accountant from EY)
	Mr. Peter Cheung (Executive Director of a listed company – China Ting Group Holdings Limited)

政府總部
民政事務局

香港添馬添美道二號
政府總部西翼十二樓

本函檔號 Our Ref. :
來函檔號 Your Ref. :



APPENDIX 12
GOVERNMENT SECRETARIAT
HOME AFFAIRS BUREAU

12/TH FLOOR, WEST WING,
CENTRAL GOVERNMENT OFFICES,
2 TIM MEI AVENUE,
TAMAR,
HONG KONG.

電話號碼 Tel. No. : 3509 8124
傳真號碼 Fax No. : 2519 7404

15 May 2020

Mr Anthony CHU
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

The Director of Audit's Report No. 74

**Management of funding for sports development through the Arts and Sport
Development Fund (Sports Portion)**

Thank you for your letter dated 13 May 2020 to the Secretary for Home Affairs to convey the request of Members of the Public Accounts Committee for information regarding the matters discussed in Chapter 1 of the Director of Audit's Report No. 74. I am authorised to respond as follows –

(a) Injection into and investment returns of the Arts and Sports Development Fund

In January 1997, the Finance Committee of the Legislative Council approved an injection of \$300 million for the establishment of Arts and Sport Development Fund (ASDF) under the aegis of Sir David Trench Fund for Recreation. The Arts and Sports portions of the ASDF were allocated \$160 and \$140 million respectively. The Finance Committee has made 4 more injections to ASDF between 2007 and 2019 with the amounts totalling \$2.63 billion, as set out in the table below -

Year	Amount injected	Allocation to:	
		Sports portion	Arts portion
1997	\$300M	\$140 M	\$160 M
2007	\$80M	\$40 M	\$40 M
2009	\$150M	\$90 M	\$60 M
2010	\$3 B	\$1.5 B	\$1.5 B
2019	\$1 B	\$1B	-

In the past five years, the Fund generated a total investment return of \$893,769,000.

- (b) The mechanism put in place by the Home Affairs Bureau for monitoring the use of funds allocated to the Hong Kong Football Association for the implementation of its Five-year Strategic Plan, and the role of the Football Task Force in this monitoring mechanism

Status and role of the Hong Kong Football Association

The Hong Kong Football Association (HKFA) is a member of the Federation Internationale de Football Association (FIFA), the Asian Football Confederation and the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC). It is responsible for promoting football development in Hong Kong and the selection of athletes to participate in international events. Like all other “national sports associations” (NSAs), the HKFA is an independent legal entity with full autonomy to run its affairs and should not be subject to political or religious pressures as stipulated in the Olympic Charter and the FIFA Statutes.

The HKFA has been registered pursuant to the provisions of the Companies Ordinance in 1954. The Board of the HKFA has the power to manage all matters of the HKFA and must act in accordance with the Articles of Association of the HKFA. It is within the HKFA’s purview to set the priorities and objectives in the promotion and development of football in Hong Kong. The HKFA organises local leagues and international matches, as well as selects and supervises Hong Kong Teams (including men’s team, women’s team, youth team and futsal team) that play in international competitions.

The Government's Monitoring Responsibility

The Government has all along respected the Olympic Charter and the FIFA Statutes regarding the principles of autonomy in organisation, management and operations of sports, and will not participate in the internal governance or daily operations of the HKFA. The Government works in partnership with the HKFA in promoting and developing the sport of football primarily through the provision of funding and venue support.

The HAB has been providing the HKFA with funding support under the ASDF for the implementation of the Five-year Strategic Plan since 2015. The HAB has been monitoring the HKFA's performance in realising the performance targets and indicators under the Five-year Strategic Plan in accordance with the stipulations in the relevant funding agreement signed between HAB and HKFA, so as to ensure that the HKFA is making proper and effective use of the funding provided by the Government.

While the Government has the responsibility to monitor the use of public funding by the HKFA, the Government would not and should not intervene in its management or interfere with its daily operations. The HKFA Management is responsible for conducting the daily operations, and it is the responsibility of the HKFA Board to oversee the performance of the Management.

The Role of the Football Task Force

In May 2010, the HAB set up the Football Task Force (FTF) to assist the HKFA in implementing the various recommendations under Project Phoenix. The FTF is chaired by the Permanent Secretary for Home Affairs and comprised of members from the sports and other sectors. The FTF's current terms of reference is to advise the Secretary for Home Affairs on matters relating to the development of football in Hong Kong, in particular to monitor the progress of the HKFA in implementing its Five-Year Strategic Plan against the agreed targets and indicators; monitor and advise on the allocation of funding earmarked for the HKFA to implement the Five-Year Strategic Plan; exchange views with stakeholders on the further development of football in Hong Kong; and advise on any other strategic matters relating to the further development of football in Hong Kong.

Funding agreement for the Five-year Strategic Plan

In order to ensure the good use of funding provided to the HKFA for its implementation of the Five-year Strategic Plan, the HAB and the HKFA entered into a funding agreement. According to the funding agreement, the HKFA must allow the Government and the Director of Audit to have unhindered access and to enquire, examine and audit the records and accounts in relation to the funding and the management and control procedures, and to follow and act upon any corruption prevention advice rendered by the Independent Commission Against Corruption and the Government. Furthermore, when required, the HKFA must agree to disclose all the information relating to the funding. The HKFA must adopt and comply with the Code of Conduct, accounting and payment procedural guidelines and procurement guidelines to avoid conflict of interest and ensure compliance with procedures. The funding agreement also requires the HKFA to submit the Government an annual account examined by a registered public accountant and an annual budget application with details of each funding item cleared stated.

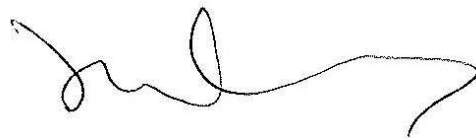
In the funding agreement with the HKFA, we have included performance indicators and targets to facilitate our monitoring of the HKFA's implementation of the Five-Year Strategic Plan. It is stipulated in the agreement that the HKFA should submit half-yearly reports on the progress against these performance indicators and targets. According to the HKFA's half-yearly report in March 2020, the HKFA ultimately achieved 23 of the 33 final indicators and targets in the funding agreement. The related information is at Annex. It is also stipulated in the agreement that the HKFA should submit to the Government an annual budget application with details of each funding item clearly stated. The HAB would consult the FTF on the HKFA's annual budget application and consider the reasonableness of the resources sought by the HKFA.

In addition, the funding agreement provided that the Government should conduct a mid-term review to assess the progress of the implementation of the Five-Year Strategic Plan. The review would include an assessment of whether the level of funding earmarked for the implementation of the plan would be justified in the light of progress achieved. The FTF actively participated in the mid-term review by examining reports submitted by the HKFA and collecting views from various stakeholders, including HKFA directors and staff, club representatives, coaches, players, fan organisations and the media, on the implementation of the Five-Year Strategic Plan through interviews and focus groups. We completed the mid-term review on the HKFA's Five-Year Strategic Plan in 2018 and reported the related

outcome and recommendations to the Panel on Home Affairs (the Panel) of the Legislative Council in July 2018 through LC Paper No. CB(2)1836/17-18(01). The review findings indicated that the performance of the HKFA in various areas had improved, including governance and organisational development, grassroots and youth football, girls and women's football, football curriculum, coach development and referee development. However, the performance of the HKFA in some areas, including the international ranking of the Hong Kong Team, the organisation and match attendance of the Hong Kong Premier League, HKFA's communication and relationship with stakeholders, and its reliance on public funding, still required improvement. We again reported the HKFA's responses to the mid-term review and its proposed follow-up actions to the Panel in May 2019 through LC Paper No. CB(2)1500/18-19(05).

As illustrated from the above information, the HAB and the FTF mainly monitors the HKFA's proper use of allocated funding and its progress in implementing the Five-Year Strategic Plan in accordance with the requirements stipulated in the funding agreement. The HAB nor the FTF would intervene in the management or directly interfere with the daily operations of the HKFA.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Cheng', with a long horizontal flourish extending to the right.

(Paul CHENG)
for Secretary for Home Affairs

Hong Kong Football Association (HKFA) Five-Year Strategic Plan Final Results of the Performance Targets and Indicators

Performance Targets

- Among the 28 performance targets, the HKFA finally met or exceeded 21 of them, while the remaining 7 were not met.

Performance Target	Final Target	Final Position	Result
<i>Hong Kong Football Curriculum</i>			
(a) Review the curriculum with a view to producing a revised version for implementation	Review the curriculum	The curriculum has been revised to include additional information on “golden age” coaching.	Target met
<i>Coach Education</i>			
(b) Review the courses with a view to producing revised versions for implementation	Review the courses	The courses have been reviewed with changes made as required by the Coach Education Manager and Technical Director	Target met
<i>Football Development Plan</i>			
(c) Introduce a football development plan	Introduce in 2015/16 football season	Introduced in 2015/16 football season	Target met
<i>Grassroots and Youth Football</i>			
(d) Increase the number of programme participants	15 000	17 032	Target exceeded by 13%
<i>Girls and Women Football</i>			
(e) Increase the number of programme participants	3 000	4 078*	Target exceeded by 36%
(f) Introduce representative age	Introduce	U12	Target met

group teams	representative age group teams in 2016/17 football season	representative team set up in February 2017	
<i>Futsal</i>			
(g) Increase the number of programme participants	15 000	23 413	Target exceeded by 56%
<i>Coaching</i>			
(h) Increase the number of qualified coaches registered with HKFA -			
‘D’ Licence coaches	350	315	Below target by 10%
‘C’ Licence coaches	324	289	Below target by 11%
‘B’ Licence coaches	118	112	Below target by 5%
‘A’ Licence coaches	45	48	Exceed target by 7%
‘Pro’ Licence coaches	0	14	Target met
Youth Football Leader certificate#	200	104	Below target by 48%
<i>Refereeing</i>			
(i) Increase the number of referees –			
<u>Referee Development</u>			
FIFA Referee	6	7	Target exceeded by 17%
FIFA Assistant Referee	8	8	Target met
Women FIFA Referee	2	1	Below target by 50%
Women FIFA Assistant Referee	2	1	Below target by 50%
Class 1	45	46	Target exceeded by 2%
Class 2	55	50	Below target by 9%
Class 3	100	127	Target exceeded by 27%
New	120	188	Target exceeded by 56%
<u>Assessors and Instructors</u>			
Referees instructors	14	28	Target exceeded by

			200%
Referees fitness instructors	4	6	Target exceeded by 20%
Referees assessors	40	50	Target exceeded by 25%
<i>Marketing</i>			
(j) Increase sponsorship and advertising gross revenue (cash & product in kind)	12,802,000	16,800,000	Target exceeded by 31%
(k) Conduct longitudinal independently supervised match day surveys of spectators, based on a minimum of 500 questionnaires	Conduct in 2018/19 football season	Conducted 519 interviews with fans	Target met
<i>Governance and Management</i>			
(l) Arrange for the election of a minimum of four independent (non club-linked) directors to the board of directors of the Grantee in the elections to be held	Election of a minimum of four independent directors	5 of independent directors elected	Target met
(m) Adopt a new constitution to reflect AFC/FIFA regulations and review the constitution bi-annually thereafter	Review the constitution	On-going review is underway	Target met

* The HKFA's women football programmes have been seriously affected by the COVID-2019. However, this target has been met and exceeded consistently since the 2015/16 football season. Therefore, to give a fair assessment of the performance of HKFA in women football, we will adopt the HKFA's achieved target for the past one year as at September 2019 as its final result.

This is a new target added in 2018/19 football season.

Performance Indicators

- Among the 5 performance indicators, the HKFA finally met or exceeded 2 of them, while the remaining 3 were not met.

Performance Indicator	Final Target	Final Position	Result
<i>Hong Kong Premier League (HKPL)</i>			
(n) Average attendance per HKPL match (by football season)	2 500	765 [@]	Below target by 70%
<i>Football Facilities</i>			
(o) Preparation of a plan for the implementation of a new football facilities strategy	Produced the plan	The Football Training Centre was in official operation and for public since March 2019	Target met
<i>Website Hits</i>			
(p) Increase average daily website hits of HKFA website	600 000	386 062	Below target by 36%
<i>HKFA Fans Database</i>			
(q) Increase number of fans registered in HKFA fan database	30 000	51 420	Target exceeded by 71%
<i>HKFA Membership</i>			
(r) Expand the membership of HKFA	100	82	Below target by 12%

- @ Due to COVID-19, the number of people attending HKPL matches dropped and a number of HKPL matches were postponed. In the 2018/19 football season, the average attendance per HKPL match was 1 006.

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GOVERNMENT SECRETARIAT
HOME AFFAIRS BUREAU

12/TH FLOOR, WEST WING,
CENTRAL GOVERNMENT OFFICES,
2 TIM MEI AVENUE,
TAMAR,
HONG KONG.

本函檔號 Our Ref. : HAB CR/1-160/7/30C
來函檔號 Your Ref. : CB4/PAC/R74

電話號碼 Tel. No. : 3509 8124
傳真號碼 Fax No. : 2519 7404

22 June 2020

Mr Anthony CHU
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

The Director of Audit's Report No. 74

Management of funding for sports development through the Arts and Sport Development Fund (Sports Portion)

Regarding the request for relevant information on Part 4 of Chapter 1 of the Director of Audit's Report No. 74 in your letter of 9 June 2020, our response is as follows.

- (a) For the five-year period starting from 2020-21, the Home Affairs Bureau (HAB) will provide a time-limited funding of \$5 million per year to support a review by the SF&OC of the operation and internal monitoring mechanism of 79 “national sports associations” (NSAs) (including the Hong Kong Football Association (HKFA)) as well as the formulation of a code of governance for compliance by all NSAs. According to the proposal submitted by the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC), the funding will be mainly used for the employment of full-time staff to form a dedicated team to carry out various relevant tasks of the review and other related expenses. The funding is not intended to be allocated to individual NSAs.
- (b) The HAB has written to the HKFA on 8 May 2020 and requested it to submit an action plan on how it intends to address the issues identified in the Audit

Report for the Football Task Force (FTF)'s consideration. When handling the funding application of the HKFA's new strategic plan, the HAB will consider the HKFA's action plan and consider setting performance targets related to the HKFA's governance to monitor the progress of the HKFA's follow-up and implementation of relevant recommendations.

- (c) The HAB earmarked a total of \$125 million for the implementation of the HKFA's Five-year Strategic Plan (Five-year Plan) from April 2015 to March 2020. Since the HKFA's actual expenditure for the implementation of the Plan was less than the earmarked amount, there was unspent funding. The HAB has deployed this remaining amount to fund the HKFA's posts to maintain the required administrative and technical capability during the transitional period from April to June 2020. The HAB will review the HKFA's proposal on the creation of new posts when considering the funding application by the HKFA for the implementation of its new strategic plan.
- (d) The Handbook for National Sports Associations by the Sports Subvention Scheme of the Leisure and Cultural Services Department (LCSD) is at **Annex**.
- (e) We completed the mid-term review on the HKFA's Five-year Plan in 2018 and reported to the Panel in July 2018. The related outcome and recommendations are set out in LC Paper No. CB(2)1836/17-18(01). The review findings showed that the performance of the HKFA in some areas still required improvement. As mentioned in our report to the Panel in May 2019 vide LC Paper No. CB(2)1500/18-19(05), the HKFA is working on the following improvement measures to address these areas –

	Areas requiring improvement	HKFA's improvement measures
1.	Performance of the Hong Kong Team	<ul style="list-style-type: none"> • Use the new Football Training Centre to enhance the training of the Hong Kong Teams • Cooperate with clubs to better monitor the players' physical and competition states • Strengthen the scouting of potential players • Enhance the training of young players and closely monitor the performance of the junior teams
2.	Hong Kong Premier League (HKPL)	<ul style="list-style-type: none"> • Strengthen the education to clubs in relation to club licensing • Cooperate with the LCSD to enhance the match-day experience • Continue to allocate resources to prevent match

**Note by Clerk, PAC: Annex not attached.*

		fixing
3.	Communication and relationship with stakeholders	<ul style="list-style-type: none"> • Devise a marketing and communications plan • Strengthen communication with clubs and players • Use social media more effectively
4.	Reliance on public funding	<ul style="list-style-type: none"> • Consider developing activities and products etc. with commercial value to increase its commercial revenue • Continue to actively attract sponsorships from companies and other forms of support

The HAB completed the final review on the HKFA's Five-Year Strategic Plan in 2019. The review findings indicate that the measures adopted on the above four items have yet to bring any notable improvements.

- (f) The HKFA's Five-year Plan from 2015-16 to 2019-20 was concluded in March this year. Due to the pandemic, the HKFA is still working to finalise its next five-year strategic plan, which would soon be presented to its Board of Directors for approval. Upon receipt of the formal submission on the new five-year strategic plan, the HAB will handle the funding application and consult the FTF expeditiously.
- (g) It is within the HKFA's purview to set the priorities and objectives in the promotion and development of football in Hong Kong. The HKFA is still working to finalise its next five-year strategic plan, which would soon be presented to its Board of Directors for consideration. When handling the funding application of the HKFA's new strategic plan, the HAB will consider setting performance targets to monitor the progress of the HKFA's implementation of relevant items.
- (h) The HKPL is a professional league. The 10 HKPL clubs operate commercially and need to comply with the regulations of the Asian Football Confederation and the HKFA. HKPL players, whether local or foreign, are employees of the football clubs. The remuneration package of each player is determined with his clubs and bound by a player contract, which is operated under the commercial market mechanism.

The HAB assists the HKFA to promote and develop football mainly through funding and venue support. Under the Five-year Plan, the HKFA is committed to improve the overall development of local football, organise leagues of different levels and various community promotion programmes, including the Youth Football Development Programme, the HKPL Junior Programme and the School Sports Programme, so as to enhance the

performance of local footballers, as well as provide more development opportunities and enhance the competitiveness of youths who aspire to be professional football players. In recent years, many clubs participating in the HKPL have increased their investment to tens of millions, and players' remuneration has also increased substantially. Upon our liaison with the Chinese Football Association (CFA), starting from the 2018 football season, the CFA Super League and the Chinese Football League has reinstated, starting from the 2018 football season, the practice of allowing each football team to register one player from Hong Kong to play in the leagues without counting this player against the quota of foreign players. This arrangement offers Hong Kong players more opportunities to participate in high-level competitions and receive better remuneration packages.

Yours sincerely,

(Paul CHENG)
for Secretary for Home Affairs



電話 TEL: 2601 8839
圖文傳真 FAX NO: 26911264
本署檔號 OUR REF: (8) in LCSD SD SDev/25/30(20)
來函檔號 YOUR REF:

26 May 2020

Mr Anthony CHU
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Account Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 74

**Management of funding for sports development through
the Arts and Sport Development Fund (Sports Portion)**

Thank you for your letter dated 18 May 2020 to the Director of Leisure and Cultural Services requesting for information on Part 4 of Chapter 1 “Funding for football development”. The required information is provided as follows-

- (a) did the Home Affairs Bureau/the Leisure and Cultural Services Department (LCSD) receive a copy of the annual reports of Hong Kong Football Association (HKFA)?

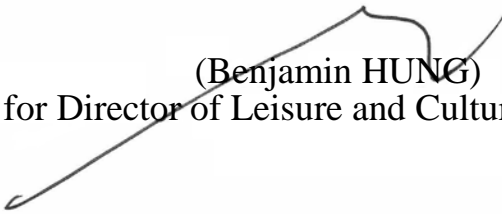
LCSD did not receive a copy of the annual reports of HKFA.

- (b) how did LCSD determine the subvention amount under the Sports Subvention Scheme for HKFA?

LCSD will take into account the following factors in determining the amount of subvention to HKFA under Sports Subvention Scheme:

- i. staff strength and past expenditure pattern,
- ii. performance of HKFA against the targets set for the last financial year, including HKFAs' effectiveness in managing programmes and administering subvention, and
- iii. practicability and effectiveness of the annual plan and the mid-term development plan submitted by HKFA.

Yours sincerely,



(Benjamin HUNG)
for Director of Leisure and Cultural Services



THE HONG KONG FOOTBALL ASSOCIATION LIMITED
香港足球總會有限公司

HKFA

AFFILIATED TO FIFA & AFC IN 1954

Your Ref.: CB4/PAC/R74

Our Ref.: PW-0420/20

1 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 74
Management of funding for sports development through
the Arts and Sports Development Fund (Sports Portion)

I refer to your letter of 18 May 2020. Our reply is provided in the ensuing paragraphs.

Item (a)

2034 Plan

The HKFA Chairman referred to the '2034 Plan' at the Public Accounts Committee. The '2034 plan' is a strategic goal in the proposed HKFA Strategic Plan 2020-2025. The Strategic Goal 1: The Hong Kong Project 2034 (draft) is to implement plans and actions to develop elite boy footballers to become professional players. The objective is for some of these elite players to ultimately represent Hong Kong with the ambitious target to enable Hong Kong Men to qualify for the FIFA World Cup in 2034.



HKFA

AFFILIATED TO FIFA & AFC IN 1954

THE HONG KONG FOOTBALL ASSOCIATION LIMITED

香港足球總會有限公司

The proposed Strategic Plan 2020-2025 has not been endorsed by the HKFA Board at time of writing (27th May 2020) and therefore the details of the plan and resources required cannot be confirmed at this time.

Item (b)

According to FIFA official website, the highest ranking of the Hong Kong's football team is 90 (out of 181 countries / territories) in February 1996. Hong Kong ranked 103 (out of 167) in August 2013 and 143 (out of 211) currently, i.e. in April 2020.¹ FIFA membership has expanded from 167 to 211 and significant changes to the calculation method were made in 1999 and 2006. Both the calculation method and FIFA membership have changed since the ranking system started in 1992. Therefore the ranking in 1996 at 90 cannot be compared with that of 2020.

Item (c)

Members D, F and G were board members during football seasons 2014/15 to 2018/19.

Item (d)

The following proposed measures and timeline are initial ideas and Board approval is required.

a. Measures

(i) On the administration side

- to propose a collaborated calendar for HKFA meetings at the start of each season for Board's adoption and implementation, with regular interval between meetings and routinized day, time and venue of meetings
- to enhance communications with members
- to draft an "HKFA Organizational Regulations" for Board's adoption and implementation

¹ Source from FIFA official website: <https://www.fifa.com/fifa-world-ranking/associations/association/hkg/men/>



HKFA

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THE HONG KONG FOOTBALL ASSOCIATION LIMITED

香港足球總會有限公司

- Review time of meetings and plan to arrange out of office hours
- Report attendance of Board and Committee Members at meeting in HKFA Annual Report.

(ii) On the members' side Adopt a policy for non-attendance e.g. termination of appointment for attendance lower than an agreed attendance by the Board of Directors (This policy needs to be approved by the Board of Directors).

b. Timeline

A timetable will be passed to the Board to review and to consider to adopt the proposal.

Item (e)(i)

The “chairman” of the HKFA’s Audit Committee as referred to in Report No. 74 was in fact the convenor of the Audit Committee. There was misunderstanding because the minutes of the Board meeting on 6 July 2015 named the appointed director of all committees as “Convenor / Chairman” without further differentiation nor elaboration. It should be noted that the Board minutes were prepared for internal record purpose only.

A convenor will only be responsible for (i) nominating committee members for Board’s appointment and (ii) a bridge for communications between the Board and the Committee which consists of only independent (non-Board Member) chairman and members, e.g. Disciplinary Committee, Appeal Committee and Audit Committee, but without the rights of a chairman including (i) calling, attending and conducting a meeting and (ii) voting (including casting vote).

At the Board Meeting (meeting no. 1 of 2015-2016 Season) to inaugurate the newly elected Board held on 6 July 2015, a Director was appointed the ‘Convenor’ of the Audit Committee. .

Pursuant to Article 29.1 of Article of Association updated in March 2015, the Audit Committee constitutes one of the Standing Committees of HKFA.

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Item (e)(ii)

For avoidance of doubt, the Chief Executive Officer reported to the LegCo PAC meeting on 16 May 2020 that the Audit Committee was not set up during the 2015/16 to 2018/19 football season. As a matter of fact, the Audit Committee was set up in function during the 2013/14 football season, as evidenced by four meetings held in 2013/14 to 2014/15. According to HKFA Code of Conduct No. 18, it stated that *“Directors and staff members should not disclose any classified information of the Association to any other persons without authorization”*. Therefore, we are unable to disclose the HKFA Board minutes in 2014 and 2015 touching on the work of the Audit Committee. Please see the below summary after checked with the Board minutes:-

Board meeting	Issues relating to the Audit Committee
7 February 2014 (No. 5 of 2013-14 Season)	Board approved the establishment of the Audit Committee
3 March 2014 (No. 6 of 2013-14 Season)	Board approved membership of the Audit Committee
15 May 2014 (no. 8 of 2013-14 Season)	The Audit Committee held a meeting on 9 April 2014 and a report was presented to the Board.
7 August 2014 (No. 1 of 2014-15 Season)	The Audit Committee held a meeting on 3 July 2014 and a report was presented to the Board.
26 January 2015 (No. 5 of 2014-15 Season)	The Audit Committee held a meeting on 11 November 2014 and a report was presented to the Board.
2 March 2015 (No. 6 of 2014-15 Season)	The Audit Committee held a meeting on 13 February 2015 and a report was presented to the Board.
End of 2014-15 Season	All HKFA Committees (including the Audit Committee) had the appointment term came to an end at the close of 2014-15 as the Board would have elections on 26 June 2015.
6 July 2015 (No. 1 of 2015-16 Season)	Appointments for HKFA Committee for the new term (2015-2017) were made on the Board Meeting. Since the Audit Committee should consist of only independent (non-Board Member) chairman and members, a Board Director was appointed as convenor to nominate committee members for Board's appointment.

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HKFA Secretariat did draw the attention to the Board that no successful appointments were made to the membership of the Audit Committee until the current term (2019-2021), i.e. the Audit Committee was failed to form in the terms 2015-2017 and 2017-2019. However, we accept that HKFA Secretariat should have been more forceful to inform the Board. Although the Audit Committee was failed to form, external audit company was appointed to carry out internal audit exercise services.

Item (e) (iii)

HKFA's Annual report is a publicity material prepared for the consumption of HKFA voting and non-voting members only, but is also made available publicly on HKFA's website to interested persons.

HKFA has checked the relevant minutes since 2014-15 and confirmed that all the audited accounts from 2013-14 onwards have already been approved by both the Finance Sub-Committee and the Board.

The Audit Committee was established in the 2013-14 with the first Committee meeting held in April 2014. On 13th February 2015, a Committee meeting was held and the annual audited financial statements for the year ended 30th June 2014 was presented to the Audit Committee and was passed by the members. As a result, there was a statement shown on the annual report 2013-14 that "The accounts of HKFA are endorsed by the Finance Sub-Committee and Audit Committee, and subsequently approved by the Board." The annual accounts 2013-14 of HKFA were endorsed by the Finance Sub-committee and the Audit Committee, and subsequently approved by the Board. However, the annual accounts 2014-15 to 2017-18 of HKFA were endorsed by the Finance Sub-committee but not by the Audit Committee prior to Board approval because the Audit Committee was not formed. The statement concerned in the 2016-2017 Annual Report inadvertently mentioned the Audit Committee. In future, HKFA will be more careful and accurate on the statements made on Annual Report.

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In 2019, a new Audit Committee had been formed. The annual audited financial statements of 2018/19 had been endorsed by the Audit Committee in February 2020.

In future, HKFA will be more careful and accurate on the statements made on Annual Report.

Item (e) (iv)

Agenda of meeting attached in **Annex A & Annex B**.

Item (e) (v)

The first appointment period of an audit firm to perform the internal audit service was a 3-year service contract commencing from April 2015.

The second appointment period of an audit firm to perform the internal audit service was a 2-year service contract commencing from October 2018.

Item (f)

A table with full list of board and committee meeting for full period with dates and indicate attached in **Annex C**

Item (g)(i)

The following table lists the 11 rejected applications under 6 recruitment exercises:



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No	Application Deadline	Date received
1	18-Oct-18	19-Oct-18
2	23-Jun-18	24-Jun-18
3	23-Jun-18	24-Jun-18
4	23-Jun-18	24-Jun-18
5	23-Jun-18	24-Jun-18
6	23-Jun-18	24-Jun-18
7	23-Jun-18	24-Jun-18
8	23-Jun-18	25-Jun-18
9	30-Sep-18	1-Oct-18
10	21-Jan-16	28-Jan-16
11	11-Jun-15	12-Jun-15

Item (g)(ii)

The existing Staff Recruitment Policy and Procedures do not specifically list out the procedures or approving authority where appropriate on handling applications received after deadlines or not sent to the designated recipients. However, existing practices addressing the concerned areas have been adopted under special circumstances, e.g. a vacant position does not have sufficient number of applicants meeting the minimum requirements after repeated job postings, the time and cost effectiveness of continued reposting the job, the level of skillset required for the position and the supply of the talents is exceptional limited in the labour market. When it is the situation, Hiring Manager is required to seek proper approval if warranted. Nevertheless, we will take the recommendations into account and follow up with the relevant committees accordingly.

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Item (g)(iii)

The recommendations made by the Director of Audit are well noted. Relevant guidelines will be added to the written policy when the Staff Recruitment Policy is reviewed by the Organization Development Committee and recommendations presented for the Board of Directors' approval.

Item (g)(iv)

A current policy approved by HKFA Board in February 2019 is appended in **Annex D**.

Item (g)(v)

The HKFA's engaged an external audit firm to review its staff recruitment policy and procedures in October to November 2018. While how to handle the late applications and applications not sent to designated recipients (i.e. the concerned areas identified in paragraph 4.26 of the No. 74 Report of the Director of Audit) have not been specifically addressed in the external audit review. The policy was then refined with the necessary guidelines to address the external auditors' recommendations, the changes made to the policy which mainly addressed the interview panel arrangements and the approval process for the forthcoming recruitment exercises of the three senior management posts, namely (1) the Chief Executive Officer, (2) Head Coach, (3) Technical Director at such time. Subsequently, the staff recruitment policy and procedures were revised and endorsed by the Board in February 2019 in accordance with the findings and recommendations of the external audit firm.

The observations made by the Director of Audit have been noted. Some specific guidelines to address the concerned inadequacies identified in the Director of Audit's report in regard to dealing with late applications and when applications are not sent to the designated recipients will be an agenda item for discussion at the coming ODC Meeting and then recommendations will be presented to the Board of Directors.



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Item (h)

The existing HKFA Code of Conduct contains the abridged guidelines in respect of the declarations of conflict of interest for recruitment and all staff members are required to strictly follow. Specifically, point 13 of the Code of Conduct stipulates that:

Directors and staff members are in the best position to decide or not there is a conflict of interest warranting declaration. If in doubt, it is prudent for the director or staff member to seek clarification from the Board or supervisor respectively.

The following relationship for which a declaration should be made has been stated in the Code of Conduct:

One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the staff member involved in the process.

Under our current practice, the hiring manager is required to indicate whether he/she personally knows the applicant applying for the position when he/she fills in the shortlisting record. A form confirming the composition of interview panel needs to be approved by the approving authority for the interview arrangement (a copy is appended in **Annex E**). Moreover, all the members of the interview panel are required to make their declarations of interest by filling a declaration form which being the formal formalities required for handling conflict of interest. (please refer to **Annex F**).

Item (i)

There is no official / comprehensive study on complimentary tickets being carried out in the past.

For the international matches such as the event mentioned in paragraph 4.38(c)(i) of the audit report, HKFA have record of all the ticket number of those complimentary tickets distributed and we can carry out study as per that information, so that we can understand more and review the distribution list.

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With the exception of complimentary tickets to be distributed based on contractual requirements with parties such as the away team and sponsors, the CEO has the authority to allocate any unredeemed complimentary tickets by entitled persons.

Item (j) (i)

The audited financial statements for the year 2018-2019 has not yet been adopted by the AGM, where the AGM is postponed due to the outbreak of COVID-19.

Item (j)(ii)

The non-cash sponsorship mainly includes the in-kind sponsorship of football products of Hong Kong Representative Teams, referee uniform, drinks, etc...from sponsors. The unaudited amount of non-cash sponsorship received are shown as below,

<u>Period of non-cash sponsorship received by HKFA</u>	<u>HK\$ (in million)</u>
Apr 2014 - Mar 2015	10.6
Apr 2015 - Mar 2016	11.8
Apr 2016 - Mar 2017	10.9
Apr 2017 - Mar 2018	11.1
Apr 2018 - Mar 2019	12.1
Apr 2019 - Mar 2020	11.3

Item (j)(iii)

Reasons for the general decrease in self-generated income of HKFA – gate receipt

Over the four seasons 2014/15 to 2017/18, 82% of HKFA gate receipts were generated from HKFA major international matches / exhibition matches and Hong Kong team matches held in Hong Kong. The remaining 18% of HKFA gate receipts over the four seasons were generated from Hong Kong Premier League, cup matches, sanction fees and levies (i.e. Premier League Asia Trophy 2017). It is worth pointing out that HKFA only receives 5% of the gate receipts of Hong Kong Premier League and matches. Participating clubs would share most of the gate receipts.

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Therefore, the HKFA would rely heavily on international competitions, including official competitions such as the World Cup Qualification and Asian Cup qualifiers, and exhibition matches of high level and quality to attract higher attendance rates and generate more gate receipts for HKFA. However, the level and quality of international competitions depend on the draw results and is out of HKFA control.

The highest gate receipt generated from Hong Kong Team during this period is the Hong Kong vs China match in 2015 which generated HK\$660,320 (exclude the Centennial Exhibition match vs Argentina in 2014/15 which is an exceptional case).

The levy fee when Hong Kong hosted the English Premier League Asia Trophy in 2017 resulted in a rise in gate receipts for the season 2017/18.

The years with a smaller number of quality international matches held in Hong Kong results in the lower gate receipt generated.

Reasons for the general decrease in self-generated income of HKFA – sponsorship

Potential sponsors take into consideration the market value and positive branding image that HKFA and local football could bring. Local football has always attracted a lot of attention and is being discussed publicly in different perspectives by various stakeholders, some potential sponsors might hesitate to invest as sponsor. HKFA must focus on being a positive brand for sponsors to be associated.

We were able to retain major sponsors, yet we lost some secondary sponsors and individual sponsors, especially after the momentum of 2015 World Cup Qualifier HK Vs China.

The cash sponsorship amount had been relatively high for some potential sponsors, for example, the standard package of one local cup competition, i.e. FA Cup, is currently \$300,000 in order to cover most fee of professional cup matches. HKFA will review sponsorship packages to ensure attractive and affordable to potential sponsors.

In fact, sponsors interested in football may choose to support HKPL teams instead of HKFA because of the different objectives and marketing strategies of the sponsors. Currently many HKPL teams are supported by commercial sponsors and we

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understand that some of them have increased their investments substantially in recent years.

Item (j) (iv)

Strengthening the functioning of marketing by being proactive in retaining existing sponsorship and soliciting new sponsorship, as well as developing an effective sponsorship sales strategy.

Target for sponsorship that last for longer period and sponsors that would engage in multi-matches (World Cup Qualifiers, Asian Cup or EAFF) in order to create a sustainable financial situation.

Revise sponsorship strategies that allow lower investment requirement and/or secondary sponsors so that allow the potential sponsors to support HKFA with smaller investment to generate more sponsorship.

Create more opportunities for advertising and brand exposure including enhance the technology such as LED stadium advertising.

Initiate the sponsorship soliciting process with main sponsors eight months in advanced, secondary sponsorship six months in advanced and approach sponsors for international matches three months in advanced or once the information of the international matches become available.

To utilize the opportunities from government matching grants and aim to obtaining more resources from such grants in order to diversity and strengthen the financial sources of HKFA.

HKFA secretariat will form a working group to work on a timeline. A general timeline will be passed to the Marketing and Communication Committee to review.



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Item (j) (v)

Measures to increase the gate receipts, including timeline and details of plan

- 1) Increase the number of Hong Kong Representative Team (HKRT) friendly matches:

Starting from 2020-2021 season, more HKRT friendly matches will be held in Hong Kong during the FIFA window in each season to generate more gate receipt for the HKFA. (Note: due to the COVID-19 pandemic situation, the official match schedule of World Cup Qualifier and Asian Cup Qualifier still pending which might occupy some of the slot in the FIFA window. At the moment, there are 5 FIFA window annually which can play 10 matches.) HKFA plan to invite opponents with high quality and popularity in order to attract audience and generate more gate receipts.

- 2) Usage of the Hong Kong Stadium for the HKRT matches:

In order to allow more people to purchase tickets and enjoy better match day experience, HKFA will put all the HKRT matches at the Hong Kong Stadium rather than Mong Kok Stadium starting from 2020-2021 seasons. HKFA must make effort to market and promote the international matches. The HKRT shall develop a “home venue” at the Hong Kong Stadium.

- 3) HKFA must make effort to market and promote the HKPL from 2020-2021 season to rebrand and raise the image of the HKPL and the clubs. HKFA will closely cooperate with the LCSD to explore various proposals on marketing activities and initiatives to facilitate the HKPL clubs. Before the start of each football season, HKFA and LCSD will conduct the joint meeting for review of the last season and the future planning.

With HKFA’s support to HKPL clubs to develop a fan base within the catchment area of the stadium, including residence and surrounding schools with marketing and promotion campaigns with the objective of increasing attendance and therefore gate receipt. In addition, HKFA plan to change the current stadium/sports ground assignment in the Premier Division to a minimum period of

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three years instead of the current practice of just one year. This will allow the clubs time to build up a fan base around the stadium location.

(j)(vi)

The net financial results of international matches, excluding the sponsorship by the President and Directors on the exhibition game in October 2014 between Hong Kong and Argentina, ranged from lowest of -\$11.6 million to the highest of \$1.2 million during the period 2014/15 to 2018/19.

(j)(vii)

With reference to the audited financial statements, the recurrent and non-recurrent support from Hong Kong Jockey Club (“HKJC”) over the football seasons 2015-2016 to 2017-2018 amounted to \$64 million and \$186 million respectively. For 2018-2019, the audited financial statement has not yet been adopted by the AGM, where the AGM is postponed due to the outbreak of COVID-19. For 2019-2020, the fiscal year will be ended on 30 June 2020.

The purpose of recurrent funding from Hong Kong Jockey Club is to support the youth football development programmes and events. The non-recurrent funding is the support the construction of the Jockey Club HKFA Football Training Centre.

Item (k)

HKFA is required to provide half-yearly report to HAB within one month after the end of the reporting period. However, at the time of preparing the half-yearly report, HKFA reported the figures based on the preliminary figures on hand. It is not unusual for having further adjustments when more information is obtained (e.g. a sponsor agreed to pay for the actual expenses of a particular match. However, at the time of submission the half-yearly report to HAB, the total amount of actual expenses to be sponsored was not yet confirmed due to the late submission of invoices from suppliers. HKFA was required to adjust the figure after the submission of half-yearly report.) or errors are discovered. Therefore, the breakdown submitted to Audit Commission in

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August 2019 included all the subsequent adjustments and resulted in the discrepancies.

In addition, the figures presented to the HAB in the half-yearly reports are unaudited yearly figures ending in March and September, while the figures presented in the HKFA's audited accounts are audited yearly figures ending in June based on football season.

In future, HKFA will strengthen the monitoring on the accuracy of reported figures and update to the HAB in case subsequent adjustments have been made.

Item (I)

HKFA understand from the Director of Audit there were no quotations obtained for each of the five cases with reference to Table 39 of the Audit Report because the Commission considered there was no proper quotation exercises conducted on these five cases.

In regard to the two quotations received for 2016-2017 as mentioned in paragraph 4.59(a) of the Audit Report, these two quotations were received from insurance companies for the medical insurance of professional players and amateur players of Hong Kong Representative Teams after 16 insurance companies had been contacted through an appointed broker. However, our understanding from the Audit Commission was that HKFA were required to carry out a quotation exercise on the insurance broker, even though a quotation exercise was conducted for the appointment of an insurance company via the insurance broker.

Detailed of each of the five cases are further discussed in the following paragraph.

Item A refers to five procurement transactions of insurance for HK Representative Teams amateur players which occurred over three football seasons from 2015-2016 to 2017-18. In each of the five procurement transactions, HKFA did conduct quotation exercises on insurance company through the appointed insurance broker in the three football seasons. However, HKFA did not perform a quotation exercise on the insurance broker due to the lack of professional insurance knowledge on the establishment and running of a Collective Self Insurance Scheme for Football

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(“Insurance Scheme”).

In the end of 2014, HKFA was aware of the insufficient protection on accident, incident and/or injury of Hong Kong Representative Teams players. On 26 Jan 2015, the then CEO prepared a report to the Finance Sub-committee and the Board with recommendations. After further discussions, the proposal was finally approved in-principle the creation of an Insurance Scheme to cover accidents, illnesses, injuries, and compensation on salary of all registered players and seeking expert medical and insurance advice in relation to the establishment of the scheme.

In May 2015, an insurance broker presented a proposal for the procurement of medical, personal accident (“PA”) and employee compensation for players and clubs (“EC”) for taskforce discussion. HFKA Board then discussed the proposal in the meeting and instructed the Secretariat to inform the member clubs about the plan and to further discuss with the recommended broker in detail. The recommended insurance broker was then appointed and has been used by HKFA since then.

In each football season, the broker collects quotations from insurance companies for EC, Medical and PA Insurance on behalf of Premier League Clubs (“HKPL Clubs”) and Hong Kong Representative Teams (Amateur players). (Remark: HKPL clubs are required to procure EC, PA and medical insurance for professional players where HKFA is required to procure the medical and PA insurance for amateur players.) Since the insurance procured by HKPL Clubs forms the major part of the whole Insurance Scheme, the insurance broker were required to present in the HKPL Meeting of their analysis on the quotations from insurance companies and recommendations.

For 2015-2016 football season, the insurance broker contacted 16 insurance companies on behalf of HKFA and finally received two and three quotations for medical insurance and personal accidental respectively but there was only one insurance company could provide both the medical and personal accident insurance.

For 2016-2017 football season, the insurance broker contacted 16 insurance companies on behalf of HKFA and finally received 2 and 1 quotations for medical insurance and personal accidental respectively where only the existing insurance company could provide both the medical and personal accident insurance.

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For 2017-2018 football season, the insurance broker contacted 7 insurance companies and finally received 2 and 1 quotations for medical insurance and personal accidental respectively where only the existing insurance company could provide both the medical and personal accident insurance.

The Audit did understand that in some circumstances, there might be difficulties for HKFA in obtaining quotations.

In this case, due to the high risk of football playing and restriction of insurance industry practice, it would not be practicable for HKFA to do the quotation process by itself. Overall speaking, the insurance broker did help HKFA request quotations from more than 5 insurers in every year.

In future, HKFA will increase the transparency of the insurance broker appointment by inviting more than one broker to bid the service.

Item B refers to two individual procurement transactions, \$25,000 webpage production services and \$72,930 license fee for video analysis software occurred in October 2017 and September 2016 respectively.

Webpage production services refer to a marketing project of a popup store in September 2016. According to our record, the responsible staff considered that it was a sole supplier/service provider but without recording the justification of her judgement. The procurement was finally approved by the then CEO.

License fee for video analysis software refers to the procurement of software license for coaches and analysts to improve the performance of teams and players.

Since the selected software is focused on football aspect and could provide variety of statistical information for analysis, finally it was recommended by technical staff of Hong Kong Representative Teams to procure that software for coaches of different Hong Kong Representative Teams. At that time, HKFA understood from the vendor that it was the sole supplier in HK and did not recognize other vendors in HK were selling the same software. Although the procurement was finally approved by the then

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CEO, detailed justification had not been documented.

Overall, as a matter of fact, the Procurement Policies and Guidelines before October 2018 did not have a clear and explicit requirement on the justification requirement and approval authority of handling exceptional circumstances. Following the revision of Procurement Policies and Guidelines in October 2018, all the procurement cases requiring an exemption from the procurement procedures should provide a full justification with a special approval from the designated approving authority/person holding a higher office.

In future, HKFA will arrange seminars/meetings with procurement staffs to raise their awareness and knowledge on Procurement Policies and Guidelines and require staff to strictly follow the laid-down procedures.

Item C refers to the procurement of IT service for exporting Hong Kong Premier League data to a third-party website for the period from August 2018 to July 2019. The project required the service vendor to get access to HKFA's website server and the IT service vendor, who was responsible for the maintenance of HKFA website, was therefore appointed to handle the project. A written quotation was obtained from this sole service provider. The responsible staff recorded "sole supplier/service provider" on the procurement record but without detailing of his justification. However, according to our understanding, the Audit Commission did not consider it as a valid quotation exercise since proper justification on the procurement was not recorded.

As mentioned in the above, in future, HKFA will arrange seminars/meetings with procurement staffs to raise their awareness and knowledge on Procurement Policies and Guidelines and requires staff to strictly follow the laid-down procedures.

Item D refers to the banner advertising network service in September 2017 to promote 2 matches of Hong Kong Representative Team. According to our record, the responsible staff considered that it was a sole supplier/service provider but without recording the justification of her judgement. The procurement was finally approved by the then CEO.



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THE HONG KONG FOOTBALL ASSOCIATION LIMITED

香港足球總會有限公司

As stated, the Procurement Policies and Guidelines before October 2018 did not have a clear and explicit requirement on the justification requirement and approval authority of handling exceptional circumstances.

In future, HKFA will arrange seminars/meetings with procurement staffs to raise their awareness and knowledge on Procurement Policies and Guidelines and requires staff to strictly follow the laid-down procedures.

Item E refers to procurement of football fraud detection and monitoring services for the Reserve League from June 2018 to Sep 2019. That supplier was appointed by AFC to investigate and monitor leagues for potential match fixing and manipulation across Asia. It oversees all matches in the top two leagues and cups in the AFC Member Associations. Since reserve league had not been covered in the service agreement from AFC, HKFA was required to appoint the service vendor on its own for the football fraud detection and monitoring services. According to our records, the responsible staff had marked down the "Sole Supplier/service vendor" on the procurement record but without detailing the full justification.

As mentioned in the above, in future, HKFA will arrange seminars/meetings with procurement staffs to raise their awareness and knowledge on Procurement Policies and Guidelines and requires staff to strictly follow the laid-down procedures.

Item (m)

The following table shows a list of subvented positions of the HKFA created for implementing the Project Phoenix and FYSP. The duties of some posts, such as positions No. 1, 3, 4, 7 and 8, include improving the governance and management of HKFA.

No.	HKFA Positions	Project Phoenix 2011 to 2015	5-Year Strategic Plan 2015 to 2020
1.	Chief Executive Officer	2011 to present	
2.	Personal Assistant to Chief Executive Officer	2012 to present	
3.	Head of Corporate Governance	2013 to present	
-	Administrative Officer	2012 to 2013	N/A

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4.	Financial Controller	2011 to present	
5.	Accounting Officer	2011 to present	
6.	Accounting Assistant	2011 to present	
-	Corporate Support Manager	2013 to 2014	N/A
7.	Internal Control Manager	2014 to present	
8.	Human Resources Manager	2012 to present	
9.	Human Resources Officer	2012 to present	
10.	IT Manager	2013 to present	
-	Head of Marketing & Communications	2013 to 2014	N/A
11.	Public Relations and Communications Manager	2014 to present	
12.	Marketing Manager	2013 to present	
13.	Marketing Officer	2013 to present	
14.	Public Relations & Communications Officer	Post not existed	2016 to present
15.	Social Media Officer	Post not existed	2015 to present
16.	Technical Director	2012 to 2014	2019 to present
17.	Head Coach	2012 to 2014	2018 to present
-	Head Coach & Technical Director	2014 to 2017, had split in two posts	
18.	Academy Head Coach	2012 to 2020	
-	Special Projects Manager	2013 to 2014	N/A
19.	Head of Football Development	2014 to 2019, post no longer required since April 2019	
20.	Representative Teams Administrative Manager	2013 to present	
21.	Coach Education Manager	2013 to present	
22.	Grassroots Football Manager	2013 to present	
23.	Women's Football Manager	2013 to present	
24.	Futsal Manager (Part Time)	2013 to present	
25.	Futsal Coach (Part Time)	N/A	2016 to present
26.	Referees Manager	2013 to present	
27.	Referees Administrator	N/A	2017 to present

The job descriptions of the positions 1, 3, 4, 7 and 8 are appended in **Annex G**.

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HKFA

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Yours sincerely

(PUI Kwan Kay)

Chairman

- cc Secretary for Home Affairs (fax no. 2591 5536)
Director of Leisure and Cultural Services (fax no. 2691 4661)
Chief Executive Officer, Hong Kong Football Association Secretariat
(fax no. 2760-4303)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

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Audit Committee

1st Meeting of 2019/20

Date : 18 December 2019 (Wednesday)

Time : 9:00 am

Venue : Board Room, 1/F, HKFA Building, 55 Fat Kwong Street, Homantin, Hong Kong.

Agenda items
1. Review of Terms of Reference
2. Review of Internal Audit Charter
3. Overview of Internal Audit Works with [REDACTED]
4. Overview of External Audit Scope
5. Any Other Business



Audit Committee

Meeting of 2019/20 (Teleconference)

Date : 28 February 2020 (Friday)

Time : 11:00 am

Agenda items
1. Review of Annual Audited Financial Statements of HKFA

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
General Meeting									31 Mar 2015 Agenda: yes Minutes: yes			26 Jun 2015 Agenda: yes Minutes: yes
Board		7 Aug 2014 Agenda: yes Minutes: yes	26 Sep 2014 Agenda: yes Minutes: yes	25 Oct 2014 Agenda: yes Minutes: yes	3 Nov 2014 Agenda: yes Minutes: yes	15 Dec 2014 Agenda: yes Minutes: yes	26 Jan 2015 Agenda: yes Minutes: yes	13 Apr 2015 Agenda: yes Minutes: yes	2 Mar 2015 Agenda: yes Minutes: yes	19 May 2015 Agenda: yes Minutes: yes		
Disciplinary Committee			22 Sep 2014 Agenda: Yes Minutes: Yes	6 Oct 2014 Agenda: Yes Minutes: Yes	3 Nov 2014 Agenda: Yes Minutes: Yes	1 Dec 2014 Agenda: Yes Minutes: Yes	12 Jan 2015 Agenda: Yes Minutes: Yes	9 Feb 2015 Agenda: Yes Minutes: Yes	9 Mar 2015 Agenda: Yes Minutes: Yes	8 Apr 2015 Agenda: Yes Minutes: Yes	4 May 2015 Agenda: Yes Minutes: Yes	1 Jun 2015 Agenda: Yes Minutes: Yes
Appeal Committee												
Finance & Strategy Committee			23 Sep 2014 Agenda: Yes Minutes: Yes			4 Dec 2014 Agenda: Yes Minutes: Yes		3 Feb 2015 Agenda: Yes Minutes: Yes			13 May 2015 Agenda: Yes Minutes: Yes	
Organisational Development Committee		27 Aug 2014 Agenda: No Minutes: Yes			24 Nov 2014 Agenda: No Minutes: Yes						11 May 2015 Agenda: No Minutes: Yes	
Technical and Playing Committee												
Football Development Sub-committee						11 Dec 2014 Agenda: Yes Minutes: No						
Representative Teams Management Sub-committee												
Futsal and Women's Football Sub-committee							7 Jan 2015 Agenda: Yes Minutes: Yes			4 Apr 2015 Agenda: yes Minutes: no		
Audit Committee	3 Jul 2014 Agenda: No Minutes: Yes				11 Nov 2014 Agenda: Yes Minutes: Yes			13 Feb 2015 Agenda: Yes Minutes: Yes				
Referees Committee			11 Sep 2014 Agenda: Yes Minutes: Yes		20 Nov 2014 Agenda: Yes Minutes: Yes		28 Jan 2015 Agenda: Yes Minutes: Yes		9 Mar 2015 Agenda: Yes Minutes: Yes		14 Apr 2015 Agenda: Yes Minutes: Yes	9 Jun 2015 Agenda: Yes Minutes: Yes
Legal Committee		4 Aug 2014 Agenda: yes Minutes: yes						4 Feb 2015 Agenda: yes Minutes: yes				

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Marketing and Communications Committee												

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
General Meeting									31 Mar 2016 Agenda: yes Minutes: yes			26 Jun 2016 Agenda: yes Minutes: yes
Board	6 Jul 2015 Agenda: yes Minutes: yes	3 Aug 2015 Agenda: yes Minutes: yes		5 Oct 2015 Agenda: yes Minutes: yes		7 Dec 2015 Agenda: yes Minutes: yes		1 Feb 2016 Agenda: yes Minutes: yes		5 Apr 2016 Agenda: yes Minutes: yes		6 Jun 2016 Agenda: yes Minutes: yes
Disciplinary Committee			29 Sep 2015 Agenda: Yes Minutes: Yes	12 Oct 2015 Agenda: Yes Minutes: Yes	9 Nov 2015 Agenda: Yes Minutes: Yes	7 Dec 2015 Agenda: Yes Minutes: Yes	4 Jan 2016 Agenda: Yes Minutes: Yes	15 Feb 2016 Agenda: Yes Minutes: Yes	14 Mar 2016 Agenda: Yes Minutes: Yes	11 Apr 2016 Agenda: Yes Minutes: Yes	9 May 2016 Agenda: Yes Minutes: Yes	6 Jun 2016 Agenda: Yes Minutes: Yes
Appeal Committee				26 Oct 2015 Agenda: Yes Minutes: Yes	23 Nov 2015 Agenda: Yes Minutes: Yes	21 Dec 2015 Agenda: Yes Minutes: Yes	18 Jan 2016 Agenda: Yes Minutes: Yes	29 Feb 2016 Agenda: Yes Minutes: Yes	29 Mar 2016 Agenda: Yes Minutes: Yes	25 Apr 2016 Agenda: Yes Decision: Yes	23 May 2016 Agenda: Yes Minutes: Yes	20 Jun 2016 Agenda: Yes Minutes: Yes
Finance and Strategy Committee												
Finance Sub-committee				7 Oct 2015 Agenda: Yes Minutes: Yes			13 Jan 2016 Agenda: Yes Minutes: Yes				6 May 2016 Agenda: Yes Minutes: Yes	
Strategy Sub-committee				7 Oct 2015 Agenda: Yes Minutes: Yes			13 Jan 2016 Agenda: Yes Minutes: Yes				6 May 2016 Agenda: Yes Minutes: Yes	
Organisational Development Committee					26 Nov 2015 Agenda: Yes Minutes: Yes				2 Mar 2016 Agenda: Yes Minutes: Yes			
Technical and Playing Committee							18 Jan 2016 Agenda: Yes Minutes: Yes	17 Feb 2016 Agenda: no Minutes: yes				
Futsal, Women's Football and Beach Soccer Sub-committee								5 Feb 2016 Agenda: yes Minutes: yes				
Audit Committee												
Referees Committee			9 Sep 2015 Agenda: Yes Minutes: Yes		2 Nov 2015 Agenda: Yes Minutes: Yes	17 Dec 2015 Agenda: Yes Minutes: Yes		19 Feb 2016 Agenda: Yes Minutes: Yes		26 Apr 2016 Agenda: Yes Minutes: Yes		22 Jun 2016 Agenda: Yes Minutes: Yes
Legal Committee												
Marketing and Communications Committee	28 Jul 2015 Agenda: Yes Minutes: No				05 Nov 2015 Agenda: Yes Minutes: No	9 Dec 2015 Agenda: Yes Minutes: No	14 Jan 2016 Agenda: yes Minutes: yes					
Members Committee									3 Mar 2016 Agenda: yes Minutes: yes		24 May 2016 Agenda: yes Minutes: yes	
Electoral Committee												
Medical Committee												

Competitions Committee	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
General Meeting									20 Mar 2017 Agenda: yes Minutes: yes			
Board	11 Jul 2016 Agenda: yes Minutes: yes	1 Aug 2016 Agenda: yes Minutes: yes		3 Oct 2016 Agenda: yes Minutes: yes 3 Oct 2016 Agenda: Yes Minutes: Yes		5 Dec 2016 Agenda: yes Minutes: yes		6 Feb 2017 Agenda: yes Minutes: yes	20 Mar 2017 Agenda: Yes Minutes: Yes	10 Apr 2017 Agenda: yes Minutes: yes	2 May 2017 Agenda: Yes Minutes: Yes	5 Jun 2017 Agenda: yes Minutes: yes
Disciplinary Committee	4 Jul 2016 Agenda: Yes Minutes: Yes		5 Sep 2016 Agenda: Yes Minutes: Yes	17 Oct 2016 Agenda: Yes Minutes: Yes	14 Nov 2016 Agenda: Yes Minutes: Yes	12 Dec 2016 Agenda: Yes Minutes: Yes	9 Jan 2017 Agenda: Yes Minutes: Yes	6 Feb 2017 Agenda: Yes Minutes: Yes	6 Mar 2017 Agenda: Yes Minutes: Yes	3 Apr 2017 Agenda: Yes Minutes: Yes	15 May 2017 Agenda: Yes Minutes: Yes	12 Jun 2017 Agenda: Yes Minutes: Yes
Appeal Committee	25 Jul 2016 Agenda: Yes Minutes: Yes		19 Sep 2016 Agenda: Yes Minutes: Yes	31 Oct 2016 Agenda: Yes Minutes: Yes	28 Nov 2016 Agenda: Yes Minutes: Yes	28 Dec 2016 Agenda: Yes Minutes: Yes	23/1/2017 Agenda: Yes Minutes: Yes	20 Feb 2017 Agenda: Yes Minutes: Yes	20 Mar 2017 Agenda: Yes Minutes: Yes	18 Apr 2017 Agenda: Yes Minutes: Yes	29 May 2017 Agenda: Yes Minutes: Yes	
Finance and Strategy Committee									15 Mar 2017 Agenda: Yes Decision: Yes			
Finance Sub-committee			7 Sep 2016 Agenda: Yes Minutes: Yes		22 Nov 2016 Agenda: Yes Minutes: Yes		25 Jan 2017 Agenda: Yes Minutes: Yes			27 Apr 2017 Agenda: Yes Minutes: Yes		
Strategy Sub-committee			7 Sep 2016 Agenda: Yes Minutes: Yes		22 Nov 2016 Agenda: Yes Minutes: Yes		25 Jan 2017 Agenda: Yes Minutes: Yes			27 Apr 2017 Agenda: Yes Minutes: Yes		
Organisational Development Committee					24 Nov 2016 Agenda: Yes Minutes: Yes							
Technical and Playing Committee						17 Dec 2016 Agenda: yes Minutes: yes					29 May 2017 Chairman Notes & Agenda: yes Minutes: yes	
Futsal, Women's Football and Beach Soccer Sub-committee									29 Mar 2017 Agenda: yes Minutes: yes		7 May 2017 Agenda: yes Minutes: no	
Audit Committee												
Referees Committee			1 Sep 2016 Agenda: Yes Minutes: Yes		9 Nov 2016 Agenda: Yes Minutes: Yes		13 Jan 2017 Agenda: Yes Minutes: Yes	23 Feb 2017 Agenda: Yes Minutes: Yes		27 Apr 2017 Agenda: Yes Minutes: Yes		14 Jun 2017 Agenda: Yes Minutes: Yes
Legal Committee			12 Sep 2016 Agenda: yes Minutes: yes									
Marketing and Communications Committee												
Members Committee	5 Jul 2016 Agenda: yes Minutes: yes											
Electoral Committee												
Medical Committee												

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Competitions Committee									27 Mar 2017 Agenda: Yes Minutes: Yes		15 May 2017 Agenda: Yes Minutes: Yes	19 Jun 2017 Agenda: Yes Minutes: Yes 22 Jun 2017 Agenda: Yes Minutes: Yes

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
General Meeting									28 Mar 2018 Agenda: yes Minutes: yes			
Board	17 Jul 2017 Agenda: yes Minutes: yes			9 Oct 2017 Agenda: Yes Minutes: yes		18 Dec 2017 Agenda: yes Minutes: yes	2 Jan 2018 Agenda: Yes Minutes: Yes	5 Feb 2018 Agenda: yes Minutes: yes	12 Mar 2018 Agenda: Yes Minutes: Yes	16 Apr 2018 Agenda: yes Minutes: yes		4 Jun 2018 Agenda: yes Minutes: yes 4 Jun 2018 Agenda: Yes Minutes: Yes
Disciplinary Committee	10 Jul 2017 Agenda: Yes Minutes: Yes		11 Sep 2017 Agenda: Yes Minutes: Yes	9 Oct 2017 Agenda: Yes Minutes: Yes	6 Nov 2017 Agenda: Yes Minutes: Yes	4 Dec 2017 Agenda: Yes Minutes: Yes	15 Jan 2018 Agenda: Yes Minutes: Yes	12 Feb 2018 Agenda: Yes Minutes: Yes	19 Mar 2018 Agenda: No Minutes: Yes	9 Apr 2018 Agenda: Yes Minutes: Yes	7 May 2018 Agenda: Yes Minutes: Yes	7 June 2018 Agenda: No Minutes: Yes
Appeal Committee			25 Sep 2017 Agenda: Yes Minutes: Yes	23 Oct 2017 Agenda: Yes Minutes: Yes	20 Nov 2017 Agenda: Yes Minutes: Yes	20 Dec 2017 Agenda: Yes Minutes: Yes	29 Jan 2018 Agenda: Yes Minutes: Yes	26 Feb 2018 Agenda: Yes Minutes: Yes	26 Mar 2018 Agenda: Yes Minutes: Yes	23 Apr 2018 Agenda: Yes Minutes: Yes	21 May 2018 Agenda: No Minutes: Yes	19 June 2018 Agenda: Yes Minutes: Yes
Finance and Strategy Committee							24 Jan 2018 Agenda: Yes Decision: Yes					
Finance Sub-committee			13 Sep 2017 Agenda: Yes Minutes: Yes						8 Mar 2018 Agenda: Yes Minutes: Yes		21 May 2018 Agenda: Yes Minutes: Yes	
Strategy Sub-committee			13 Sep 2017 Agenda: Yes Minutes: Yes						8 Mar 2018 Agenda: Yes Minutes: Yes		21 May 2018 Agenda: Yes Minutes: Yes	
Organisational Development Committee					24 Nov 2017 Agenda: Yes Minutes: Yes							
Technical and Playing Committee								1 Feb 2018 Agenda: Yes Minutes: yes				
Futsal, Women's Football and Beach Soccer Sub-committee		22 Aug 2017 Agenda: yes Minutes: yes			22 Nov 2017 Agenda: yes Minutes: yes							
Audit Committee												
Referees Committee		7 Aug 2017 Agenda: Yes Minutes: Yes	27 Sep 2017 Agenda: Yes Minutes: Yes			8 Dec 2017 Agenda: Yes Minutes: Yes		28 Feb 2018 Agenda: Yes Minutes: Yes		6 Apr 2018 Agenda: Yes Minutes: Yes	18 May 2018 Agenda: yes Minutes: yes	7 Jun 2018 Agenda: Yes Minutes: Yes
Legal Committee												
Marketing and Communications Committee												
Members Committee		22 Aug 2017 Agenda: yes Minutes: yes			22 Nov 2017 Agenda: yes Minutes: yes							
Electoral Committee												
Medical Committee			6 Sep 2017 Agenda: Yes Minutes: Yes									28 May 2018 Agenda: Yes Minutes: Yes

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
HKPL Meeting							23 Jan 2018 Agenda: Yes Minutes: Yes			26 Apr 2018 Agenda: Yes Minutes: Yes		1 Jun 2018 Agenda: Yes Minutes: Yes
HKFL (1st, 2nd & 3rd Divisions) Meeting		23 Aug 2017 19:15-20:30 (Seminar)										
Competitions Committee											24 May 2018 Agenda: Yes Minutes: Yes	

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
General Meeting									29 Mar 2019 Agenda: yes Minutes: yes			
Board	26 Jul 2018 Agenda: yes Minutes: yes	2 Aug 2018 Agenda: yes Minutes: yes		2 Oct 2018 Agenda: yes Minutes: yes		10 Dec 2018 Agenda: yes Minutes: yes 3 Dec 2018 Agenda: Yes Minutes: Yes	18 Feb 2019 Agenda: Yes Minutes: yes	1 Apr 2019 Agenda: yes Minutes: yes	17 Jun 2019 Agenda: yes Minutes: yes			
Disciplinary Committee	3 Jul 2018 Agenda: Yes Minutes: Yes		10 Sep 2018 Agenda: Yes Minutes: Yes	5 Nov 2018 Agenda: Yes Minutes: Yes	12 Nov 2018 Agenda: No Minutes: Yes	11 Feb 2019 Agenda: Yes Minutes: Yes	14 Jan 2019 Agenda: Yes Minutes: Yes	8 Apr 2019 Agenda: Yes Minutes: Yes	6 May 2019 Agenda: Yes Minutes: Yes	23 Apr 2019 Agenda: Yes Minutes: Yes	20 May 2019 Agenda: Yes Minutes: Yes	3 June 2019 Agenda: Yes Minutes: Yes
	16 Jul 2018 Agenda: Yes Minutes: Yes		24 Sep 2018 Agenda: Yes Minutes: Yes	19 Nov 2018 Agenda: Yes Minutes: Yes	20 Dec 2018 Agenda: No Minutes: Yes	21 Jan 2019 Agenda: No Minutes: Yes	25 Feb 2019 Agenda: Yes Minutes: Yes	26 Apr 2019 Agenda: No Minutes: Yes				17 June 2019 Agenda: Yes Minutes: Yes
	30 Jul 2018 Agenda: Yes Minutes: Yes				31 Dec 2018 Agenda: Yes Minutes: Yes	28 Jan 2018 Agenda: Yes Minutes: Yes	4 Mar 2019 Agenda: Yes Decision: Yes					
Appeal Committee						18 Jan 2019 Agenda: Yes Decision: Yes						
Finance and Strategy Committee												
Finance Sub-committee			18 Sep 2018 Agenda: Yes Minutes: Yes								24 May 2019 Agenda: Yes Minutes: Yes	
Strategy Sub-committee			18 Sep 2018 Agenda: Yes Minutes: Yes								24 May 2019 Agenda: Yes Minutes: Yes	
Organisational Development Committee				19 Nov 2018 Agenda: Yes Minutes: (not confirmed)								
Technical and Playing Committee								20 Feb 2019 Agenda: Yes Minutes: No			12 May 2019 Agenda: Yes Minutes: Yes	
Futsal, Women's Football and Beach Soccer Sub-committee		15 Aug 2018 Agenda: yes Minutes: no									23 May 2019 Agenda: Yes Minutes: Yes	
Audit Committee											21 May 2019 Agenda: Yes Minutes: No	
Referees Committee		30 Aug 2018 Agenda: Yes Minutes: Yes		5 Oct 2018 Agenda: Yes Minutes: Yes								21 Jun 2018 Agenda: Yes Minutes: Yes
Legal Committee		24 Aug 2018 Agenda: yes Minutes: yes										
Marketing and Communications Committee										2 Apr 2019 Agenda: Yes Minutes: Yes	9 May 2019 Agenda: Yes Minutes: Yes	20 Jun 2019 Agenda: Yes Minutes: Yes

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Members Committee		15 Aug 2018 Agenda: yes Minutes: yes									22 May 2019 Agenda: Yes Minutes: yes	
Electoral Committee									15 Mar 2019 Agenda: Yes Minutes: yes		22 May 2019 Agenda: Yes Minutes: yes	
Medical Committee			17 Sep 2018 Agenda: Yes Minutes: Yes								27 May 2019 Agenda: Yes Minutes: Yes	
Competitions Committee				30 Oct 2018 Agenda: Yes Minutes: Yes							17 May 2019 Agenda: Yes Minutes: Yes	

Meeting Schedule 2019

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
General Meeting												
Board	15 Jul 2019 Agenda: yes Minutes: yes	14 Aug 2019 Agenda: yes Minutes: yes		8 Oct 2019 Agenda: yes Minutes: yes		12 Dec 2019 Agenda: yes Minutes: yes	7 Jan 2020 Agenda: yes Minutes: yes 22 Jan 2020 Agenda: yes Minutes: yes		7 Mar 2020 Agenda: yes Minutes: yes 23 Mar 2020 Agenda: yes Minutes: yes 2 Mar 2020 Agenda: Yes Minutes: Yes 16 Mar 2020 Agenda: Yes Minutes: Yes 30 Mar 2020 Agenda: Yes Minutes: Yes	16 Apr 2020 Agenda: yes Minutes: yes		
Disciplinary Committee	2 Jul 2019 Agenda: Yes Minutes: Yes 15 Jul 2019 Agenda: Yes Minutes: Yes		30 Sep 2019 Agenda: Yes Minutes: Yes	14 Oct 2019 Agenda: Yes Minutes: Yes 28 Oct 2019 Agenda: Yes Minutes: Yes	11 Nov 2019 Agenda: Yes Minutes: Yes 25 Nov 2019 Agenda: Yes Minutes: Yes	9 Dec 2019 Agenda: Yes Minutes: Yes 23 Dec 2019 Agenda: Yes Minutes: Yes	6 Jan 2020 Agenda: Yes Minutes: Yes 20 Jan 2020 Agenda: Yes Minutes: Yes	3 Feb 2020 Agenda: Yes Minutes: Yes 17 Feb 2020 Agenda: Yes Minutes: Yes				
Appeal Committee												
Finance Sub-committee			24 Sep 2019 Agenda: Yes Minutes: Not yet									
Strategy Sub-committee			24 Sep 2019 (Part 1) Agenda: Yes Minutes: Not yet	2 Oct 2019 (Part 2) 30 Oct 2019 (Part 3) Minutes: Not yet								
Organisational Development Committee					15 Nov 2019 Agenda: Yes Minutes: Yes	4 Dec 2019 Agenda: Yes Minutes: Yes (not confirmed)						
Technical and Playing Committee		1 Aug 2019 Agenda: Yes Minutes: Yes			27 Nov 2019 Agenda: Yes Minutes: Yes						12 May 2020 Agenda: Yes Minutes: Yes	
Coaching Sub-Committee					20 Nov 2019 Agenda: Yes Minutes: Yes							
Youth Development Sub-Committee					26 Nov 2019 Agenda: Yes Minutes: Yes							
Competitions Sub-Committee												
Futsal and Beach Soccer Sub-committee					31 Nov 2019 Agenda: yes Minutes: no							

Meeting Schedule 2019

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Women's Football Sub-Committee						11 Dec 2019 Agenda: yes Minutes: yes						
Audit Committee						18 Dec 2019 Agenda: yes Minutes: yes (not yet confirm)		28 Feb 2020 Agenda: yes Minutes: yes (not yet confirm)				
Referees Committee			11 Sep 2019 Agenda: Yes Minutes: Yes	28 Oct 2019 Agenda: Yes Minutes: Yes		20 Dec 2019 Agenda: Yes Minutes: Yes						
Legal Committee												
Marketing and Communications Committee				31 Oct 2019 Agenda: Yes Minutes: Yes								
Members Committee					1 Nov 2019 Agenda: yes Minutes: yes							
Electoral Committee		19 Aug 2019 Agenda: yes Minutes: yes										
Electoral Appeal Committee												
Medical Committee				21 Oct 2019 Agenda: Yes Minutes: Yes								

Staff Recruitment Policy and Procedures

1. Authorization of Recruitment Actions

- 1.1 To fill a vacant post, it may be through internal recruitment, and / or external recruitment, or transfer / deployment, or through internal promotion.
- 1.2 For any existing post, when it is vacant, the department head can authorize and inform HR to commence the recruitment action for the relevant post replacement. If needed, the department head can make modifications to that post (e.g. in job nature or post title), with consent from HR Manager. Advice from Head of Corporate Governance will be sought if needed. The CEO takes the responsibilities to confirm the job descriptions for all vacant positions. For the post of Chief Executive Officer, Head Coach and Technical Director, the recruitment procedures such as forming the recruitment panel (for shortlisting and conducting interviews) shall be determined by the Board of the HKFA. The job descriptions of the Chief Executive Officer shall be confirmed by the Board of HKFA.
- 1.3 For establishment of any new post in a department, approval by the CEO should first be sought, who will consult and get consent from the Organizational Development Committee (ODC) / relevant governing committee as appropriate. The department head can then authorize the recruitment procedures for the new post.

2. Arrangement for Internal and External Recruitment

- 2.1 The approach to fill vacant posts can be through following means under different scenarios:-

No.	Scenario	Action to be taken
1	Internal transfer Vacant position is found: - Potential staff member(s) considered suitable for	<i>(Not applicable to vacancies funded by LCSD / HAB)</i> - Direct appointment for internal transfer can be made with recommendation from respective

No.	Scenario	Action to be taken
	transfer to this position (as recommended by department head)	department head(s) and approval from CEO.
2	<p>Internal promotion</p> <p>Vacant position is found:</p> <ul style="list-style-type: none"> - Potential staff member(s) considered suitable for promotion to this position (as recommended by department head) 	<p><i>(Not applicable to vacancies funded by LCSD / HAB)</i></p> <ul style="list-style-type: none"> - Open external recruitment for internal promotion can be exempted with approval from CEO. - The vacancy needs to be made open for all internal staff members, with usual recruitment / interview processes followed through accordingly.

- 2.2 Any staff member who considers himself/herself suitable for the vacant post and wants to apply may follow the application procedure as given in the relevant circular / advertisement.
- 2.3 External applicants for a vacant post may come from respondents to local newspaper advertisements, corporate website, and waiting list of previous recruitment exercises.

3. Recruitment Advertisements

- 3.1 Based on the job descriptions, the hiring department/unit is required to draft / review the advertisements, with input from HR which will help to place advertisements as appropriate.
- 3.2 The content of the advertisement should include:
- a) Specifications on the scope of responsibilities of the post;
 - b) Qualifications and experience required (should make reference to the entry requirement for related job grades);
 - c) Expected/preferred attributes, competencies and skills;
 - d) Brief indication of remunerations or requiring the applicant to state

- expected salary;
 - e) The address/e-mail and closing date for application;
 - f) Handling time frame, if appropriate (i.e. *“Applicants not contacted within 4 weeks after the deadline may consider their applications unsuccessful and all related information will be kept on our files up to a period of 6 months.”*).
 - g) The standard personal data collection statement (i.e. *“Personal data provided by job applicants will be used strictly in accordance with employer’s personal data policies for recruitment purpose”*).
- 3.3 The recruitment advertisement will be posted on the HKFA website (in addition to other channels that may be posted as agreed between HR and the hiring manager).

4. Short-listing Candidates

- 4.1 All applications should be processed in strict confidence according to the Personal Data (Privacy) Ordinance, especially for document bearing name and HKID no. of applicants.
- 4.2 The shortlisting process should be agreed with the Hiring Manager, who is responsible for the preliminary screening and short-listing, who may assign a designated staff member to assist where considered appropriate. Typically, the number of shortlisted candidates would be in the range between 3 and 8. Applications for the same position should adhere to the same recruitment process where only job applications fulfilling all requirements should be considered unless exceptional approval by the Hiring Manager.
- 4.3 Short-listing should strictly follow the written criteria deduced from the job analysis/description of the post. Shortlisting results and justifications need to be properly recorded and documented.

5. Selection and Appointment

- 5.1 Selection of a suitable candidate for a particular post is usually conducted in the form of interview.
- 5.2 Interview Arrangement

- a) All invitations for interview shall be coordinated by the HR.
- b) Applicants will be requested to submit their CVs before attending interviews if applicable.
- c) Interview will be conducted by the Hiring Manager and relevant parties (as stipulated below). An interview assessment form is required to be completed. The second/final interview of applicants will be conducted if considered necessary by the Hiring Manager. Apart from the recruitment of CEO, Head Coach and Technical Director, (these positions will be administered in different process with a recruitment panel (may involve an individual shortlisting panel and an individual interview panel) as determined by the Board), the following parties should be involved in the recruitment process (unless otherwise advised by the hiring manager). In any cases, at least two members should be involved in an interview.

Level of Recruiting person	Parties to be involved in the Recruitment Process
CEO	<ul style="list-style-type: none"> - Chairman of the Board as the chairman of recruitment panel - Other relevant Board members as determined by The Board
Head Coach/ Technical Director	<ul style="list-style-type: none"> - Chairman of the Technical & Playing Committee as the chairman of recruitment panel. - CEO - Other relevant parties / committee members as determined by The Board
Senior management (e.g. department head)	<ul style="list-style-type: none"> - Chairman (or delegate) of relevant committee as the chairman of recruitment panel - Other relevant staff / committee member(s), as determined by the Chairman of relevant committee - CEO
Manager	<ul style="list-style-type: none"> - Hiring manager (i.e. respective department head), as the chairman of recruitment panel - Head of another department as the third party if needed (as determined by the hiring

	<ul style="list-style-type: none"> manager) - Head of Corporate Governance / HR Manager
Officer and below	<ul style="list-style-type: none"> - Hiring manager (i.e. supervisor of the job position), as the chairman of recruitment panel - Respective department head (if he / she considers necessary, who will be the chairman of the interview panel then if present.) - Manager of another department as the third party if needed (as determined by the hiring manager) - HR Manager / Officer

- d) Additional members where considered appropriate can be invited by the hiring manager / respective department head as needed, for ensuring the presence of necessary technical expertise in the selection process.
- e) Depending on the requirements of the post, written test may be conducted when it is deemed necessary by the hiring manager.
- f) If there are two (or more) candidates are considered with similar capability for the post and difficulty in conclusive selection is found, a 2nd interview can be arranged as determined by the hiring manager in such case. The hiring manager's supervisor (and other member(s) as considered appropriate by the hiring manager / respective department head) will be involved in the 2nd interview for the final selection.
- g) When a panel member declares with conflict of interest that he / she is a close friend/ relative of a candidate, the chairman of recruitment panel needs to consider if alternative arrangement should be made. Where appropriate, the concerned member should be refrained from the recruitment process. In case the hiring manger is involved, department head / CEO should be consulted instead.

5.3 During the Interview

- a) Hiring manager / recruitment /panel members responsible for the recruitment process should take reference to the job requirements and interview performance in selecting the most suitable candidate for the

post.

- b) Hiring manager is required to complete the *Interview Assessment Form* after the interview as substantiation on successful applicant(s), if any. Decision is expected to be made with a general consensus among recruitment panel members, with the final decision made by the chairman of recruitment panel. Further advice from the HR can be sought if needed.

5.4 After the Interview

- a) After the interview, the selection result will be confirmed by the recruitment panel. HR will follow up to propose the terms to be offered, conduct reference check (written (preferred) or verbal as far as possible, with consent from the candidate sought beforehand). If checking under Sexual Conviction Record Check Scheme is required, HR will coordinate the arrangement with user department.
- b) The proposed offer should be adhered to the budget as far as practicable. If the proposed salary offer has exceeded the pre-determined budget, approval from CEO is required. If the concerned post is department head / directorate, approval from the Chairman of relevant governing committee/ Board is required.
- c) The package offer should be further approved by the CEO and Head of Corporate Governance, before HR to further contact the identified candidate for checking the acceptance and reporting date etc.
- d) In case of any further negotiation about the salary offer as requested by the identified candidate, HR will further discuss with the Head of Corporate Governance and seek approval from the CEO; and reiterate the process of making the salary offer.
- e) The candidate as identified in the waiting list will be considered if the candidate of first priority fails to accept the offer. If no suitable candidate can be offered eventually, the recruitment cycle will need to be repeated then.
- f) When an offer is verbally confirmed with identified candidate, HR will prepare the offer letter and / or employment agreement which will be signed by the CEO to make the appointment accordingly. According to the Article of Association of HKFA, the CEO is delegated to appoint

employees whose annual salary are below HK\$500,000. For annual salary on/above HK\$500,000, offer can only be made to the selected candidate after Board's approval. The employment agreement shall be signed by the Chairman of the Board, subject to the confirmation of appointment by the relevant party has been sought beforehand.

- g) HR will arrange with the identified candidate to explain the employment terms and formally confirm the acceptance of offer with his / her signature on the offer level / employment agreement. HR should request the candidate to sign the employment agreement no later than the first day of employment as far as possible.
- h) For unsuccessful applicants, HR will handle the personal data in accordance with the Personal Data (Privacy) Ordinance. If there are more suitable candidates than the vacancies available, these candidates will be put on a waiting list for a period of not more than 6 months and will be considered when there are suitable vacancies.
- i) Personal data of unsuccessful candidates and applications will be destroyed within 6 months after the vacant post is filled.

Remark in relation to internal candidates

- For a vacant promotional position, if there is/are internal qualified potential candidate(s) possessing the required competencies, **internal candidate(s) will first be considered** due to the following reasons:
 - a) Internal candidate(s) usually already has/have the required knowledge and is/are familiar with the corporate culture and operations of HKFA;
 - b) Greater reliability than external recruitment because the Association has a better understanding about its present employee's personality, attitudes, values and job performance than an outside candidate; and
 - c) Internal promotion will help boost staff morale.
- However, such internal candidate(s) still need(s) to be interviewed and selected by appropriate parties according to the arrangement specified in this procedure.

THE HONG KONG FOOTBALL ASSOCIATION LIMITED
Interview Arrangement

Position: _____

Part A (I) - Composition of Interview Panel (to be completed by Hiring Manager)

Selection of Interview Panels:

No. of interviewers required (please tick): 2 3 4

1. _____
("Chair" of recruitment panel will lead and structure the interviews)
2. _____
(a member who have the necessary technical expertise/ knowledge of the job and how it fits into the area's overall objectives)
3. _____
(Representative from Corporate Services / HR where applicable)
4. _____
(Optional and depending on the role being recruited to and the complexity of potential issues this may need to be an independent party)

Part A (II) – Interview Tasks/Questions (to be completed by Hiring Manager)

- Shortlisted candidates will be required to perform interview test
 Not required

 Name & Title of Hiring Manager

 Signature

Date _____

Note: the duly completed form should be passed to HR section together with the interview task questions (if any) for obtaining approval

Part B - Decision (to be completed by Appointing Authority)

Please read overleaf before completing this section

- I approve the above composition of interview panel and recommend the following action(s) to be taken to mitigate the potential conflict of interest:
- Declaration of interest from interviewers is needed.
 - If any potential conflict of interest occurs, the following appropriate arrangements will be made:
 - No actions is required.
 - the concerned member should be refrained from the recruitment process / hiring recommendation
 - the presence of _____, member of the _____ Committee in the panel is required to ensure the selection for appointment to be on basis of merit, impartial, open competition and final decision is made without prejudice
 - other actions required:
- _____

 Name & Title of Appointing Authority

 Signature

Date _____

General notes for Composition of Interview Panel:

The appointing authority is generally the supervisor of the hiring manager who has to consider below issues when determining panel composition:

- Staff recruitment policy and procedures sets out the composition of interview panels shall include below for appointment of different position rank:

Level of Recruiting person	Parties to be involved in the Selection Process
Senior management (e.g. department head)	<ul style="list-style-type: none"> - Chairman (or delegate) of relevant committee as the chairman of recruitment panel - Other relevant staff / committee member(s), as determined by the Chairman of relevant committee - CEO
Manager	<ul style="list-style-type: none"> - Hiring manager (i.e. respective department head), as the chairman of recruitment panel - Head of another department as the third party if needed (as determined by the hiring manager) - Head of Corporate Governance / HR Manager
Officer and below	<ul style="list-style-type: none"> - Hiring manager (i.e. supervisor of the job position), as the chairman of recruitment panel - Respective department head (if he / she considers necessary, who will be the chairman of the interview panel then if present.) - Manager of another department as the third party if needed (as determined by the hiring manager) - HR Manager / Officer

- At least two people shall be involved in an interview and responsible for assessing applications. Additional members where considered appropriate can be invited by the hiring manager as needed.
- Grading of panel members (Panel member should be generally at a higher grade than the post being advertised, or at least of the same grade.)
- The necessity and adequacy of independent member(s) in the panel (An independent member must be someone who won't have a direct involvement in the role and can bring a different perspective and add value to selection as well as helping to ensure consistency across areas).
- Action required (if needed) to address perceived or actual conflicts of interest (All panel members are responsible for completing their conflict of interests form and for keeping their own notes throughout the process. They must be aware of the merit principle and the need to avoid favoritisms).

HONG KONG FOOTBALL ASSOCIATION
DECLARATION OF CONFLICT OF INTEREST

Part A - Declaration *(To be completed by Declaring Party)*

To : Position of HKFA (Approving party)

Name and Designation

I, _____, hereby declare that:

I am currently holding the post of _____ of the Hong Kong Football Association Ltd. I am nominated as an interview panel member for the recruiting position “_____”. I understand the job requirements of the position and the hiring manager considers that I am able to evaluate the suitability of the applicants. The arrangement is being approved by the CEO of HKFA.

Please tick an appropriate box:

I do not personally know any one of the shortlisted candidates applying for the position.

I personally know _____ of the shortlisted candidates:

Candidate name: _____

Relationship: _____

Candidate name: _____

Relationship: _____

No conflict of interest will arise during my involvement with the interview assessment where no private interest influence, or may be seen to influence my actions as an interview panel member.

I do not have any personal bias, inclination which may in any way affect my objectivity, independence or impartiality in making my recommendations for the position.

Signature of Declaring Party

Name/Title

Date

Part B – Acknowledgement *(To be completed by Approving Authority)*

The information contained in this declaration form is noted and will be handled with the above consideration taken into account. This record and subsequent follow up action will be properly maintained in the HKFA Secretariat for future reference.

Signature of Approving Authority Name/Title Date

THE HONG KONG FOOTBALL ASSOCIATION LIMITED**JOB DESCRIPTION**

Position:	Chief Executive Officer
Reports to:	Chairman
Expectation:	<p>The Chief Executive Officer will report to the Chairman and is accountable to the Board for the implementation and execution of the agreed strategy for the HKFA.</p> <p>This role is a key appointment as part of the plan for change and the HKFA Football Development strategy. The Chief Executive Officer will be responsible for the Executive leadership of the organisational transformation of the HKFA.</p>
Education Needed	Specific educational experience related to the sports industry, business and leadership is highly preferable.
Skills & Experience Needed	<p>Profile, Skills and Experience</p> <ol style="list-style-type: none"> 1. The successful candidate must have proven experience in a high profile, complex, multi stakeholder organisation. 2. Preferably, the successful candidate will have a track record of running a substantial business or organisation and will already have the necessary general management and executive leadership experience to take on this role. 3. Whilst it is not essential that the individual comes from a sports/football background, as a minimum requirement they must have an understanding and empathy with football both as a sport and as a business. 4. Evidence of success in brokering collaborative working relationships with a range of stakeholders across an industry will also be vital. 5. Well-developed leadership and management skills with a track record of creating a culture of strong internal effectiveness and developing senior management teams to deliver operationally against strategic aims and objectives. 6. Sound financial management and negotiation skills. 7. Demonstrable capacity to develop policy options for the Board. 8. Significant commercial achievements. 9. Management of complex organisational change. 10. As a high profile public face of the game in Hong Kong, you will also require skills and experience in managing relationships with the media.

	<p>Personal Characteristics and Profile</p> <p>The personal style and approach of the individual is very important, as the job holder will have dealings with a significantly diverse group of interested parties. This means the individual must have an adaptable style with strong consistent interpersonal skills and a proven ability to work collaboratively.</p> <p>Key personal characteristics will include:</p> <ol style="list-style-type: none"> 1. A versatile and persuasive leader, capable of building interest with a dynamic personality. 2. A hands-on style, with considerable personal credibility and authority. 3. Maturity in terms of presentational style and behavior. 4. Good people management and team building skills in order to build and lead a strong, capable and effective team. 5. High energy, drive and determination and the ability to prioritise and juggle conflicting demands. 6. Calm but firm in terms of communication style and general demeanour. 7. Good strategic thinker - an influencer and shaper. 8. Resilient, patient and diplomatic, with gravitas and presence - a leader by example.
Key Responsibilities	<ol style="list-style-type: none"> 1. On behalf of the Board, to lead the implementation of football development strategy as a means of establishing the HKFA as a financially strong and effective entity and thereafter to oversee and direct the activities of the HKFA in such a manner that ensures the sustainability of the organisation as a strong and effective governing body. 2. To develop, review, update and implement strategies aimed at continually promoting and improving the game of football in Hong Kong at all levels from grassroots to the professional level including youth football, women's football and mini football/futsal. 3. To provide the HKFA with the direction and leadership to deliver its commercial objectives as agreed with the Chairman and the Board, including not only consolidating and building on existing income streams but continuously seeking to widen the sources of funding and introduce new revenue streams. 4. Through a wide range of potential commercial developments, broadcast and sponsorship revenues, to identify and exploit new income opportunities against agreed targets.

	<ol style="list-style-type: none"> 5. To lead and develop the HKFA in organizational terms, ensuring it is effectively and appropriately resourced to ensure the efficient and effective management of all operations. 6. To manage, and be accountable for the financial performance of the HKFA, monitoring and controlling costs in accordance with agreed objectives, as set by the Board. 7. To lead, motivate and inspire, creating a culture which allows staff to develop to their full potential, whilst ensuring they meet their objectives. 8. To create a performance culture throughout the organisation. This will include the setting of performance objectives and formally measuring against those objectives. 9. To create a cohesive organisation based on a strong ethos of consistent delivery and continuous operational improvement. 10. To ensure that the HKFA has a well-considered communications strategy and to oversee and direct its effective execution. 11. To maintain and develop relationships with all aspects of the media in order to highlight the work of the HKFA initiating PR activities as appropriate. 12. To lead and develop major projects at national and international level aimed at raising the profile of football in Hong Kong, maintaining and developing relationships with Government Ministers and Government Agencies and major sponsors as appropriate. 13. To serve on international football bodies and committees (such as the AFC) as authorised by the Board in order to influence and shape policy for the development of football in the Asia region, and ultimately worldwide, and to ensure that the HKFA is well placed to influence such development. 14. To lead on and develop structures to help secure the success of winning Hong Kong Teams. 15. To ensure that the HKFA delivers on all of its statutory requirements and promotes the highest standards of corporate governance and transparency. 16. To perform such other duties and responsibilities as instructed by the Board from time to time. 17. To develop business plans, widen the sources of funding and revenue streams, and be accountable for the operation and financial performance of the Football Training Centre.
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THE HONG KONG FOOTBALL ASSOCIATION LIMITED**JOB DESCRIPTION**

Position:	Head of Corporate Governance
Reports to:	Chief Executive Officer
Expectation:	The appointee is a key member of the HKFA Senior Management Team and will report to the Chief Executive Officer. The job holder will be responsible for the provision of an efficient and effective business service delivery for the full spectrum of the corporate support activities of the HKFA, encompassing Financial Planning and Control, Legal and Compliance Matters (non-football), Human Resources, Information Technology, Internal Control, Procurement, Office Administration, Facility Management, and Committee Work.

Education Needed	Master/Degree holder in Business Administration/Finance/Legal or related discipline.
Skills & Experience Needed	<ol style="list-style-type: none"> 1. Minimum of 15 years relevant experience in a senior management position in a sizeable organization, preferably a sport-related or public organization. 2. Actual experience of operating at Executive Team/Board level within a high profile sports organization, Government/public sector and/or private sector/commercial fund providers would be highly advantageous. 3. Possession of knowledge in the management of Finance & Accounts, HR, IT, Internal Audit, Legal & Company Secretarial would be of advantage. 4. Capable in preparing relevant written material including annual reports, monthly bulletins, press releases, briefings and presentations. 5. Excellent interpersonal and team working skills. 6. Proven analytical, problem solving, and project management skills. 7. Well rounded management skills with proven business as well as financial acumen. 8. Good team player with excellent communication, leadership skills plus a positive and proactive attitude. 9. Excellent command of both written and spoken English, Chinese, and Mandarin. 10. Hard working mindset and willing to do what is required to support the organizational objectives.

Key Responsibilities	<p>Departmental Management</p> <ol style="list-style-type: none"> 1. To oversee the day to day operations of the finance, administration, human resources, information technology and internal control sections. 2. To be responsible for departmental budgetary controls. 3. To ensure that the working environment of the HKFA is effective, productive, safe and that the ambience and appearance reflects the status of the organization as a NSA. <p>Senior Management</p> <ol style="list-style-type: none"> 1. To assist the Chief Executive Officer in the overall management, operations, financial planning and manpower planning. 2. To be responsible for legal and company secretarial matters. 3. To review the internal processes, systems procedures currently in place at the HKFA, to identify internal control issues and to produce reports for improvements recommendations. 4. To design, preparation and submission for the ODC Board's approval of HKFA policies and procedures manual which clarifies procurement and payment procedures, levels of designation for all tiers of management and all other necessary procedures to enable the HKFA to manage its affairs in strict accordance with relevant guidelines. 5. To set up new systems including HR policies, code of conduct, IT use policy and administration procedures, etc., to ensure best compliance with best practice. 6. To attend at and participate in all meetings of the Board and Committees whenever so requested. 7. To serve as Secretary of the relevant Committees and to be responsible for the drafting of papers and minutes of the meetings of both the Board of Directors and relevant Committees. 8. To liaise with the relevant Government departments relating to the funding arrangements. 9. To ensure that employees, Directors, contractors and partners uphold the highest standards of probity and full compliance with internal and external rules, regulations and policies. 10. To perform other duties as directed by the Chief Executive Officer from time to time.
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JOB DESCRIPTION

Position:	Financial Controller
Reports to:	Head of Corporate Governance
Expectation:	The position reports to the Head of Corporate Governance. The appointee will be leading a small team overseeing the daily accounting operation and full spectrum of finance and accounting duties of the Association.

Education Needed	Degree holder in Accounting / Finance or related discipline.
Skills & Experience Needed	<ol style="list-style-type: none"> 1. Qualified Accountant with over 8 years relevant experience, including at least 4 years' experience in similar position, with exposure in Big 4 accounting firm. 2. Well versed in management accounting, and solid exposure in management reporting to governing committee / Board. 3. Experience in handling government funding / other subvention, work exposure in public organizations, subvented bodies, sports industry would be advantageous. 4. Excellent command in both spoken and written English and Chinese. 5. Good leadership skills, communication with excellent interpersonal skills and ability to work with parties from different levels. 6. Able to work under pressure and meet tight deadlines. 7. Outdoor supervision to merchandize and ticketing activities may be required.
Key Responsibilities	<ol style="list-style-type: none"> 1. Supervise and oversee the daily operations of the finance department and provide guidance to finance staff. 2. Perform budgeting, budgetary control activities, cash flow management and financial forecasting. 3. Handle month end closures, tax issues, annual audits and liaise with auditors / subvention bodies. 4. Responsible for regular financial reporting, management reports and analysis. 5. Ensure statutory compliance to law and regulations, and per corporate / accounting standards. 6. Promulgate good practice in financial management and controls in accordance with AFC/FIFA protocols and industry best practice. 7. Review and enhance accounting policy and procedures. 8. Enhance costing systems to improve the operational efficiency of the Association. 9. Review and monitor the implementation and compliance of corporate procurement policies and procedures. 10. Handle other ad hoc assignments as requested.

THE HONG KONG FOOTBALL ASSOCIATION LIMITED**JOB DESCRIPTION**

Position:	Internal Control Manager
Reports to:	Head of Corporate Governance
Expectation:	Responsible for internal control matters, internal audit function and governance related committee work.

Education Needed	Degree holder with CPA (or equivalent) qualification.
Skills & Experience Needed	<ol style="list-style-type: none"> 1. At least 5 years working experience in auditing / internal control field. 2. Good understanding of corporate governance, internal control and risk management framework. 3. Excellent command of written and spoken English & Chinese. 4. Proficient in MS office and Chinese word processing. 5. Mature and able to work independently.
Key Responsibilities	<ol style="list-style-type: none"> 1. Oversee the development and implementation of internal control system. 2. Responsible for internal audit work and associated risk management function, having close liaison and coordination with professional firm in execution of internal audit assignments. 3. Responsible for the review and monitoring of deliverables and performance of internal audit professional firm. 4. Coordinate and follow up with internal parties to facilitate the execution of risk management and internal audit activities. 5. Provide guidance and advice in internal control reviews of processes and procedures for the Association. 6. Provide secretarial support for governance related committees, i.e. Audit Committee. 7. Prepare and monitor the budget in relation to discharging of required duties. 8. Coordinate and undertake other and ad hoc projects as assigned.

THE HONG KONG FOOTBALL ASSOCIATION LIMITED**JOB DESCRIPTION**

Position:	Human Resources Manager
Reports to:	Head of Corporate Governance
Expectation:	Develop and implement a full spectrum of human resource functions and support services, formulating HR policies and strategies in line with the needs of the Association and the HKFA strategic plan. The position requires close liaison with HAB and LCSD in relation to funding applications and documentation submissions.

Education Needed	Degree Holder, preferably a MBA holder and professional qualification in Human Resources discipline is a must.
Skills & Experience Needed	<ol style="list-style-type: none"> 1. At least 10 years' relevant working experience in Human Resources Management in a senior/managerial position. 2. Well-versed in local employment law and other employment related ordinance. 3. Have a proven track record in HR management with a sound understanding and experience best practice HR processes and systems, preferably have applied knowledge of the legal factor involved in the administration of employment policies and services in non-government sectors. 4. Excellent command of spoken and written English and Chinese, communication and interpersonal skills. 5. Mature and able to work independently.

<p>Key Responsibilities</p>	<ol style="list-style-type: none"> 1. Play a leadership role on implementing change, with particular focus on strategic Human Resources Management. 2. Provide consultancy to CEO and HCG to enhance organization effectiveness and corporate governance. 3. Manage the recruitment process, employment offers, contract renewals and terminations, advising CEO/HCG on HR matters such as utilizing the right resources, the right processes and the right timelines, ensure proper procedures are adhered in compliance with the funding requirements. 4. Establish HR needs of the Association to meet organizational objectives and services requirements, assure company compliance with provisions of employment related laws. 5. Communicate and facilitate implementation of the visions, policies, procedures and practices, in particular the harmonization exercise, new systems to be developed with the HCG and to evaluate the outcome. 6. Update of employee handbook/ HR guidelines to ensure compliance with legislative requirements. 7. Assist the HCG with analysis and mapping of staffing structure, forecasting of manpower needs and other elements necessary for the development of the Human Resources package. 8. Prepare yearly budget in relation to staff cost and employment related expenses. 9. Liaise with the Financial Controller internally and the HAB/LCSD externally in completing the annual audit, verifying the accuracy of funding disbursements quarterly. 10. Prepare and/ or collate HR reports to support the HKFA's funding applications, whenever required. 11. Manage monthly payroll, benefits administration and tax returns for employees. 12. Develop performance management processes. 13. Implement HR related projects and to monitor the consistency and on-going compliance. 14. Identify and plan development needs for staff, coach and guide other staff members on the team, motivate team members to service the objectives of the Corporate Services Department.
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THE HONG KONG FOOTBALL ASSOCIATION LIMITED
香港足球總會有限公司

Your Ref.: CB4/PAC/R74

Our Ref.: PW-0457/20

19 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 74
Management of funding for sports development through
the Arts and Sports Development Fund (Sports Portion)

I refer to your letter of 9 June 2020. Our reply is provided in the ensuing paragraphs.

Item (a)(i)

Meeting minutes is attached in **Annex A to G**. Please kindly note that the minutes are for PAC Internal reference only.

Item (a)(ii)

At the start of 2015-2016 Season when the HKFA Board making various appointments for the new term (2015-2017), the Secretariat had reported to the Board

***Note by Clerk, PAC:** *Annexes A to G not attached.*



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that no membership was confirmed for the Audit Committee on the following three (3) occasions of Board meetings:-

Meeting No. 4 of 2015-2016 held on 7 December 2015

Meeting No. 5 of 2015-2016 held on 1 February 2016

Meeting No. 6 of 2015-2016 held on 5 April 2016

Copies of relevant meeting minutes are provided herewith. Copies are attached in **Annex H to J**. Please kindly note that the minutes are for PAC Internal reference only.

Furthermore, when the HKFA Board making various appointments for the new term (2017-2019) at the start of the 2017-2018 Season, the Secretariat did twice present membership list (proposed and adopted) to the Board for attention (but without highlighting) and discussion at the following meetings:-

Meeting No. 1 of 2017-2018 held on 17 July 2017

Meeting No. 2 of 2017-2018 held on 9 October 2017

Copies of relevant meeting minutes are provided herewith. Copies are attached in **Annex K & L**. Please kindly note that the minutes are for PAC Internal reference only.

Item (a)(iii)

Due to relevant Chairperson being overseas for a long period of time owed to personal reason, relevant Chairperson give no instruction to call meeting during the period. Regarding no meetings were held, no further inputs could be provided from the committee members. Nonetheless, the Marketing & Communication Department was still operated upon the CEO's instruction during the mentioned period of time.

Item (b)(i)

In spite of what is stated in the Audit Committee's 'Terms of Reference' as "*the*

***Note by Clerk, PAC:** *Annexes H to L not attached.*

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Chairman of the Audit Committee shall neither be the chairman of the Board, nor the Chairman / member of other functional committee.”, the HKFA Board does not see it inappropriate to adopt a more restrictive appointment policy for the Audit Committee, which is imperatively seen to be independent and impartial. Any direct involvement of Directors to the works of the Audit Committee has a potential conflict of interest and this explains the understanding why the Directors should not be the chairman nor member of the Audit Committee (just like the case of Judicial Bodies and other similar bodies as mentioned above). In fact, the initial formation of Audit Committee was based on, inter alia, the advocacy of FIFA, which stipulates in its own Organization Regulations (article 7.1) that *“The chairman, deputy chairman and the members (of its Audit and Compliance Committee) shall not belong to the FIFA Executive Committee.”* AFC too has the same provision in its counterpart regulations (article 11.1) that *“The Chairperson, Deputy Chairperson and other members of the Audit and Compliance Committee shall be independent and shall not belong to the AFC Executive Committee”*.

HKFA minutes do not usually show common understanding by the time a decision was made that no written record can be found.

Item (b)(ii)

It is true that the first-ever HKFA Audit Committee (2014-2015) was convened by the then Finance & Strategy Committee Chairman and again the current one (2019-2011) was convened too by the incumbent Finance & Strategy Chairman.

It is also true that a Director other than the incumbent Chairman of the Finance & Strategy Committee was appointed the convenor of the Audit Committee (for the term 2015-2017 and 2017-2019). It is surmised that this requirement was not made aware of by the group of newly-elected (in 2015) Directors when working out the ‘division-of-labour’ in an informal setting (this is a common practice when there is a new term of office for committee appointments), nor the Secretariat was in a position

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to advise without being involved in this kind of pre-meeting of Directors. The appointment list was presented and officially endorsed by the Board at the subsequent official setting (i.e. Board Meeting No. 1 of 2015-2016) with a Director other than the Chairman of the Finance & Strategy Committee appointed the convenor of the Audit Committee

Item (b)(iii)

The Marketing and Communications Committee (initially named as Sponsorship and Market Promotion Committee 贊助及市場推廣委員會) was first formed at the start of 2011-2012 Season. A Director was appointed to be in charge of this working purview at the Board Meeting held on 11 July 2011 (Meeting No. 1 of 2011-2012). Just like other committees and bodies, the terms of reference were only drafted up later by the Secretariat and presented to the Board for adoption at the ensuing meeting held on 2 August 2011 (Meeting No. 2 of 2011-2012). Copies are attached in **Annex M & N**. Please kindly note that the minutes are for PAC Internal reference only.

There were no discussions nor changes to the Marketing and Communications Committee's terms of reference in the subsequent terms (2013-2015, 2015-2017 and 2017-2019) until recently. The new Marketing and Communications Committee (for the term 2019-2021) are still working to draft and propose the new terms of reference of the Committee for the Board's adoption.

Item (c)(i)

The split of the works of the Finance & Strategy Committee into Finance Sub-committee and Strategy Sub-committee was proposed by the then Committee Chairman at the Board Meeting held 2 August 2011 (Meeting No. 2 of (2011-2012 when the Board discussed and endorsed the committee membership). The rationale provided by then was that 'finance' and 'strategy' are two very diverse matters and it is inappropriate to invite outside experts to serve both purviews. Thus, the proposal was made then that the (master) Finance & Strategy Committee should compose of

***Note by Clerk, PAC: Annexes M and N not attached.**

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THE HONG KONG FOOTBALL ASSOCIATION LIMITED

香港足球總會有限公司

HKFA

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only core members (chairman, ex-officios, directors), whereas outside experts will be invited to join the sub-committees of their discipline and interest only (i.e. members of the Finance Sub-committee with financial background only). Most of the meetings of the two sub-committees were arranged to be held on the same day one after the other so that the core members can take part in both sessions while the sub-committee members will attend one of their relevance.

The above proposal was not documented in details in the meeting minutes (Meeting no. 2 of 2011-2012 held on 2 August 2011) but only recorded in form of the membership list annexed to the minutes.

This arrangement (split the work of the Committee into two) has been kept until now, though the current Finance Sub-committee and Strategy Sub-committee have the same members virtually.

Item (c)(ii)

The Directors have never come down to such detailed requirement of the Articles of Association. For the Directors, there is Finance & Strategy Committee which operates in such a way of splitting up the finance-related matters and strategy-related matters to be handled by two sub-committee (this is also the case of the Technical & Playing Committee which has even more sub-committees). By hierarchy, Finance Sub-committee and Strategy Sub-committee are subordinated to the Finance & Strategy Committee but doing the respective works on behalf of the (master) Finance & Strategy Committee. There may be a missing formality in having the meetings of the Finance & Strategy Committee (there were only meetings of the sub-committees but not the master committee in record). However, the accounts did go through the three-tier scrutiny, i.e. committee-board-general meeting.

Item (c)(iii)

The information can largely be found in the aforesaid annex to the meeting minutes of Meeting no. 2 of 2011-2012 held on 2 August 2011.

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There is only the terms of reference for the (master) Finance & Strategy Committee for not for the two sub-committees as the meetings of these sub-committees were seen as one of the two sessions of the master Finance & Strategy Committee by practice and understanding. The documents (notice, agenda and minutes) were not kept and presented in such a way.

Item (d)

For record purpose, there are actually five non-club-linked directors in the HKFA Board at a time according to the existing set-up.

All directors (club-linked and non-club-linked) positions are appointed by election and candidates must be nominated by voting members. Non-club-linked directors are required to declare not to 'link' (usually defined as not holding any official position and/or interest) with any member clubs. The Electoral Committee (an independent body) will be responsible for vetting the candidature.

Yours sincerely,

(PUI Kwan Kay)
Chairman

- cc Secretary for Home Affairs (fax no. 2591 5536)
Director of Leisure and Cultural Services (fax no. 2691 4661)
Chief Executive Officer, Hong Kong Football Association Secretariat
(fax no. 2760-4303)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

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THE HONG KONG FOOTBALL ASSOCIATION LIMITED
香港足球總會有限公司

Your Ref.: CB4/PAC/R74

Our Ref.: PW-0451/20

19 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 74
Management of funding for sports development through
the Arts and Sports Development Fund (Sports Portion)

I refer to your letter of 8 June 2020. Our reply is provided in the ensuing paragraphs.

Item (a)

Meeting minutes is attached in **Annex A**.

Item (b)

There is no requirement of HKFA to report the ranking of the Hong Kong Men's Representative Team in the Project Phoenix and the Half-yearly Report of the Five-Year Strategic Plan. The FIFA Ranking of Hong Kong Men's Team is listed

***Note by Clerk, PAC:** *Annex A not attached.*



THE HONG KONG FOOTBALL ASSOCIATION LIMITED
香港足球總會有限公司

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below for reference:

Please find below a table for the FIFA Ranking¹ :

Date	HK Men's Team Ranking	Total Country
June 2011	145	208
June 2012	158	208
June 2013	147	209
June 2014	163	209
June 2015	164	209
June 2016	143	209
June 2017	148	211
June 2018	142	211
June 2019	141	211

Item (c)

The Corporate Service Department was responsible to read the contents of paragraph 4.13 and Table 24 of the draft Audit Report. HKFA's comment was provided to HAB for consolidation and the Note 23 in page 83 of the Audit Report was added.

Item (d)

Based on the Procurement Policies and Guidelines in 2014, 3-pages amendments on the Procurement Policies and Guidelines was adopted in 2018 with the following enhancements,

1. A clearer authorisation and approval hierarchy
2. A more stringent tendering/quotation requirements
3. Statements showing the procedures for handling exceptional cases:

Paragraph 3 – “In case the standard procedures are not followed, the reasons should be recorded and an authorised person at a more senior level should be

¹ Source from FIFA official website: <https://www.fifa.com/fifa-world-ranking/ranking-table/men/rank/id12883/>



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designated for giving special approval with justifications in writing."

Paragraph 4 (c) (vi) – “All procurements must follow and comply with the above procedures. Only in acceptable circumstances should exemption from the above procedures be granted with special approval from the designated approving authority/person holding a higher office. Any exemption should be supported by full justifications and properly documented on the procurement records.”

This above exemption paragraphs apply to single quotation where full justifications on procurement records were required.

The Procurement Policies and Guidelines were first circulated to all staff through email in October 2018, and once in subsequent year. In future, regular training will be provided to improve the understanding and awareness of procurement procedures.

Annex B: Procurement Policies and Guidelines in 2018

Annex C: Purchase / Payment Requisition Form

Item (e)

The “HKFA Organisational Regulations” will be proposed to the Board of Directors for consideration. The General Secretary office will be responsible for preparing the regulations upon the endorsement of the Board. Timeline for completion and approved will be make available within this year.

Item (f)

The responsibility of ‘convenor’ and ‘chairman’ were discussed in Board Meeting with mutual consent among the Board Members but no written record can be found.



THE HONG KONG FOOTBALL ASSOCIATION LIMITED
香港足球總會有限公司

HKFA

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Yours sincerely

(PUI Kwan Kay)

Chairman

- cc Secretary for Home Affairs (fax no. 2591 5536)
Director of Leisure and Cultural Services (fax no. 2691 4661)
Chief Executive Officer, Hong Kong Football Association Secretariat
(fax no. 2760-4303)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
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Authorisation and Approval

2. Authorisation or approval should be sought from the following designated approving authority (a) for procurement before inviting suppliers to submit tender/quotations and/or selecting suppliers for tendering/seeking quotations; and (b) for acceptance of offer of tender/quotation:

Values of the Goods to be Procured	Procurement Authorized by	Tender/Quotation Approved by
HK\$200,001 or above	EC/Board of Directors	EC/Board of Directors
HK\$50,001 to HK\$200,000	Responsible Department Head and Chief Executive Officer	Responsible Department Head and Chief Executive Officer
HK\$20,001 to HK\$50,000	Responsible Department Head and Head of Corporate Governance	Responsible Department Head and Head of Corporate Governance
HK\$20,000 or below	Responsible Department Head	Responsible Department Head

Values of the Services to be Procured	Procurement Authorized by	Tender/Quotation Approved by
HK\$500,001 or above	EC/Board of Directors	EC/Board of Directors
HK\$50,001 to HK\$500,000	Responsible Department Head and Chief Executive Officer	Responsible Department Head and Chief Executive Officer
HK\$20,001 to HK\$50,000	Responsible Department Head and Head of Corporate Governance	Responsible Department Head and Head of Corporate Governance
HK\$20,000 or below	Responsible Department Head	Responsible Department Head

3. In case the standard procedures are not followed, the reasons should be recorded and an authorised person at a more senior level should be designated for giving special approval with justifications in writing.

Types of Procurement

4. The requesting officers should provide specifications and requirements for the procurement to the procurement officer. The request should then be submitted to the designated approving authority as stated in paragraph 2 above for approval to procure and confirmation of funds. For replacement of goods, the requesting officers should make sure the goods to be replaced are beyond economical repair before making the request for procurement. The types of procurement to be adopted should be in accordance with the amounts and nature of the procurement of goods or services:

- (a) Open Tendering (applicable to procurements of goods and services with value exceeding HK\$200,000 and HK\$500,000 respectively)

Notice of tender invitations should be advertised in the press for free response by all interested suppliers or service providers. Tender evaluation report (sample at **Appendix 1**) should be submitted to the Executive Committee for approval of tender (i.e. award of contract).

- (b) Restricted or Single Tendering (applicable to procurements of goods and services with value exceeding HK\$200,000 and HK\$500,000 respectively in which only a limited number of suppliers are available)

This type of tendering is applicable to procurements of goods or services that can only be provided by a limited number of suppliers or suppliers who are sole agents or patented distributors. Therefore, only one or several suppliers or service providers will be invited to submit written tenders. Sufficient justification should be made for prior approval by the Executive Committee before proceeding the tendering exercise. The above information should be clearly recorded in the tender evaluation report (Appendix I) for examination and approval by the Executive Committee.

- (c) General Procurement (applicable to procurements for goods of value HK\$200,000 or below and for services of value of HK\$500,000 or below)

- (i) Written Quotation (applicable to procurements for goods of value above HK\$50,000 up to HK\$200,000 and for services of value above HK\$50,000 up to HK\$500,000) should be sought from **at least five (5)** suppliers, including the successful bidder in the last procurement exercise (whose goods or services meeting the requirements).

(ii) Written Quotation (applicable to procurements of value above HK\$20,000 up to HK\$50,000) should be sought from **at least two (2)** suppliers, including the successful bidder in the last procurement exercise (whose goods or services meeting the requirements)

(iii) The management and invitation to bid for (i) and (ii) above should follow the procedures as set out in Paragraphs 9 and 10. The procurement officer must make a written record of the quotations invited and responses. The lowest quotation meeting the requirements should be accepted unless there are other factors such as the quality of products/services or track records of the bidders that will affect the offer of the quotation. Should the lowest quotation not be accepted, sufficient justifications should be submitted for endorsement by the designated approving authority.

(iv) Verbal Quotation (applicable to procurements of value above HK\$5,001 up to HK\$20,000)

To enhance administrative efficiency, verbal quotations from **not less than two (2)** suppliers or service providers may be used for procurement of miscellaneous item or service. The responsible officer must make a written record of the verbal quotations for verification and approval. The responsible officer should also state the reasons in case the lowest offer is not accepted.

(v) Quotations may be dispensed with (applicable to procurements of value HK\$5,000 or below)

(vi) Exemption

All procurements must follow and comply with the above procedures. Only in acceptable circumstances should exemption from the above procedures be granted with special approval from the designated approving authority/person holding a higher office. Any exemption should be supported by full justifications and properly documented on the procurement records.



The Hong Kong Football Association Limited

Purchase / Payment Requisition Form (For purchase amount of more than HK\$500)

No. _____

Requesting Date

Department / Team

Requesting Item	
Purpose of Purchase	

Description	Quantity	Unit Price	Total
TOTAL			

Quotation Information Required: YES

Remarks: _____

Quotation Information			
Supplier / Service Provider	Price Offered	Document Attached	Remarks
1)			
2)			
3)			
Recommended Supplier / Service Provider			
Reason(s) if not the lowest offer			

Budget Code	<input type="text"/>	Budgeted Amount	<input type="text"/>	Remaining Balance after this purchase	<input type="text"/>
-------------	----------------------	-----------------	----------------------	---------------------------------------	----------------------

Remarks	<input type="text"/>
---------	----------------------

Applied by: _____

Name:

Position:

Approved by: _____

Name:

Position:

Verified by: _____

Name:

Position:

Kerry Wong

Financial Controller

Authorized by: _____

Name:

Position:

THE HONG KONG FOOTBALL ASSOCIATION LIMITED
Audit Committee

Terms of Reference

1 Meetings and Quorum

- 1.1 The Committee shall meet with such frequency and at such times as it may determine. It is expected that the Committee shall meet at least four times a year.
- 1.2 The quorum for meetings shall be two, one of whom should be the Committee Chairman, unless he or she is unable to attend due to exceptional circumstances.

2 Objective

- 2.1 The Committee shall be accountable to the Board and shall assist the Board in fulfilling its responsibilities in ensuring an effective system of internal control and compliance, and shall make recommendation to the Board for the appointment of external auditor.

3 Responsibilities of the Committee

Without limiting the generality of the Committee's objective, the Committee shall have the following responsibilities, power, authorities and discretion:

- 3.1 To advise and make recommendations to the Board on the completeness, accuracy, integrity and fairness of audited annual financial statements, with the following areas of focus:
 - i. any changes in accounting policies and practices;
 - ii. major judgmental areas;
 - iii. significant adjustments resulting from the audit;
 - iv. the going concern assumption and any qualifications;
 - v. compliance with accounting standards
 - vi. compliance with legal requirements in relation to financial reporting;
 - vii. appropriateness and adequacy of disclosures; and
 - viii. matters drawn to the attention of the Committee by the Association's external auditor.
- 3.2 To review the Association's internal control and risk management systems.
- 3.3 To monitor and review the effectiveness of the Association's internal audit function, approve internal audit plan and scope, consider major findings of internal investigations and management's response, ensure that the internal audit function is adequately resourced and has appropriate standing within the Association and is free from constraint by management or other restrictions.
- 3.4 To ensure the co-ordination between the internal and external auditors, and to meet alone with the internal and external auditors at least once a year in the absence of management, to ensure there are no unresolved issues or concerns and discuss any matters that the Committee or auditors believe should be discussed privately.

- 3.5 To make recommendations to the Board, for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor, and shall be directly responsible for the approval of the remuneration and terms of engagement of the external auditor.
- 3.6 To review the external auditor's management letter and management's response, any material queries raised by the external auditor to management and management's response.
- 3.7 To ensure a timely response is provided to issues raised in the external auditor's management letter.
- 3.8 To consider any findings of major investigations of internal control matters as delegated by the Board or on the Committee's initiative and management's response.
- 3.9 To review the effectiveness of the system for monitoring compliance with applicable laws and regulations, and to consider any significant or unusual matters raised by the internal auditor.
- 3.10 To appoint, employ or retain professional advisor(s) as the Committee may consider appropriate.
- 3.11 To appoint sub-committee(s) where appropriate.
- 3.12 To review annually the Committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes arising therefrom.
- 3.13 Where the Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on action needed to address the issue or to make improvements.

THE HONG KONG FOOTBALL ASSOCIATION LIMITED
Audit Committee

Composition

The Committee shall comprise of three to five members, with the following proposed composition:

Chairman:	An external / independent member	With accounting / auditing background
Members:	An external / independent member	Preferably to have “external audit” and “internal audit” background respectively
	An external / independent member	
	Co-opted member(s) (Not more than 2)	As considered appropriate by the Committee

Notes:

- (1) In order to maintain the independence, the Chairman of the Audit Committee shall neither be the chairman of the Board, nor the Chairman / member of other functional committee. Majority of the membership is expected to be composed of independent members (without serving in other committees).

However, the above restriction will not be applicable for the involvement of serving as an observer / advisor, where the Chairman / members of Audit Committee has no voting right / decision making authority in such other committee(s).

- (2) The Chairman of the Audit Committee can access to the Board Chairman directly wherever needed. On the other hand, without jeopardizing the independence of the Audit Committee, the Chairman of Finance & Strategy Committee shall play the role as the “convener” to assist in bridging the communication of management information between the Audit Committee and the Board as appropriate.

**Extract from the Annual Report 2016-17 of
the Hong Kong Football Association Limited**

Internal Control and Risk Management

Internal control and risk management are overseen by the Audit Committee, which assist the Board in fulfilling its responsibilities in ensuring an effective system of internal control and compliance. Professional firm is engaged to conduct risk assessment, review and make recommendations for improvement of internal controls of the Association. The mechanism aims to provide reasonable assurance that delivery of processes and services are in compliance with relevant regulations and policies and being provided effectively.

Accounts and Audit

The accounts of the HKFA are endorsed by the Finance Sub-committee and Audit Committee, and subsequently approved by the Board. The approved accounts are audited by an auditor as appointed by the HKFA in the Assembly annually. The highlights of audited financial statements for the year ended 30 June 2017 are given in the separate section in this report.

Staff Remuneration

The Organizational Development Committee is authorized by the Board to advise on remuneration-related policies including the annual pay adjustment, remuneration structure and other employment terms and conditions.

Declaration of interest

Guideline for handling conflicts of interest has been established in the Association, which is being observed by the Board members, its committee members and staff members. Where necessary, the HKFA would exercise the rule to prohibit a member of the Board / its committees / staff member taking part in any discussion and decision of a matter in which that member has an apparent conflict of interest.

**Extract from the Articles of Association
of the Hong Kong Football Association**

Articles of Association

CHAPTER VI

FINANCE

ARTICLE 38

- 38.1 The financial period of the HKFA shall be one year and shall begin on the 1st July and end on the 30th June each year.
- 38.2 The revenue and expenses of the HKFA shall be managed so that they balance out and the obligations in the future shall be guaranteed through the creation of reserves.
- 38.3 The Chief Executive Officer together with the Auditors are responsible for drawing up the annual consolidated accounts of the HKFA.

ARTICLE 39

REVENUE

- 39.1 The revenue of the HKFA arises specifically from:
- (a) Membership fees and subscriptions;
 - (b) Receipts generated from the marketing of rights (including sponsorship);
 - (c) Fines imposed by the authorised bodies;
 - (d) Match levies;
 - (e) Football development funding; and
 - (f) Other subscriptions and receipts.

ARTICLE 40

EXPENSES

- 40.1 The HKFA bears:
- (a) the expenses stipulated in the budget;
 - (b) other expenses approved by Assembly and expenses that the Board is entitled to incur within the scope of its authority; and
 - (c) all other expenses in keeping with the objectives pursued by the HKFA.

ARTICLE 41

INDEPENDENT AUDITORS

- 41.1 Auditors shall be appointed by the Assembly at the AGM and shall audit the accounts approved by the Finance and Strategy Committee in accordance with the appropriate principles of accounting and present a report to the Assembly. The Auditors shall be appointed for one financial period and this mandate may be renewed.

ARTICLE 42

MEMBERSHIP SUBSCRIPTION

- 42.1 Membership subscriptions are due on the date prescribed by the Board. The annual subscription for new Members for the year in question shall be paid within 30 days of the close of the General Meeting at which they were admitted.
- 42.2 The Assembly shall fix the amount of the annual subscriptions for Members every year upon the recommendation of the Board.
- 42.3 The amount of the membership subscriptions shall be the same for all Members in the same class of membership.



HKFA
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THE HONG KONG FOOTBALL ASSOCIATION LIMITED
香港足球總會有限公司

Your Ref.: CB4/PAC/R74

Our Ref.: PW-0458/20

19 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 74
Management of funding for sports development through
the Arts and Sports Development Fund (Sports Portion)

I refer to your letter of 10 June 2020. Our reply is provided in the ensuing paragraphs.

Item (a)

There was no meeting of the Marketing and Communications Committee held in the 2014-2015 as the chairperson of the Committee had taken leave for a year due to personal reason. The chairperson was also a Director who also missed all the Board meetings in that season for the same reason.

A new chairperson was appointed at the start of the 2015-2016 season for the new term (2015-2017). After searched in the association server, it found a document in name Notes of the 2015-16 Marketing and Communications Committee Meeting on 5



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香港足球總會有限公司

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November and 9 December 2015. It is believed that Marketing and Communications Committee was held two meetings in this term.

Item (b)

Regarding the 'meeting' and 'agenda' for the meeting of the Marketing & Communications Committee in 2017, again there was a paper (as attached) retrieved later from the file but without any details of the meeting (date, time and venue) mentioned. The 'agenda' include two items in (i) Briefing session on Marketing plan for 2017-18 BOC Life Hong Kong Premier League and (ii) New appointment of member of HKFA Marketing and Communications Committee. This looks more like a 'report' than an 'agenda', as the same content was noted as a report from the Marketing and Communications Department submitted to the HKFA Board at the meeting held on 9 October 2017 (Meeting No. 2 of 2017-2018).

Yours sincerely

(PUI Kwan Kay)

Chairman

cc Secretary for Home Affairs (fax no. 2591 5536)
Director of Leisure and Cultural Services (fax no. 2691 4661)
Chief Executive Officer, Hong Kong Football Association Secretariat
(fax no. 2760-4303)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

***Note by Clerk, PAC: Attachment not attached.**



THE HONG KONG FOOTBALL ASSOCIATION LIMITED
香 港 足 球 總 會 有 限 公 司

HKFA

AFFILIATED TO FIFA & AFC IN 1954

Your Ref: CB4/PAC/R74

Our Ref.: PW-0396/20

15 May 2020

Mr. Anthony CHU
 Clerk to the Public Accounts Committee
 Legislative Council Secretariat
 Legislative Council Complex
 1 Legislative Council Road
 Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No. 74
Management of funding for sports development through
the Arts and Sports Development Fund (Sports Portion)

Thank you for your letter dated 13 May 2020 to the Chairman of Hong Kong Football Association regarding the captioned chapter. Our response is attached at Annex for consideration please

Yours sincerely,

PUI Kwan Kay
 Chairman

Encl.

- cc. Secretary for Home Affairs (fax no. 2591 5336)
 Director of Leisure and Cultural Services (fax no. 2691 4661)
 Chief Executive Officer, Hong Kong Football Association Secretariat
 (fax no. 2760 4303)
 Secretary for Financial Services and the Treasury (fax no. 2147 5239)
 Director of Audit (fax no. 2583 9063)

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Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's Report No.74

**Management of funding for sports development through
the Arts and Sport Development Fund (Sports Portion)**

The mechanism for distribution of complimentary tickets
of the Hong Kong Football Association matches

Type of matches

- 1) Hong Kong Premier League (the "HKPL") including Cup competition, i.e. FA Cup, Senior Shield and Sapling Cup
- 2) International matches held in Hong Kong, which is organized by Hong Kong Football Association (the "HKFA")
- 3) International matches held in Hong Kong, which is organized by third party, including but not limited to the member clubs, promoter, East Asian Football Federation (the "EAFF"), Asian Football Confederation (the "AFC") and Fédération Internationale de Football Association ("the FIFA").

HKPL

Before the commencement of each season, HKFA will discuss and agree with all the participating clubs about the ticketing arrangement, including but not limited to ticket price, ticket allocation and complimentary tickets. The decision will be made at the HKPL Club meeting on the Premier League, FA Cup, Senior Shield and Sapling Cup matches.

The HKPL matches are held at the venues of Leisure and Cultural Services Department (the "LCSD"), except the home venue of the R&F. HKFA follow the hiring agreement with LCSD which complimentary tickets not exceeding 5% of the total number of seats of the venue. And the complimentary tickets will be given to the home and away teams for their own distribution to their sponsors, guests or promotion purposes. HKFA will keep the remaining allocation and distribute to sponsors, board member, committee member, guests, match officials and staff on request on first come first served basis.

The ticketing plan of each venue is as below:

Venue	Total number of seats	Maximum Tickets available for sell	Complimentary Tickets (Maximum of 5%)	Home Team	Away Team	HKFA
Hong Kong Stadium	40,000	37,771	700 +1,529 (HKS)*	330	50	320
Mong Kok Stadium	6,600	6,270	330	180	50	100
Aberdeen Sports Ground	9,000	8,550	450	290	50	110
Yuen Long Stadium	4,900	4,655	245	114	50	81
Tseung Kwan O Sports Ground	3,500	3,325	175	68	50	57
Tai Po Sports Ground	3,200	3,040	160	60	50	50
Sham Shui Po Sports Ground	2,200	2,090	110	46	26	38
Hammer Hill Road Sports Ground	2,200	2,090	110	46	26	38
Tuen Mun Tang Shiu Kin Sports Ground	2,200	2,090	110	46	26	38
Yanzigang Stadium, Guangzhou	2,000	1,870	130	50	50	30

*In the hiring agreement between HKFA and the Hong Kong Stadium, there is a clause “the Hirer hereby agrees to provide to the Government 1,529 Event Tickets for each Event free of charge for use by the Executive Suite holders.”

Those entitle to request for the complimentary tickets from HKFA on first come first served basis are as below:

Capacity	Total number in the capacity	Number of tickets each
Sponsor	2	20
Board Member	11	2
Committee Member	62	2
HKFA Staff	80	2
VIP of HKPL clubs	20	2
Guest of all member clubs	241	1
Referee Assessor	24	1
Referee Instructor	31	1
HKPL Match Commissioner	8	1

International matches held in Hong Kong, which is organized by Hong Kong Football Association (the “HKFA”)

This will include the matches of Hong Kong Representative Team (the “HKRT”) matches, i.e. World Cup Qualifier, Asian Cup Qualifier, HKRT International Friendlies and various interport matches.

As approved by the Board at its 6th meeting of 2015/16 season which was held on Apr 5, 2016, for each of the local international competitions being hosted by HKFA, complimentary tickets will be distributed to various parties according to the guideline below. This is to ensure the allocation will be conducted in an open, fair and transparent manner.

Considering about the difference in nature of the match, stadium size, sponsorship commitment, marketing approach, partnership deal, 2 sets of quota has been established as below:

Capacity	Hong Kong Stadium	Other Stadiums
Partner of the match	According to the partnership deal	
Patrons, President and Vice Presidents	Maximum of 10	Maximum of 4
Head of Delegation of HKT (Honorable)	According to the signed agreement	
Head of Delegation of HKT	According to the signed agreement	
Board Members	Maximum of 10	Maximum of 4
Advisors	Maximum of 10	Maximum of 4
Committee Members	Maximum of 4	Maximum of 2
Special Guests	Maximum of 4	Maximum of 2
Sponsors	According to the signed agreement	
HK Team Players and Staff	Maximum of 8	Maximum of 4
HKFA Staff (Manager grade or above)	Maximum of 8	Maximum of 4
HKFA Staff	Maximum of 4	Maximum of 2
Premier League Clubs	Maximum of 4	Maximum of 2
Junior Clubs (1 st -3 rd Divisions)	Maximum of 2	Maximum of 2
Accredited Members	Maximum of 2	Maximum of 2
Away Team	According to the signed agreement	
Embassy of away team	Maximum of 20	Maximum of 10
VIP Reception	According to the list approved by CEO	
Marketing	Maximum of 1,000	Maximum of 500
Ex-Interporter Identity Card	Maximum of 50	Maximum of 50

The quota cap of the total complimentary tickets should not exceed 330 tickets plus HKFA will purchase not more than 670 tickets for matches held at Mong Kok Stadium and 2,000 complimentary tickets for the Hong Kong Stadium.

The final approval authority and the right to adjust the quota rest with the HKFA Chief Executive Officer to address the business operation needs.

International matches held in Hong Kong, which is organized by third party, including but not limited to the member clubs, promoter, East Asian Football Federation (the “EAFF”), Asian Football Confederation (the”AFC”) and Fédération Internationale de Football Association (“the FIFA”)

This will include the matches being hosted by our member clubs or other company / promoters, including AFC Cup, Asian Champions League, EAFF E-1 Championship, Club’s International Friendlies and other promotional exhibition matches. HKFA will be as the role of co-organiser and the allocation of complimentary tickets will need to be agreed with the host individually. However, the total number of complimentary tickets issued will still be 5% of the stadium capacity.

The final allocation of the complimentary tickets will be based on the principal of those international matches organized by the HKFA and the number of tickets which will be given by the host. HKFA CEO has the final approval authority on the allocation.

Prepared by HKFA
15 May 2020

政府總部
民政事務局

香港添馬添美道二號
政府總部西翼十二樓



GOVERNMENT SECRETARIAT
HOME AFFAIRS BUREAU

12/TH FLOOR, WEST WING,
CENTRAL GOVERNMENT OFFICES,
2 TIM MEI AVENUE,
TAMAR,
HONG KONG.

本函檔號 Our Ref. : HAB CR/1-160/7/30C
來函檔號 Your Ref. : CB4/PAC/R74

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22 June 2020

Mr Anthony CHU
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

The Director of Audit's Report No. 74

**Management of funding for sports development through the
Arts and Sport Development Fund (Sports Portion)**

Regarding the request for relevant information on Parts 4, 5 and 6 of Chapter 1 of the Director of Audit's Report No. 74 in your letter of 8 June 2020, our response is as follows.

Part 4: Funding for football development

- (a) The main purpose of the Home Affairs Bureau (HAB)'s funding to the Hong Kong Football Association (HKFA)'s Five-year Strategic Plan (Five-year Plan) is to provide the HKFA with the required administrative and technical capabilities to carry out its operations covering strategy and governance, financial management, human resources management, marketing and communications, as well as its work on taking forward the technical development of football including the organisation and training of the Hong Kong Teams, planning of the overall technical development of football as well as planning of the development of grassroots and youth football, girls' and women's football, football curriculum, coaches and referees. The posts funded by the HAB under the Five-year Plan also support the HKFA's other

initiatives in promoting football development, including the football development programmes funded by the Leisure and Cultural Services Department (LCSD) and the Hong Kong Jockey Club (HKJC), as well as the construction of the Football Training Centre (FTC) located in Tseung Kwan O. The majority of the funding provided by the LCSD and the HKJC to the HKFA is used to support the HKFA's football development programmes while only a small portion is used to fund the HKFA's posts, as the support for these programmes is provided by the posts funded by the HAB under the Five-year Plan. Taking into account the overall funding from the HAB, the LCSD and the HKJC, in 2019-20, the expenditures on funded post by the HAB, the LCSD and the HKJC only account for around 26%, 4% and 1% of the overall funding provided respectively¹. In other words, the expenditure of all of the funded posts account for around 31% of the overall funding. Details are shown in the table below.

	Overall funding earmarked in 2019-20 (\$ million)			
	HAB	LCSD	HKJC	Total
		25.00	20.69	24.01
	Number of subvented posts in 2019-20			
	HAB	LCSD	HKJC	Total
	Number of posts	26	7	1
Relevant funding earmarked (\$ million)	18.45	2.67	0.91	22.03
Percentage of the overall funding	26%	4%	1%	31%

These posts provide the HKFA with the required administrative and technical capabilities to implement the Five-year Plan. According to the half-yearly report submitted by the HKFA in March 2020, the HKFA has met 23 out of the 33 final indicators and targets included in the funding agreement. The efforts of the HKFA in expanding the grassroots and youth, girls and women's and futsal football programmes should be commended as the number of participants has far exceeded the relevant targets. It has also made considerable progress in its football curriculum, coach and referee development. The above shows that the HKFA posts funded by the HAB have made contribution to the development of local football.

¹ The earmarked funding of \$3 million for the operations of the FTC in the Five-year Strategic Plan is not included.

The HKFA's Five-year Plan from 2015-16 to 2019-20 was concluded in March this year. Due to the impact of the pandemic, the HKFA is still working to finalise its next five-year strategic plan, which would soon be presented to its Board of Directors for consideration. Upon receipt of the HKFA's formal submission on the new five-year strategic plan, the HAB will handle the funding application and consult the Football Task Force expeditiously. Therefore, the HAB has no information regarding the annual budgets for the HKFA in 2020-21.

Part 5: Funding for other sports programmes and schemes

- (b) In 2002, the HKFA, with the assistance of the LCSD, established 18 District Football Teams in 2002, which represent the District Councils (DCs) and compete in the leagues organised by the HKFA. Since the 2011/12 football season, the HAB has implemented the District Football Funding Scheme (DFFS) with the aim of improving the performance and governance of the District football teams, strengthening the cohesion of the community and fostering greater enthusiasm for football at the district level. The performance targets of the average number of spectators in "home" matches and community building activities are designed for monitoring the performance of the district teams in community building and generating interests in football.

In reviewing the effectiveness of the DFFS, the HAB would make reference to the district teams' mid-term reports and final reports submitted to the District Offices (DOs), the district teams' achievements against the four performance targets and the DOs' evaluation.

The DFFS provides funding support to 18 district teams with the aim of improving their performance and governance. The funding can be used to cover expenses in coaching, transportation, equipment and administrative staff, among other areas. When the district teams were established in 2002, 12 district teams participated in the lowest Third Division of the HKFA's league in the 2002/03 football season, while the remaining six district teams joined the other teams to participate in the same division of the HKFA's league in the 2003/04 football season. The district teams have become stronger, with many of them qualifying

for promotion to higher divisions of the league. In the 2019/20 football season, there are three district teams participating in the Hong Kong Premier League (HKPL), six in the First Division, six in the Second Division and three in the Third Division. In the 2018/19 football season, Tai Po Football Club won the HKPL championship and was the first ever district team to attain this achievement. District teams have all along been providing young players with training and competition opportunities, which are conducive to improving the standard of play in Hong Kong. The above demonstrated that the DFFS has been effective in promoting football development at the district level.

- (c) Indicators (i) to (iii) in the table below were introduced in 2014 following a review of the DFFS by the Football Task Force (FTF). Indicator (iv) was added in 2017 after another review by the FTF.

Indicator	Minimum target
(i) Average number of training hours with coaches per month	40 hours (HKPL teams) 12 hours (other teams)
(ii) Average number of spectators in “home” matches	500 (HKPL teams) / 100 (First Division teams) / 50 (Second and Third Divisions teams)
(iii) Relative position in league compared with previous season	No lower than the position achieved in the previous season
(iv) Community building activities	At least 3 projects / activities

We will review the DFFS, including the related indicators, in the light of the recommendations of the Director of Audit.

- (d) Currently, district football teams are required to provide explanations to the DOs in case of significant differences between the indicators and the actual situation. In reviewing the DFFS, we will provide the definition for “significant difference”.
- (e) The LCSD allocates natural turf pitches as home venues of district football teams participating in the HKPL. In 2019/20 football season, the home venues of the three HKPL district teams are the Mong Kok Stadium (the Aberdeen Sports Ground, which is the usual home venue of the Southern District-based football team, was closed for

maintenance in the first half of the football season), the Yuen Long Stadium and the Tai Po Stadium respectively. Regarding the other district teams participating in the First, Second and Third Divisions, the LCSD allocates artificial turf pitches for the HKFA to conduct the matches concerned, and the HKFA would endeavour to arrange several fixed venues for the district teams to play their home matches. However, due to rental and supply situation of public football pitches, the home matches of district teams participating in the First, Second and Third Divisions would sometimes be conducted in venues outside their respective districts, which would lower the interest of district-based fans to watch the matches.

- (f) The following table shows the situations where district football teams could not meet the indicators (i) and (iii) as mentioned in response (c) above during the 2015/16 to 2018/19 football seasons –

District football team	Situations where district football teams could not meet the indicators during the 2015/16 to 2018/19 football seasons
<i>(i) Average number of training hours with coaches per month</i>	
B	Team B did not meet the indicator twice. The DO made enquiries with the team and noted that the team could not arrange venue for training. The DO reminded the team that it should make venue booking early for training.
C	Team C did not meet the indicator three times. The DO made enquiries with the team and noted that training was affected by weather conditions. The DO reminded the team of the need to meet the indicator.
D	Team D did not meet the indicator five times. The DO made enquiries with the team and reminded the team to step up efforts to meet the indicator.
K	Team K did not meet the indicator once. The DO made enquiries with the team and reminded the team to step up efforts to meet the indicator.
M	Team M did not meet the indicator twice. In one case, the DO made enquiries with the team and noted that the team could not arrange venue for training. The DO reminded the team that it should make venue booking early for training. In the other case, since the team had trained for 11.8 hours per month on average which was very close to the indicator of 12 hours, no particular follow-up action was made.
P	Team P did not meet the indicator once. The DO made enquiries with the team and reminded the team to step up efforts to meet the indicator.
Q	Team Q did not meet the indicator once. The DO made enquiries with

	the team and noted that training was affected by social events. The DO suggested the team to consider using other venues for training.
<i>(iv) Community building activities</i>	
B	Team B did not meet the indicator twice. The DO reminded the team to step up efforts to meet the indicator.
C	Team C did not meet the indicator once. The DO made enquiries with the team and noted that a community activity was cancelled due to a failure to find a suitable date and venue for the activity. The DO reminded the team of the need to meet the indicator.
D	Team D did not meet the indicator twice. The DO made enquiries with the team and reminded the team of the importance of community building activities.
R	Team R did not meet the indicator once. The DO made enquiries with the team and noted that a community activity was cancelled because the participants could not find a suitable venue for the activity. The DO would keep in view the team's performance under this indicator in the following football season.

The HAB preliminarily considers the indicator of 12 hours of training with coaches per month on average reasonable and notes that there were a few cases where district teams could not meet this indicator, and in a few other cases the district teams missed the indicator narrowly. We will review the DFFS, including the related performance targets.

- (g) Example (1): District football team E could not meet the indicator of average number of spectators in home matches in 2017/18 football season. The DO made enquiries with the team and noted that the team's home venue was damaged due to typhoon and the team had to use a venue in another district as its home venue, which resulted in lower attendances. At the DO's reminder, team E stepped up its marketing efforts.

Example (2): District football team F could not meet the indicator of relative position in league compared with previous season in 2017/18 football season. The DO made enquiries with the team and noted that some key players in the team were injured. To follow up with the team's performance, the DO conducted random inspection of team F's training and competitions.

- (h) District football teams are authorised by the DCs to represent their respective districts to participate in the league. Under the current system, there is only one district team in each district. Since the launch of the DFFS in 2011/12 football season, the DCs of Kowloon City, Sai Kung and Yuen Long have, in 2012, 2012 and 2013 respectively, changed the team that they authorised to represent the district in the league.

Under the DFFS, the district teams are required to sign an undertaking form, confirming their promise to commit to achieve the four indicators and understanding that their funding applications in the future might not be accepted if they do not comply with the relevant requirements. We will review the DFFS and consider ways to increase the incentives for district teams to improve their performance and meet the performance indicators.

- (i) DOs are familiar with the operations of the district football teams and have a good understanding of the district teams' performance. When a district team fails to meet an indicator, the DO would make enquiries and take follow-up action as appropriate. We agree that the DOs should document their follow-up action properly. When the HAB reviews the DFFS, we will devise clearer guidelines for the DOs on the documentation of their assessment and follow-up actions.
- (j) In the mid-term reports and final reports submitted by the district football teams to the DOs, the district teams are required to report information on their training and community activities held. Since league positions of district teams are listed on the HKFA's website, they do not need to be reported. The above information is useful for the DOs in their assessment of the teams' performance in meeting the indicators. However, we have not specifically required district teams to report the average number of spectators in home matches currently, and such information is reported by district teams on their own initiatives or upon request by the DOs. When the HAB reviews the DFFS, we will devise clearer guidelines to improve the situation.
- (k) The HAB and the DOs are responsible for evaluating the reports submitted by the district football teams.

- (1) The Government has all along supported youth sports development. We have been promoting sports culture in schools and encouraging students to develop and active and healthy lifestyle. Since 2001, the LCSD partnered with different “national sports associations” (NSAs) to run the School Sports Programme (SSP), which enables students of primary, secondary and special schools in joining multiple sports programmes conducted by professional coaches of the NSAs on the campuses. The SSP aims to nurture students’ interest in sports, raise the sport performance standard among students of and identify potential student athletes for further training. Currently, there are 90% of schools in Hong Kong participating in the SSP, covering 47 types of sports, including football. The resources allocated to the SSP, number of students participated and number of programmes organised in the past 3 years are set out as follows –

Year	Subvention (\$million)	Number of students	Number of programmes conducted by professional coaches ²
2019-20	27.5	612 762	6 895
2018-19	23.6	635 212	6 747
2017-18	22.2	629 000	6 623

In order to help the NSAs establish an effective feeder system for the early identification of young potential athletes, the LCSD launched Feeder System Scheme (“FSS”) under the Sports Subvention Scheme. Potential young people so identified can join the FSS organised by various NSAs where more training and competitions opportunities are given to elevate their performance to a higher level. Since its launch in 2009-10, the FSS has achieved very good results. As at December 2019, FSS has successfully identified 4 060 athletes for promotion to higher level squads for further training. Of these, 916 athletes have been promoted to junior squads of different sports. The amount of subvention allocated to the FSS, number of participants and the NSAs participated in the past 3 years are set out below –

² LCSD does not hold the exact number of coaches involved.

Year	Subvention (\$million)	Number of participants	Number of NSAs participated ³
2019-20	22.0	8 532	53
2018-19	19.0	8 718	52
2017-18	17.1	8 629	52

Besides, the Government provides annual funding to the Hong Kong Sports Institute (HKSI) through the Elite Athletes Development Fund and provides direct financial support, elite training programmes and comprehensive support services to around 1 300 athletes (including around 400 junior athletes). In 2020-21, about \$737 million will be allocated to the HKSI.

In addition, the Retired Athletes Transformation Programme launched by the HAB is currently subsidising 43 secondary schools to employ retired athletes as school sports promotion coordinators to help promote sports and improve the levels of sports performance at schools.

Part 6: Governance of the Sports Commission and its committees

- (m) In 2015-2019, seven working groups have been formed under the Sports Commission (SC) or its committees (i.e. the Community Sports Committee (CSC), the Elite Sports Committee (ESC), and the Major Sports Events Committees (MSEC)) as tabulated below –

	Working group	Committee	Year involved	Work	Number of meetings held
1.	Task Force on Kai Tak Sports Park	SC	2015-2016	To advise on the planning of the Kai Tak Sports Park	5
2.	Working Group on Sports Facilities	SC	2015-2019	To review the level of demand for different types of sports facility	6
3.	Territory-wide Physical Fitness Survey for the Community Advisory Committee	CSC	2019-2020	To coordinate the execution of the Territory-wide Physical Fitness Survey for the Community	2
4.	Hong Kong	CSC	2015-2019	To oversee and	8

³ LCSD does not hold the exact number of coaches involved.

	Games Organising Committee			coordinate the Hong Kong Games	
5.	Student Sports Activities Co-ordinating Sub-committee	CSC	2015-2019	To provide advice on the sports curriculum and policy objectives for schools of primary form 1 to higher education.	5
6.	Elite Vote Support Scheme Working Group	ESC	2016-2017	To consult NSAs, review and make recommendations on the Elite Vote Support Scheme	3
7.	Vetting Panel	MSEC	2015-2020	To conduct assessment of applications for “M” Mark events, and make recommendation to the Major Sports Events Committee for consideration	20

- (n) In 2020, the SC and its committee have started to make use of video conferencing according to their respective needs to encourage active participation of members.
- (o) The attendance rates of members of the SC and its committees in 2015-16, 2017-18 and 2019-20 (as at May 2020) are at **Annex 1**.
- (p)(i) If a member has potential conflict of interest in any discussion item under the meeting agenda, the member concerned shall declare it before the discussion. The Chairperson may decide whether to allow the member to participate in the discussion and vote.
- (p)(ii) We will strengthen our implementation of the requirements on declaration of interests, such as requiring members to declare their interests in writing before the meeting.
- (p)(iii) The memorandum “Advisory and Statutory Bodies – declaration of interests” formulated by the HAB is at **Annex 2**.
- (p)(iv) In 2019, at the start of the new term of SC and its committees, we introduced the work, responsibilities and obligations of the relevant committees, including the requirements on declaration of interest, to newly appointed members Members of the SC and its committees. We

arranged meetings or verbal briefings for this purpose with individual members to suit their schedules. No briefing sessions were held.

Yours sincerely,

(Paul CHENG)
for Secretary for Home Affairs

**Overall Attendance of Members of the
Sports Commission and its Committees in 2015-16, 2017-18 and 2019-20**

Member	Committee	Year of service	Overall attendance¹
Ms Jamie WONG Wan-yiu	Major Sports Events Committee	2019-20	0%
Ms Joephy CHAN Wing-yan	Community Sports Committee	2019-20	0%
Alex CHUNG Hau-yeung	Major Sports Events Committee	2015-16, 2017-18, 2019-20	17%
Ms Robyn LAMSAM	Elite Sports Committee	2017-18, 2019-20	29% ²
Ms HON Sze-sze	Community Sports Committee	2015-16, 2017-18, 2019-20	31%
Timothy FOK Tsun-ting	Sports Commission	2015-16, 2017-18, 2019-20	33%
Stephen WONG Heung-sang	Community Sports Committee	2015-16, 2017-18, 2019-20	33%
Henry CHAN Chi-chiu	Major Sports Events Committee	2015-16, 2017-18, 2019-20	36%
	Community Sports Committee	2015-16	
Miss Sherry TSAI Hiu-wai	Major Sports Events Committee	2015-16, 2017-18	38%
Ms WAI Hoi-ying	Community Sports Committee	2015-16, 2017-18	38%
HUNG Chung-yam	All committees		40%
	Sports Commission	2015-16	40%
	Elite Sports Committee	2015-16	40%
WONG Kam-po	Elite Sports Committee	2015-16, 2017-18, 2019-20	48%
Alberto CRUZ	Community Sports Committee	2017-18, 2019-20	50%
KWOK Kai-fai	Major Sports Events Committee	2019-20	50%
Ms Lilian LEONG	Major Sports Events Committee	2015-16, 2017-18	50%
David MONG Tak-yeung	Major Sports Events Committee	2019-20	50%
Ms Emba LEUNG Wun-man	Major Sports Events Committee	2015-16	50%
Ms CHIU Wing-yin	Major Sports Events Committee	2015-16	50%
Eric LI Ka-cheung	Sports Commission	2015-16, 2017-18	58%
Mrs Stella LAU KUN Lai-kuen	All committees		58%
	Sports Commission	2015-16, 2017-18, 2019-20	66%
	Community Sports Committee	2015-16	33%
Michael LEE Tze-hau	Sports Commission	2017-18, 2019-20	59%
Nelson YIP Siu-hong	Elite Sports Committee	2017-18, 2019-20	59%

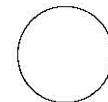
¹ As per request in the letter from the Public Accounts Committee Secretariat of the Legislative Council, we have listed out the overall attendance rates of all committees and individual attendance rates of each committee for those members who have been appointed as both members of the Sports Commission and its committee(s).

² Ms Robyn Lamsam originally could attend one of the meetings of the Elite Sports Committee in 2019, but eventually was unable to attend because of social events. If she were able to attend the meeting concerned, her overall attendance rate (as at May 2020) would be increased to 43%.

Member	Committee	Year of service	Overall attendance¹
Carlson TONG	Sports Commission	2015-16, 2017-18	60%
LUI Tai-lok	Elite Sports Committee	2015-16	60%
Ms LU Hai	Major Sports Events Committee	2017-18, 2019-20	63%
Ms TUNG Kin-lei	Community Sports Committee	2015-16, 2017-18	63%
Miss Angel WONG Hiu-ying	Elite Sports Committee	2015-16, 2017-18, 2019-20	63%
Mr Patrick CHAN	Community Sports Committee	2015-16, 2017-18, 2019-20	64%
Miss Emba LEUNG Wun-man	Major Sports Events Committee	2019-20	65%
	Elite Sports Committee	2015-16	
LI Ching	Elite Sports Committee	2017-18, 2019-20	67%
Michael CHENG Ming-git	Elite Sports Committee	2017-18, 2019-20	67%
Philip LI Wing-kuen	Community Sports Committee	2015-16	67%
Miss LEE Ka-man	Sports Commission	2019-20	67%
Simon YEUNG Sai-mo	Community Sports Committee	2015-16	67%
Ms YU Chui-yee	All committees		68%
	Sports Commission	2017-18, 2019-20	92%
	Elite Sports Committee	2015-16	20%
Ms Fay HO Kim-fai	Major Sports Events Committee	2019-20	72%
	Elite Sports Committee	2015-16, 2017-18, 2019-20	
WONG Wai-shun	Community Sports Committee	2015-16, 2017-18, 2019-20	72%
CHAN Pok-chi	Community Sports Committee	2015-16, 2017-18, 2019-20	72%
LAM Tai-fai	All committees		73%
	Sports Commission	2017-18, 2019-20	84%
	Major Sports Events Committee	2015-16, 2017-18, 2019-20	67%
HE Yi-ming	All committees		74%
	Sports Commission	2017-18, 2019-20	71%
	Elite Sports Committee	2015-16	80%
Ms Eleanor KWOK LAW Kwai-chun	Major Sports Events Committee	2015-16, 2017-18	75%
LIN Chun-pong	Community Sports Committee	2017-18, 2019-20	75%
LUK Wai-hung	Major Sports Events Committee	2015-16, 2017-18, 2019-20	75%
Ms LEE Ching-nga	Community Sports Committee	2017-18, 2019-20	75%
POON Chun-yuen	Major Sports Events Committee	2015-16, 2017-18, 2019-20	75%
Edgar YANG Joe-tsi	Elite Sports Committee	2017-18, 2019-20	75%
Frank FU Hoo-kin	Sports Commission	2017-18, 2019-20	77%
CHAN King-yin	Community Sports Committee	2015-16, 2017-18	78%
Ms Melina NGAI	Sports Commission	2015-16, 2017-18	80%
Terry SMITH	All committees		80%

Member	Committee	Year of service	Overall attendance¹
	Sports Commission	2015-16	60%
	Major Sports Events Committee	2015-16	100%
Daniel LEE Chi-wo	Community Sports Committee	2015-16, 2017-18, 2019-20	81%
CHENG King-leung	Elite Sports Committee	2017-18, 2019-20	81%
	Community Sports Committee	2015-16	
Kenneth FOK Kai-kong	All committees		82%
	Sports Commission	2017-18, 2019-20	50%
	Elite Sports Committee	2017-18, 2019-20	100%
	Community Sports Committee	2015-16	71%
	Major Sports Events Committee	2015-16	100%
WONG Po-kee	Community Sports Committee	2015-16, 2017-18, 2019-20	83%
CHENG Ka-ho	Sports Commission	2015-16, 2017-18, 2019-20	83%
CHEUNG Ki-tang	Community Sports Committee	2015-16, 2017-18, 2019-20	83%
James LAM	Sports Commission	2015-16, 2017-18, 2019-20	85%
Ms CHU Lai-ling	Community Sports Committee	2017-18, 2019-20	88%
Ms Tina WONG Ting	Community Sports Committee	2017-18, 2019-20	88%
Langton CHEUNG Yung-pong	Community Sports Committee	2017-18, 2019-20	88%
Anson BAILEY	Major Sports Events Committee	2017-18, 2019-20	88%
Karl KWOK	All committees		88%
	Sports Commission	2017-18, 2019-20	71%
	Major Sports Events Committee	2015-16, 2017-18, 2019-20	100%
Patrick YUNG	All committees		88%
	Sports Commission	2017-18, 2019-20	88%
	Community Sports Committee	2015-16, 2017-18, 2019-20	89%
Lobo LOUIE Hung-tak	Elite Sports Committee	2015-16, 2017-18, 2019-20	89%
Ms Lisa LAU Man-man	Sports Commission	2015-16, 2017-18	90%
William TONG Wai-lun	All committees		90%
	Sports Commission	2015-16	80%
	Community Sports Committee	2015-16	100%
Ms Vivian LEE Ying-shih	Sports Commission	2015-16, 2017-18, 2019-20	92%
Arnold CHUNG Chi-lok	Community Sports Committee	2015-16, 2017-18, 2019-20	92%
David YIP Wing-shing	All committees		93%
	Sports Commission	2015-16, 2017-18, 2019-20	92%
	Community Sports Committee	2015-16, 2017-18, 2019-20	94%
CHAN Man-chun	Major Sports Events Committee	2017-18, 2019-20	100%
Tony CHOI	Sports Commission	2015-16	100%

Member	Committee	Year of service	Overall attendance¹
Yuk-kwan			
Ms Peggy LEE Pik-ye	Community Sports Committee	2015-16	100%
TANG Hon-sing	Elite Sports Committee	2019-20	100%
LEUNG Pak-yin	Community Sports Committee	2019-20	100%
William KO Wai-lam	All committees		100%
	Sports Commission	2015-16	100%
	Major Sports Events Committee	2015-16	100%
Sam WONG Tak-sum	Sports Commission	2019-20	100%
Wilfred NG Sau-kei	All committees		100%
	Sports Commission	2015-16, 2017-18, 2019-20	100%
	Major Sports Events Committee	2017-18, 2019-20	100%
Mrs Cecilia WONG LAM Siu-ling	Community Sports Committee	2015-16	100%
Ms TSANG Tsz-lui	Community Sports Committee	2019-20	100%
Eric FOK Kai-shan	Major Sports Events Committee	2019-20	100%
Ronnie WONG Man Chiu	Community Sports Committee	2015-16	100%
CHU King-yuen	Community Sports Committee	2015-16	100%
LI Tak-nang	Major Sports Events Committee	2015-16, 2017-18, 2019-20	100%
Miss Amy CHAN Lim-chee	Sports Commission	2015-16	100%
Tony YUE Kwok-leung	All committees		100%
	Sports Commission	2015-16, 2017-18, 2019-20	100%
	Elite Sports Committee	2015-16, 2017-18, 2019-20	100%
Michael TSE	Major Sports Events Committee	2015-16, 2017-18	100%
Ms LEUNG Mee-lee	Major Sports Events Committee	2017-18	100%
	Community Sports Committee	2015-16, 2017-18	
	Elite Sports Committee	2015-16	
Patrick CHAN Ping-cheung	All committees		100%
	Sports Commission	2019-20	100%
	Elite Sports Committee	2015-16, 2017-18	100%
Anson CHEUNG Ho-yin	Community Sports Committee	2019-20	100%
Ms Judy CHEN Qing	Major Sports Events Committee	2015-16	100%
Secretary for Home Affairs	Sports Commission	2015-16, 2017-18, 2019-20	100%
Director of Leisure and Cultural Services	Sports Commission	2015-16, 2017-18, 2019-20	100%



M E M O

<i>From</i> Secretary for Home Affairs <i>Ref.</i> (44) in HAB CR 7/15/379 Pt.5 <i>Tel. No.</i> 2835 1368 <i>Fax. No.</i> 2591 6002 (Open)/2834 6176 (Conf) <i>Date</i> 17 August 2005	<i>To</i> Directors of Bureaux Heads of Departments <i>(Attn.:</i> _____ <i>)</i> <i>Your Ref.</i> _____ <i>in</i> _____ <i>dated</i> _____ <i>Fax. No.</i> _____ <i>Total Pages</i> 4 + 7
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**Advisory and Statutory Bodies –
Declaration of Interests**

This memorandum reminds bureaux and departments of the need to introduce a system for declaration of interests for each of the advisory and statutory bodies (ASBs) under their purview, and of the need to review from time to time the systems for declaration of interests already adopted by boards and committees under their purview.

Background

2. ASBs play an important role in the determination and implementation of public policy in Hong Kong. It is crucial that members of these bodies should, and be seen to, deliver objective and impartial advice and make decisions solely in terms of the public interest. A member (whether non-official or ex-officio) should declare a conflict of interest situation at the earliest opportunity.

3. A conflict of interest situation, in the context of a non-official member of an ASB, is a situation where his/her financial or personal interests compete or conflict with the interests of the board or committee on which he/she is serving, or conflict with his/her duties and responsibilities as a member of that board or committee.

4. At present, some statutory bodies (such as the Airport Authority, the Urban Renewal Authority, the Hong Kong Science and Technology Parks Corporation and the Estate Agents Authority) have a declaration of interest system which is stipulated in their enabling legislation. The system usually requires:

- (a) a board member to declare all relevant interests;

- (b) the statutory body to keep a register of all declared interests;
- (c) the statutory body to make available the register for public inspection;
- (d) a board member to declare any relevant personal or business interests which may conflict with his/her responsibilities as a board member during the discussion or determination of a matter under consideration by the board; and
- (e) a board member to withdraw from the meeting while the board is discussing or determining the matter in which he/she has declared interest unless permitted by the meeting to do otherwise.

5. Where there are no specific statutory provisions for interests to be declared, the common law requires that:

- (a) members of public bodies should not take part in the discussion or determination of matters in which they have a pecuniary interest; and
- (b) in the case of an interest which is not of a direct pecuniary kind (such as interests arising from membership of clubs and other organizations or family relationships), members should consider whether participation in the discussion or determination of a matter would suggest a real danger of bias.

Declaration of Interests

6. Arrangements for declaration of interests by members of ASBs were laid down back in 1994. Two different systems for declaration of interests have been developed, namely :

- (a) One-tier reporting system

Under this system, when a member of a board or committee perceives a potential conflict of interest in a matter placed before the board or committee, he/she should make a full disclosure of his/her interest. In this connection, it is the responsibility of the member to judge and decide if the situation warrants a declaration, and to seek a ruling from the chairman in case of doubt.

(b) Two-tier reporting system

This system applies to boards and committees with extensive powers over policy or financial matters. To maintain public confidence in the integrity of members, as well as in the impartiality of their advice tendered to the board or committee, members should disclose their general pecuniary interests on appointment to these boards and committees and annually thereafter, in addition to the report of conflicts of interest as and when they arise. To achieve greater transparency, such declarations should be recorded and made available for public inspection.

7. A board or committee which has one or more of the following functions or characteristics should adopt the two-tier reporting system :

- (a) it has a high degree of management and financial autonomy;
- (b) it has extensive executive powers in matters of public interest;
- (c) it is instrumental in shaping major Government policies;
- (d) it has the power to award major Government contracts;
- (e) it has access to market sensitive information;
- (f) it is responsible for the control and disbursement of substantial public funds.

8. Guidelines on declaration of interests by members of ASBs as recommended by the Independent Commission Against Corruption (ICAC) for the one-tier reporting system and the two-tier reporting system are at Annexes A and B respectively. Bureaux and departments are requested to take into account the nature and special needs of each ASB in deciding which of the two systems to adopt.

Contracts

9. As a matter of principle, ASB members should, where practicable, avoid entering into any contract with the ASBs on which they are serving. Where this is unavoidable, it is important for the ASB to ensure that the bidding/selection process is fair and transparent, and also seen to be so. In this

regard, bureaux and departments are requested to advise ASBs under their purview to adopt, as far as practicable, the measures recommended by the ICAC to manage the possible conflict of interest arising from members bidding for contracts of ASBs as set out in Annex C.

Way Forward

10. Bureaux and departments are reminded to ensure that each of the ASBs under their purview should have a declaration of interest system. Such a system should be introduced when a new board or committee is formed. The system for declaration of interests for each of the ASBs under their purview should be reviewed from time to time to ensure that the system adopted by each ASB matches the needs of the body concerned.

Enquiries

11. Enquiries on the guidelines for declaration of interests should be directed to Group Head/C, Division 1, Corruption Prevention Department of the ICAC (Tel No. 2826 3215/Fax No. 2521 8479).

12. This memorandum supersedes memoranda referenced (32) in HAB CR 7/15/379 dated 1 September 1994 and (26) in HAB CR 7/15/379 Pt.4 dated 30 May 1995.

13. Bureaux and departments are requested to bring this memorandum to the attention of staff who deal with issues concerning ASBs.

Signed

(Stephen Fisher)
for Secretary for Home Affairs

c.c. Perm Secy, CEO
AA/CS
AA/FS
AA/SJ
Judiciary Administrator
The Ombudsman
Commissioner, ICAC

**Declaration of Interests by
Members of Public Sector Advisory and Statutory Bodies**

Guidelines for a One-tier Reporting System

General Principles

When a member (including the chairman) of a public council, board or committee has a potential conflict of interest in a matter placed before the committee, he should make full disclosure of his interest. The basic principle to be observed is that members' advice should be disinterested and impartial and it is the responsibility of each member to judge and decide if the situation warrants a declaration, and to seek a ruling from the chairman in case of doubt.

It is impossible to define or describe all the situations that would call for such a declaration, because each individual case differs, and because of the difficulty of catering for unusual and unforeseen circumstances. On the other hand, it is not intended that a member should make a declaration of interest simply because the committee is considering a matter in which he has knowledge or experience.

Potential Conflict of Interest Situations

The following are potential conflict of interest situations :

- (1) Pecuniary interests in a matter under consideration by the committee, held either by the member or by any close relative of his. Members are themselves the best judge of who, in the particular circumstances, is a "close relative".
- (2) A directorship, partnership, advisory or client relationship, employment or other significant connection with a company, firm, club, association, union or other organisation which is connected with, or the subject of, a matter under consideration by the committee.
- (3) Some friendships which might be so close as to warrant declaration in order to avoid situations where an objective observer might believe a member's advice to have been influenced

by the closeness of the association.

- (4) A member who, as a barrister, solicitor, accountant or other professional adviser, has personally or as a member of a company, advised or represented or had frequent dealings with any person or body connected with a matter under consideration by the committee.
- (5) Any interest likely to lead an objective observer to believe that the member's advice might have been motivated by personal interest rather than a duty to give impartial advice.

Declaration of Interests at Meetings

The following are guidelines governing declaration of interests at meetings :

- (1) If a member (including the chairman) has any direct personal or pecuniary interest in any matter under consideration by the committee, he must, as soon as practicable after he has become aware of it, disclose to the chairman (or the committee) prior to the discussion of the item.
- (2) The chairman (or committee) shall decide whether the member disclosing an interest may speak or vote on the matter, may remain in the meeting as an observer, or should withdraw from the meeting.
- (3) If the chairman declares an interest in a matter under consideration, the chairmanship may be temporarily taken over by a vice-chairman.
- (4) When a known direct pecuniary interest exists, the secretary may withhold circulation of relevant papers to the member concerned. Where a member is in receipt of a paper for discussion which he knows presents a direct conflict of interest, he should immediately inform the secretary and return the paper.
- (5) All cases of declaration of interests shall be recorded in the minutes of the meeting.

**Declaration of Interests by
Members of Public Sector Advisory and Statutory Bodies**

Guidelines for a Two-tier Reporting System

General Principles

Some public councils, boards and committees are autonomous and have extensive powers over policy and financial matters. To maintain public confidence in the integrity of members (including the chairman), as well as in the impartiality of their advice tendered to the committee, it is important that all members of such committees should disclose their general pecuniary interests on appointment to the committee, in addition to the report of conflicts of interests as and when they arise. To achieve greater transparency, such declarations should be made available for public inspection. By adopting this two-tier reporting system, members of these committees can be protected from criticism or embarrassment arising from the existence of any undeclared general financial interest which may have potential conflict with the work of the committee. The two-tier reporting system consists of the following :

(A) *Register of Members' Interests*

- (1) The chairman and members shall register in writing their personal interests, direct or indirect, pecuniary or otherwise, when they first join the committee, and annually thereafter, to the secretary of the committee. The registration shall be made on a standard form, a sample is at the Appendix.
- (2) The types of interests required for registration shall include :
 - (i) proprietorships, partnerships or directorships of companies;
 - (ii) remunerated employments, offices, trades, professions or vocations; and
 - (iii) shareholdings in a publicly listed or private company (e.g. 1% or more of the company's issued share capital); and/or

- (iv) other declarable interests, taking into consideration the nature of work of individual committees.
- (3) A register of members' interests shall be kept by the secretary which should be made available for inspection on request by any member of the public.

(B) Declaration of Interests at Meetings

The following are guidelines governing declaration of interests at meetings :

- (1) If a member (including the chairman) has any direct personal or pecuniary interest in any matter under consideration by the committee, he must, as soon as practicable after he has become aware of it, disclose to the chairman (or the committee) prior to the discussion of the item.
- (2) The chairman (or committee) shall decide whether a member disclosing an interest may speak or vote on the matter, may remain in the meeting as an observer, or should withdraw from the meeting.
- (3) If the chairman declares an interest in a matter under consideration, the chairmanship may be temporarily taken over by a vice-chairman.
- (4) When a known direct pecuniary interest exists, the secretary may withhold circulation of relevant papers to the member concerned. Where a member is in receipt of a paper for discussion which he knows presents a direct conflict of interest, he should immediately inform the secretary and return the paper.
- (5) All cases of declaration of interests shall be recorded in the minutes of the meeting.

Criteria for Adopting the Two-tier Reporting System

Public sector advisory and statutory bodies which have the following functions and characteristics should adopt the two-tier reporting system :

- (1) high degree of management and financial autonomy;
- (2) extensive executive powers in matters of public interest;
- (3) instrumental in shaping major Government policies;
- (4) award of major Government contracts;
- (5) access to market sensitive information (e.g. land development fees, charges and other forms of revenue, and licensing procedures);
- (6) control and disbursement of substantial public funds.

SAMPLE

Appendix

Register of Interests

(Name _____) requests that interests as listed below should be included in the Register of Members' Interests.

- A. Proprietorships, partnerships or directorships of companies, public or private

- B. Remunerated employments, offices, trades, professions or vocations

- C. Shareholdings in companies, public or private (1% or more of the company's issued share capital)

- D. Other declarable interests (to be specified)

Signed : _____

Date : _____

Note : The information provided in this form may be disclosed to the public in connection with your appointment as a member/the chairman of (name of the advisory or statutory body).

**Measures to Manage Possible Conflict of Interest
Arising from Members Bidding for Contracts of
Advisory and Statutory Bodies (ASBs)**

- (1) When the need for a contract is discussed, ASB members should be asked at the outset to declare whether they or any company associated with them are interested in bidding for the contract.
- (2) ASB members who have declared an interest to bid should not take part or be present at any subsequent discussions or meetings concerning the proposed contract, and should be prohibited from access to any information in relation to the contract (other than in the capacity of a bidder).
- (3) ASB members who have not declared an interest to bid (and the companies concerned) should not be allowed to bid subsequently.
- (4) When a member (or a company associated with him) has expressed an interest to bid, the advisory or statutory board should ascertain whether any information relating to the contract has already come to the possession of the ASB member in the course of his duties as a member. If so, such information should be made available to other bidders as well to ensure a level playing field.
- (5) If a member of an advisory or statutory body (or a company associated with him) has put in a bid, care should be taken to ensure that he subsequently has no access to the submitted tender documents which may contain commercially sensitive information.
- (6) Bidder identity should be anonymized before the evaluation of bids if a member of the advisory or statutory body (or a company associated with him) is one of the bidders.
- (7) If a member of an advisory or statutory body (or a company associated with him) is successful in bidding for the contract, he should withdraw from all discussions relating to the contract, except when attending in the capacity of a supplier or a service-provider.

A brief account of Chapter 2 of Report No. 74
“Sports Federation & Olympic Committee of Hong Kong, China”
by the Director of Audit
at the Public Hearing of the Public Accounts Committee
of the Legislative Council on Monday, 25 May 2020

Mr. Chairman,

Thank you for inviting me here to give a brief account of Chapter 2 of Report No. 74 of the Director of Audit, entitled “Sports Federation & Olympic Committee of Hong Kong, China”.

This Audit Report comprises four PARTs.

PART 1 of the Report, namely “Introduction”, describes the background of the audit.

The Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) is recognised by the International Olympic Committee (IOC) as the National Olympic Committee (NOC) of Hong Kong, China responsible for the development and promotion of sports in accordance with the Olympic Charter, the statutes for IOC. According to the Olympic Charter, SF&OC, being an NOC, must preserve its autonomy and resist all pressures of any kind which may prevent it from complying with the Olympic Charter.

SF&OC is underpinned by a Secretariat, the Office of the Hong Kong Athletes Career and Education Programme (HKACEP) and the Office of the Hong Kong Anti-Doping Committee (HKADC). In addition, SF&OC has three affiliated companies, including the Management Company of Olympic House Limited (MCOHL). In 2018-19, government funding to SF&OC and MCOHL amounted to \$31.2 million and \$7.7 million respectively, totalling \$38.9 million. The Home Affairs Bureau (HAB) will increase its recurrent subvention to SF&OC from \$20 million in 2019-20 to \$40.6 million in 2020-21.

PART 2 of the Report examines the operation of SF&OC.

SF&OC is responsible for selecting athletes to participate in the Hong Kong, China Delegation according to the nominations submitted by National Sports Associations (NSAs). Up to 29 February 2020, some of the best practices set out in “Best Practice Reference for Governance of National Sports Associations — Towards Excellence in Sports Professional Development” drawn up by the Independent Commission Against Corruption in

December 2011 were yet to be implemented. In a case in 2018, there was scope for enhancing the transparency and accountability in selecting athletes to participate in an international game. Moreover, although SF&OC's NSA members should comply with the requirements of the Olympic Charter, the Code of Ethics of IOC, etc., there is no mechanism in place to ensure their compliance.

Through HKACEP, SF&OC delivers three core provisions for elite athletes in Hong Kong, namely Career, Education and Life Skills. As at 31 March 2019, of the 69 athletes who had joined an English course under HKACEP for more than 4 years, 40 (58%) had failed to advance at least one grade level; whereas as at 31 December 2019, 11 scholarships under HKACEP, which had been approved more than 2.5 years ago, had not been claimed by the athletes concerned.

For the purpose of conducting doping tests, athletes are required to submit to the Office of HKADC information relating to their whereabouts on a quarterly basis and as and when required. Since some athletes could not be located, there were unsuccessful attempts to conduct the tests. The Audit Commission (Audit) examined 10 of the 69 unsuccessful attempts in 2018-19 and found that the Office of HKADC did not always send e-mails to follow up with the athletes concerned, nor were there any requirements on the number of attempts to be made to locate an athlete; and, contrary to the anti-doping requirement, the athletes had not been asked at any point in time to provide explanations on why they could not be located.

MCOHL manages and allocates spaces in the Olympic House for use by SF&OC and its affiliated companies, NSAs and sports-related organisations. Audit noted that the over-crowding of NSA staff in the Olympic House was a long-lasting issue. Despite MCOHL's right to allocate office spaces to NSAs based on the numbers of their staff, there were large variations among the average floor area per NSA staff. Also, there was a need to improve the low usage rate of the meeting venues in the Olympic House, and conversion into office spaces may also be considered.

Audit also examined procurement issues of SF&OC and MCOHL and found scope for improvement in procurements conducted in the period 2016-17 to 2018-19. For instance, only a single quotation, or less than required number of quotations were obtained in certain procurements. There were also no guidelines on reimbursements of expenses.

PART 3 of the Report examines HAB's provision of subventions as well as its monitoring efforts.

Audit noted that the Secretariat, the Office of HKACEP, the Office of HKADC and MCOHL had incurred operating deficits repeatedly since 2014-15. In the period 2016-17 to 2018-19, HAB did not always disburse recurrent subventions to SF&OC in a timely manner. This caused disruptions on the cashflow of SF&OC and hence resulted in operational difficulties. In addition, there was cross-subsidisation of two affiliated companies operating on a self-financing basis by SF&OC's subvented programmes, contrary to government requirements.

Regarding HAB's monitoring efforts, Audit also found a few issues where improvement could be made. For instance, in the period 2014-15 to 2017-18, MCOHL did not report its achievement of performance indicators to HAB; and in the period 2014-15 to 2018-19, the Office of HKADC and MCOHL failed to achieve some performance indicators.

PART 4 of the Report examines the governance issues of SF&OC.

SF&OC is governed by a Board of Officers, which is supported by 29 committees. Audit noted that in the period March 2017 to December 2019, for the 7 committees which had laid down their estimated frequency of meetings, the numbers of meetings held for 6 committees were less than estimated; for the other 22 committees which had not laid down their frequency of meetings, no meetings were held for 11 committees. During the same period, the number of members who did not attend any meetings totalled 61. Audit also noted that in the 8 meetings where declarations of interest were made, rulings on the declared interests and the related deliberations were not documented in 4 meetings, contrary to SF&OC requirements.

In the light of the audit findings, Audit has made recommendations to HAB and SF&OC, and both have accepted our recommendations. I would like to take this opportunity to acknowledge with gratitude the full cooperation, assistance and positive response of the staff of HAB and SF&OC during the course of the audit review.

Thank you, Mr. Chairman.

**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.

Opening Remarks**Audit Report No.74 of the Director of Audit
Public Accounts Committee (Public Hearing) on 25 March 2020****Chapter 2 – SPORTS FEDERATION & OLYMPIC COMMITTEE OF HONG KONG, CHINA
(SF&OC)****Opening Remarks of Mr. Ronnie M.C. WONG, Hon. Secretary General**

Honorable Chairman SHEK and Councilors,

First of all, on behalf of SF&OC, I would like to thank the Audit Commission in conducting the first-ever comprehensive audit since our establishment. The Audit Report observed valuable recommendations on various aspects of SF&OC including our operation efficiency, membership affairs and corporate governance, etc. I would like to thank also the Public Accounts Committee of the Legislative Council in offering an opportunity for us to clarify certain misreported issues by responding to Councilors' concern in this Public Hearing.

Before responding, I would like to briefly introduce to the Committee the development of SF&OC and our collaborative relationship with HAB.

SF&OC was founded in the early 50s by a group of sports enthusiasts (including the recently deceased Hon. A. de. O. SALES), and officially joined the International Olympic Committee as the "Amateur Sports Federation & Olympic Committee of Hong Kong" in mid-1951. After the return of Hong Kong to China in 1997, it was recognized by the International Olympic Committee (IOC) as the National Olympic Committee (NOC) of "Hong Kong, China" to continue to promote Hong Kong's sports development, foster the Olympic spirit, and organize and select the Hong Kong, China delegation to participate in international multi-sports Games. To raise our management standard and professionalism, SF&OC was incorporated under the Companies Ordinance as a company limited by guarantee in 2017.

Through almost 70 years of effort, SF&OC has gradually grown from an amateur sports society of merely a dozen sports to an organization with 79 National Sports Associations (NSAs). Always abiding by tradition and the Olympic objectives, SF&OC is managed by a group of sports enthusiasts and retired athletes on a voluntary basis which form the backbone of the organization. The effort of the management has resulted in recent years in athletes achieving outstanding results in the international sports arena, the public's increased understanding and interest in sports and a substantial increase of sports activities and competitions at international standard, which adds to the workload of SF&OC. In view of this, SF&OC established a secretariat office with a couple of staff in the Queen Elizabeth Stadium in 1998 with the help of various parties and government funding. In 2004, SF&OC moved into the Olympic House and through 20 years of hard work, expanded into four offices to provide diversified supporting services to athletes and promote sports for all in Hong Kong. The four offices are:

Opening Remarks

- (1) The Secretariat of SF&OC is responsible for communication with international sports organizations, including IOC, Olympic Council of Asia (OCA), World Anti-Doping Agency (WADA), supporting various committees, keeping close contact with and providing timely support to NSAs, organizing and selecting athletes to participate in international multi-sports Games, collaborating with the Government, local sports organizations and communities, and organizing mega events, such as Festival of Sport, Hong Kong Sports Stars Awards and Olympic Day, etc.
- (2) Established in July 2008, the Hong Kong Athletes Career and Education Programme is committed to providing athletes with all rounded services including consultation, career support (including career expo, career consultation and talk), life skills training and education (including online English course and education scholarship programme) etc., to help them equip themselves for their post-athletic career transition.
- (3) Established in September 2008, the Hong Kong Anti-Doping Committee is committed to preserving a doping-free environment in competitions, ensuring Hong Kong's Anti-Doping Rules in full compliance with the "World Anti-Doping Code" and the relevant international regulations, conducting doping tests for athletes and providing anti-doping educational and outreach programmes.
- (4) The Management Company of Olympic House Limited is an affiliated company of SF&OC, which has been entrusted by the Government to manage Olympic House since 2004. Olympic House is the administrative hub of the sports community. Apart from providing tenancy services to SF&OC and 45 NSAs, the meeting facilities of Olympic House are available for hiring by public and business organizations.

SF&OC is a non-profit making and non-government organization. In the early stages of its establishment, funding for its various activities and participation in international multi-sports Games were mainly self-financed. The Government later on began subsidizing part of the expenses incurred in participating in international multi-sports Games. Since the mode of voluntary working could not meet with the increased demand and complexity of its work, SF&OC received Government subvention in 1998 to employ full-time staff to carry out the long-term work in sports development. Thereafter, SF&OC actively collaborates with the Government to pool together resources from the Government, IOC, sponsors and its own savings to develop various sports programmes.

Going from an amateur society to a company of the current scale, SF&OC has always proactively aimed to enhance its management standard. This value for money audit was conducted mainly to supplement the audit of HAB's management of funding for sports development. Those related to SF&OC are (1) operation of SF&OC, (2) Government funding and monitoring, and (3) governance issues. The SF&OC Board of Officers, in general, welcome the Audit Commission's recommendations

Opening Remarks

regarding the effective use of Government funding and consider it a natural progression in further raising the professional standard of SF&OC.

The Board of Officers, in future, will carefully study the relevant issues and adopt appropriate follow-up measures. Initially, we plan to establish a Steering Committee composed of independent professionals to supervise the process of improving the governance of SF&OC and NSAs, as well as to implement the Report's recommendations. SF&OC will also effectively utilize the increased subvention to employ a professional team of full-time staff to be led by the Steering Committee to enhance the governance and transparency of SF&OC and NSAs.

SF&OC's endeavour for Hong Kong sports development has over the decades not only brought about the steady progress of Hong Kong sports, but also infused positive energy into the Hong Kong society. Thereafter, we will aim to achieve effective management of public funding by continuing our close communication with HAB to report the progress of improvement in respective areas. Our target is to raise public interest in sports, promote the Olympic Spirit and sports in the community, and to provide more comprehensive support to athletes participating in international competitions.

Lastly, since the issue of selection mechanism for Hong Kong, China delegation to international multi-sports Games is of particular concern for the public, we will briefly explain it before responding to further questions.

According to the Olympic Charter, SF&OC, as NOC of Hong Kong, China, has the exclusive authority for the representation of the territory in international multi-sports Games. SF&OC is responsible for selecting athletes to participate in respective Games based on NSAs' nominations.

In general, the selection process involves two stages:

First stage (conducted by NSAs)

NSAs concerned in an international multi-sports Games will set their own selection criteria and minimum standard based on their uniqueness and the requirement of the Organizing Committee of the Games (such as number of participating athletes and age limit, etc). Those criteria might include results of selection competitions, and other subjective and objective factors. NSAs are also required to set up an appeal mechanism for their selection process. The selection process and criteria should be announced to all concerned parties in a timely manner, and submitted to SF&OC for reference.

These requirements are listed in SF&OC's circular inviting NSAs' nominations. The circular also lists out SF&OC's selection criteria for reference.

Second stage (conducted by SF&OC)

The SF&OC's Selection Committee will be chaired by the Hon. Secretary General (i.e. myself). Members include a number of representatives from various NSAs. The Committee will consider and evaluate the nomination lists and relevant information submitted by NSAs based on the criteria previously released. All selection criteria are based on objective measures as a control to evaluate whether the local nominations meet the required standard when compared with those of other countries/regions. These criteria are those listed as 1(a) and 1(b) on page 24 of the Report (page 27 in English version)(Case 1):

- (a) athletes ranked 1st to 8th in multi-sports Games/World or Asian Championships in the previous four years, on condition that there are a minimum of four participants in the competition(s) and the athletes ranked one-third or above among the total number of participants;
- (b) participated in the latest Olympic Games;

The Selection Committee will then consider those athletes who do not meet criteria 1(a) and 1 (b) with reference to criteria 1(c) and 1(d) listed on page 24 of the Report (page 27 in English version):

- (c) athletes' best performance in the nominated events in the previous four years; and
- (d) NSAs' preparation plans for training and competitions designed for the athletes.

If circumstances permit, the Selection Committee will invite NSA representatives to attend the Selection Committee meeting to brief members about their nominations. The Selection Committee will, after discussion and consideration, make a collective decision to select the most suitable athletes to strive for the best results.

The selection results will be communicated to the NSAs concerned in a timely manner. Athletes who are not satisfied with the results of the Selection Committee may file a review request with additional supporting information through their NSA. The number of reviews is not limited. Athletes may also file an appeal to the International Multi-Sports Games Appeal Panel for their final decision.

Regarding Case 1 mentioned on page 24 of the Report (page 27 in English version), SF&OC has published two separate announcements on 23 and 28 August 2018 to clarify the matter, while HAB also explained the matter at the Legislative Council.

Thank you!

- End -



SPORTS FEDERATION &
OLYMPIC COMMITTEE OF HONG KONG, CHINA

(34) in SFOC/ADM/2020/GC/GOVT/OTHERS

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Mr. Timothy T.T. FOK GBS, JP

VICE-PRESIDENTS

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Mr. Derrick L.W. WONG
FCCA, CPA (practising)

*OFFICER
(ATHLETES COMMITTEE REPRESENTATIVE)*

Ms. Stephanie H.S. AU

3 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council

Dear Mr. CHU

**Re: Public Accounts Committee
Consideration of Chapter 2 of the
Director of Audit's Report No. 74**

Sports Federation & Olympic Committee of Hong Kong, China

In response to your letter dated 26 May 2020, I now enclose the required information and documents to facilitate the Public Accounts Committee's consideration of Chapter 2 of the Director of Audit's Report No. 74.

Thank you for your attention.

Yours sincerely

Ronnie M.C. WONG, BBS, JP
Hon. Secretary General of SF&OC

c.c. Mr. Timothy FOK, GBS, JP, President of SF&OC
Secretary for Home Affairs (fax no. 2591 5536)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

PATRON

The Hon. Mrs. Carrie LAM CHENG
Yuet-ngor GBM, GBS
Chief Executive
Hong Kong Special Administrative Region
People's Republic of China

VICE-PATRON

The Hon. TSUI Ying Wai, Caspar JP
Secretary for Home Affairs
HKSAR Government
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Mr. PANG Chung SBS
Prof. LEUNG Mee Lee MH

HON. MEDICAL ADVISOR

Dr. Julian W. CHANG BBS

HON. LEGAL ADVISOR

Mr. Peter BROWN

Part 1: Introduction

- (a) The balances of the one-off allocations provided to the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) and the Management Company of Olympic House Limited (MCOHL) as at 31 March 2020 are as listed below:

HKACEP (Note 1)	\$10,276,950.62
HKADC	\$4,556,391.88
MCOHL	\$6,414,472.30

Note 1 : With reference to paragraph 1.16(b) of the Audit Report, SF&OC was provided with a sum of \$8.5 million as a start-up fund for its implementation of HKACEP by the Office of HKACEP in March 2008; thereafter, in March 2017, a sum of \$9 million was earmarked for SF&OC to cover the programme expenses as stated in paragraph 1.16(c)(i), making it a total of \$17.5 million. The balance as at 31 March 2020 was \$10.27 million.

The notice issued by HAB on 8 March 2017 stated clearly that the one-off allocation was only provided to cover the programme expenses of the 3 Offices. Thus, the deficits mentioned in paragraph 3.5(c) of the Audit Report were mainly due to the fact that HAB has not increased the recurrent subvention since 2014-2015 to cover the salary adjustment and inflated office expenses. The deficits were financed from SF&OC's own funding without involving public funding.

Part 2: Operation of Sports Federation & Olympic Committee of Hong Kong, China

(b)

- (i) The International Multi-Sports Games Selection Committee for respective Games was formed in accordance to Article 53(3)&(4) of SF&OC Articles of Association. The composition will include Honorary Secretary General as Chair and representatives of appropriate National Sports Associations nominated by the Chair. The criteria for nomination include whether the representative sport is one of the participating sports in the respective Games, the representation of the NSA and the experience of the representative, etc.
- (ii) Each member of the Selection Committee is required to complete the Declaration of Interest Form (Appendix b_ii_1) (English version only) before each meeting. If any potential conflict of interest arises during the meeting, the member is required to make verbal declaration and act in accordance with the “Summary of handling possible conflict of interest scenarios” (Appendix b_ii_2) (English version only). If the selection decision is to be made by circulation of papers, the member with potential conflict of interest is required to declare in the reply slip and is not allowed to vote on the related item(s).

(c)

- (i) Reviews are requested by NSAs and handled by the members of the Selection Committee since the review mechanism is a part of the selection process. The Selection Mechanism (includes review mechanism) has been adopted effectively for years with selection criteria adjusted in accordance to the requirement of various Multi-sports Games. The Selection and Appeal Mechanism to Multi-Sports Games (Appendix c_i) (Chinese and English versions) was disseminated to NSAs in SF&OC’s Council Meeting on August 2011 and also was uploaded on SF&OC’s website. If any NSA requests the Selection Committee to review its nomination, it should file its review letter to the Chair before the deadline of Entry by Name set by the Organizing Committee of respective Games with additional information supporting its case. The number of reviews is not limited. As an example, the Selection Committee of the 18th Asian Games received a total of 120 athletes’ nomination reviews from 21 NSAs. Among those reviews, 62 athletes were finally accepted by the Selection Committee.
- (ii) The International Multi-Sports Games Appeal Panel for respective Games (Panel) was formed in accordance to Articles 53(5)&(6) of SF&OC Articles of Association. The composition will include the President of SF&OC as Chair, the highest ranking staff of SF&OC (i.e. Executive Director) as Secretary (with no voting rights). A list of four to six members for the International Multi-Sports Games Appeal Panel

(Panel) shall be proposed by the Board of Officers and endorsed at an Annual General Meeting (AGM) for a tenure of four years. When the Panel has to be convened, the Chair shall nominate two persons from the approved list to hear the appeal, having regard to their availability and conflict of interest (i.e. total three persons). The Board of Officers will consider the reputation, recognition and professional background (e.g. accountant, lawyer, etc) of the prospects as members of the Panel. The current five members of the Panel was proposed by the Board of Officers with circulation papers on 19 November 2018 and endorsed at the AGM on 18 December 2018 for a tenure of four years (i.e. from 2018 AGM till 2022 AGM).

- (iii) If any NSA is not satisfied with the results of the Selection Committee, an appeal can be filed to the Chair of the Panel. The Chair will convene the Panel in accordance with the Articles 53(5)&(6) of SF&OC Articles of Association. The designated Panel will then depend on the nature and complexity of the case and supporting argument, etc. to discuss the way forward to handle the appeal (such as the format of conducting the appeal, submission of evidence, etc.)
- (iv) The Board of Officers will study and consider the recommendations mentioned in paragraph 2.11 of the Audit Report to enhance the transparency and independency of the Panel, including making reference to the overseas practices, the Court of Arbitration for Sport, etc. for detailing the appeal procedures.

(d)

- (i) SF&OC has achieved more than 80% of the 29 items of Best Practice Reference (BPR) drawn up by the ICAC. Among those, 24 items had been implemented while three items are implementing and only two items have not been implemented.
- (ii) SF&OC undertakes as far as practicable to implement the rest of BPR soonest and aims to complete by the next financial year.
- (iii) During the selection process, NSAs are required to submit their respective selection criteria to SF&OC for record. With respect to the principle of autonomous and uniqueness of each sport, SF&OC has not reviewed whether NSAs have fully implemented the BPR.

With the increase of subvention in the 2020-2021 Budget and in the next 5 years, SF&OC undertakes to allocate new resource to review the corporate governance of NSAs including but not limited to reviewing their selection mechanisms.

(e)

(i) A Chronology of Events of Selection Process

Date	Event
7 March 2018	SF&OC issued circular to all NSAs concerned providing them the information of the Games, nomination form and SF&OC's criteria for selecting athletes to participate in the 18 th Asian Games.
19 April 2018	HKASA submitted a nomination list of 21 male (and 16 female) athletes.
24 April 2018	The first SF&OC Selection Committee was conducted to consider the submissions from NSAs (including HKASA). During the discussion, 10 members participated, 3 were absent and 2 declared conflict of interest (one was abstained from voting and one withdrawn from the meeting). Among the 17 nominated male athletes, 6 met criteria 1(a), 5 were members of relay teams, 4 were holders of HKSI Elite C scholarship, 1 achieved good results in 2017 AIMAG and 1 was a key player on a new event, 4 X 100m mixed medley (butterfly leg).
15 May 2018	The Selection Committee reviewed and approved the minute.
17 May 2018	SF&OC informed HKASA the selection results by letter.
29 May 2018	The Selection Committee received HKASA's letter requesting to review the nomination of 3 male athletes.
13 June 2018	Together with the 10 other NSAs' requests, the Selection Committee reviewed all these nominations by circular paper.
Before 15 June 2018	Members of the Selection Committee returned their reply slips individually on these reviews (including the 3 swimming athletes). Among 15 members of the Selection Committee, 10 remained not to accept the 3 swimming athletes, 1 declared conflict of interest and abstained from voting on this issue, and 4 did not show their views (including the Chair of the Selection Committee).
19 June 2018	SF&OC informed HKASA by letter the decision of the Selection Committee not to accept the 3 athletes' nomination.

- (ii) The extract of the minutes relating to the Case 1 is attached (Appendix e_ii (English version only), part of the content is withheld due to privacy concerns raised by Selection Committee members). The meeting lasted for more than 7 hours of the day. As a result, the minutes of 25 pages could only record mainly the decisions and their justifications, without describing all the deliberations.

SF&OC will make improvement and continue to follow-up on the implementation of the BPR and properly document the justifications for selecting athletes to participate in international multi-sports Games in future.

- (iii) The SF&OC selection criteria was set by the Selection Committee before publishing the circular letter to NSAs for nomination. The ranking of 1st to 8th was adopted as most sports competition finals involved 8 participants, such as athletics, swimming, etc. The ranked one-third rule is commonly used in sports to ensure the results achieved by an athlete reached the upper standard among the participants. These two criteria are also used by Hong Kong Sports Institute in considering the Elite Training Grant.
- (iv) Considering NSAs have already set their criteria based on its uniqueness (most NSAs in sports with quantifiable factors such as time, distance, etc, has already included such factors in their criteria), the Selection Committee will base on another set of objective criteria, that can be equally applied to all sports, in order to provide a standardised consideration, i.e. the adoption of athletes' ranking in international competitions as primary consideration for reflecting their competitiveness among other counterparts.
- (v) HKASA nominated two athletes in Men 100m Breaststroke. Information submitted included summary of nomination, individual nomination forms (including athletes' name, gender, age, birth place, nomination event and past results in nominated event(s), HKSI Elite Training Grant category), NSA projected result for each nomination and the time comparison of nominated athletes against Top 8 in 2014 Asian Games. The individual nomination forms of the two athletes are attached for restricted reference. (Appendix e_v) (English version only).
- (vi) According to information provided by HKASA, HKASA invited all clubs to nominate athletes to participate in the 18th Asian Games by email on 14 March 2018. HKASA clearly stated the nomination criteria in the letter and also attached in Appendix III of the selection criteria of SF&OC for their reference. Thus, the athletes were well aware of the swimming events and criteria.

***Note by Clerk, PAC:** *Appendices e_ii and e_v not attached.*

(vii) The Final Entry List and Result for 18th Asian Games:

Event	Swimmer	Time (minute/second)	Rank
Men 50m Breastroke	NG Yan Kin	29.28	19/36
	WONG Chun Yan	31.65	29/36
Men 100m Breastroke	YANG Hin Ho Boris	1:03.77 (personal best time)	19/32
	NG Yan Kin	1:04.21 (personal best time)	21/32
Men 400m Individual Medley	MOK Kai Tik Marcus	4:33.46	13/17
	LIAO Xian Hao Jonathan	4:41.60	14/17
Mixed 4x100m Medley Relay	AU Hoi Shun Stephanie TO King Him Kenneth LIM Nicholas Owen Zhaoguang CHENG Lily Mei Camille	Time : 3:50.22 (Break HK record) Split Time : 1:00.52 1:00.83 53.75 55.32	4/8

(viii) Based on the NSAs submitted documents and situation of athletes' nomination (such as number of nomination, the number of athletes achieved criteria 1(a) & 1(b), etc), the Selection Committee will discuss and set out details for criteria 1(c) & 1(d) in the meeting. The details may be varied in different Games, but the same set of criteria will be applied in a multi-sports Games. The holder of HKSI's Elite Training Grant belongs to criteria 1(c). NSAs are required to submit this information for each of their nominations and understand clearly that this information is one of the important factors for consideration.

(ix) The followings are information submitted by HKASA:

Date	Event
23 May 2018	The Head Swimming Coach received the approved swimming team list from SF&OC via HKASA, he then arranged the entry list for the approved swimmers according to his professional and expertise analysis and recommended the entries to HKASA. HKASA in general, respect and trust the professional judgement and arrangement by the Head Swimming Coach on event entries, and also concur to provide more opportunities for swimmers to learn and to gain experience by competing with other elite swimmers, which is also the general arrangement and to fully utilize the quota available for each event.
1 June 2018	After obtained the agreement from HKASA, the Head Swimming Coach prepared and sent the entry list file to HKASA Office for their entry form preparation and signature from respective swimmers to confirm on their individual entries.
15 June 2018	HKASA submitted the entry form to SF&OC for handling.

Since SF&OC did not approve the nomination from HKASA for swimmer KWOK and YANG in Men 100m Breastroke event, thus, no swimmer was selected for event Men 100m Breastroke. According to the swimming rule of Asian Games, each NOC may enter two (2) athletes in each event, hence, the HKASA arranged suitable swimmers from the approved list to fill up the vacancies of the events, to utilize the quota, and to provide opportunity to swimmers to compete, and create positive morale to the team.

Swimmer TO, ranked no.1 in Hong Kong Men 100m Breastroke was mainly focusing on Men 50m, 100m Freestyle and 200m Individual Medley, plus three relay events. However, the Men 100m Breastroke (Day 4 – 22 August), clashed with 4x100m Mixed Medley relay and Men 4x 100m Freestyle relay as they were held on the same day. The Head Swimming Coach considered that the Mixed relay would be the medal hope of Hong Kong, thus, he did not arrange TO to participate in Men 100m Breastroke. In fact, the 4 relay members of Mixed 4x100m Medley relay set a new Hong Kong record and achieved 4th place, only less than 1 second to the 3rd place, so not to arrange swimmer TO to participate in Men 100m Breastroke was a correct decision.

Moreover, swimmer NG was selected to participate at 50m Breastroke event, swimmer YANG and swimmer MOK were selected to participate 200m Breastroke and 400m Individual Medley respectively. Since each NOC may enter two (2) athletes in each event, the Head Swimming Coach arranged Men 100m Breastroke as follows:

According to the ranking among the selected swimmers for Men 100m Breastroke, the time achieved by swimmer YANG was '1:04.06, ranked Hong Kong no. 2 in 2018; time achieved by swimmer MOK was '1:04.38, ranked Hong Kong no. 3; time achieved by swimmer NG was '1:04.43, ranked no. 4. The time achieved by the three swimmers were extremely close. To select 2 out of 3 swimmers to compete in Men 100m Breastroke, Head Swimming Coach arranged swimmer YANG and swimmer NG to compete.

In consideration of the swimming competition schedule, the selected event, i.e. 200m Breastroke, for swimmer YANG was held on Day 3, i.e. completed on 21 August, and no event on Day 4. Therefore, ranked no. 2 YANG was arranged to participate in 100m Breastroke.

As Men 100m Breastroke and 400m Individual Medley were held on the same day, only one event, Women 200m Butterfly, was held in between the two said events. The selected event for swimmer MOK was Men 400m Individual Medley, his best time was '4:32.36, which was very close to the existing Hong Kong record that was achieved by swimmer FONG in almost 20 years ago, and was the goal of MOK for this Asian Games. Hence, taking into account to reserve his physical strength, Head Swimming Coach did not arrange MOK to participate Men 100m Breastroke, but arranged swimmer NG, who ranked no. 4 in Men 100m Breastroke and have no event on that day, to participate in Men 100m Breastroke.

According to FINA Handbook General Rule 7.1, any entered competitor may be substituted by another entered competitor at the Team Leaders Meeting (the Team Leaders Meeting is usually held the day before the 1st competition day). This is the international rule that the representative of each Federation is allowed to re-arrange the competitor entry during the Team Leaders Meeting. However, as arrangement of Men 100m Breastroke's entry was arranged and submitted to SF&OC in June, the representative of Hong Kong did not re-arrange this event at the said meeting of 18th Asian Games.

Here enclosed the competition schedule of 18th Asian Games (Appendix e_ix_1)(English version only), FINA Handbook General Rule 7.1 (Appendix e_ix_2) (English version only) and the Declaration of HKASA posted on 22 (Appendix e_ix_3)(Chinese version only) and 28 August 2018 (Appendix e_ix_4)(Chinese version only) for your reference.

(x) The Review Process was as below:

Date	Event
29 May 2018	The Selection Committee received HKASA's letter requesting to review the nomination of 3 male athletes (including Mr. KWOK as mentioned in the Public Hearing). The letter composed of 21 pages including a letter from the coach of athlete KWOK's swimming association (which mentioned athlete KWOK's lack of normal training schedule for the year 2016-2017 and the fallback of the results in the year 2017-2018) and a letter from athlete KWOK.
13 June 2018	Together with the 10 other NSAs' requests, the Selection Committee reviewed all these nominations by circular paper.
Before 15 June 2018	Members of the Selection Committee returned their reply slips individually on these reviews (including the 3 swimming athletes). Among 15 members of the Selection Committee, 10 remained not to accept the 3 swimming athletes, 1 declared conflict of interest and abstained from voting on this issue, and 4 did not show their views (including the Chair of the Selection Committee).
19 June 2018	SF&OC informed HKASA by letter the decision of the Selection Committee regarding the not to accept the 3 athletes' nomination.

(xi) SF&OC did not receive any cases of judicial review of the Selection Committee's decision.

(xii) Olympic Qualifying Time (A Time) and Olympic Selection Time (B Time) for Tokyo Olympics Men 100m breaststroke are 59.93 seconds and 1 minute 1.73 seconds respectively.

***Note by Clerk, PAC:** *Appendices e_ix_1, e_ix_2, e_ix_3 and e_ix_4 not attached.*

- (f)
- (i) With limited resource, SF&OC can only provide occasional publicity and education to NSAs regarding the members' compliance. It is only under some special circumstances to initiate the power according to Article 7(4)(d) of the Articles of Association.

With the increase of subvention in the 2020-2021 Budget and in the next 4 years, SF&OC undertakes, apart from continue to organize seminars to raise the management standard (e.g. Seminar on Protection of Personal Data in Sports Sector, etc), to allocate new resources to review corporate governance of NSAs including but not limited to reviewing their Articles of Associations, the composition of their executive boards and election mechanisms, athletes selection mechanism, financial reporting and auditing compliances, etc.

- (ii) SF&OC has adopted the following actions for the Case 2:
 - 1) Upon receiving a number of complaints against that NSA, with the consent from the relevant complainants, SF&OC referred the complaint to the NSA for its handling since SF&OC has no right to investigate such complaints. SF&OC also requested that NSA to follow-up and report the progress of handling the complaints after completion.
 - 2) Since the number of complaints continued to increase, SF&OC invited the General Committee Members of that NSA to meet in 2016 on two occasions to discuss the cases of complaints and requested their improvement.
 - 3) SF&OC also met twice the complainants to understand the cases.
 - 4) In 2017, the Membership Affairs Committee discussed on two meetings concerning the progress of the complaints against that NSA.
 - 5) The Membership Affairs Committee then submitted report to the Board of Officers in October 2017 with recommended follow-up action for the complaints against that NSA.
 - 6) Board of Officers discussed the report and finally decided to hold a General Meeting to discuss the case with imposing punishment of that NSA.
 - 7) SF&OC held two General Meetings in March and June of 2018 respectively for Members to decide and vote for temporary suspension of membership or other alternative arrangement toward that NSA.
 - 8) At the General Meeting held on 8 June 2018, a Special Resolution was passed to suspend the membership of that NSA indefinitely with immediate effect, until further decision of the General Meeting based on the recommendation of the Board.

- 9) Thereafter, SF&OC's Officers continued to discuss with that NSA to provide recommendations for overall improvement in corporate governance.
 - 10) The overall corporate governance improvement plan submitted by that NSA was accepted by the Membership Affairs Committee and the Board of Officers. Hence, that NSA was granted a provisional reinstatement of membership with effect from 1 October 2019 for one year. At the same time, the Board of Officers was invited to nominate two Observers as a conduit to communicate between SF&OC and the General Committee of that NSA. The two Observers will sit in all meetings and activities of that NSA to monitor the overall operation of the General Committee of that NSA.
 - 11) The two observers will report and make recommendations to SF&OC's Board of Officers on whether the membership of that NSA should be reinstated before end of September 2020.
- (iii) During the period from 2016 to 2018, SF&OC has continuously communicated with that NSA and the complainants hoping that NSA can make improvement. At the same time, SF&OC should allow sufficient time for that NSA to improve its internal management efficiency and the selection mechanism. However, SF&OC did not observe a substantial improvement. Thus, SF&OC had to hold a General Meeting according to the Articles of Association to handle the issue on 8 June 2018.
- (iv) Instead of investigating the complaint, which SF&OC was not empowered to, SF&OC could only analysis the case based on information provided by the NSA and the complainants. As for Case 2, the Secretariat of SF&OC had closely monitored the development of the case and reported to the Hon. Secretary General and Hon. Deputy Secretaries General. After considering the special circumstance of substantial increase of complaint against that NSA, SF&OC commenced a series of follow-up actions and discussed regularly at the Membership Affairs Committee and Board of Officers meetings. After that, with no substantial improvement recognized, SF&OC decided to hold a General Meeting to handle the complaint according to the Articles of Association.

With the increase of subvention in the 2020-2021 Budget and in the next 4 years, SF&OC undertakes, apart from continue to organize seminars to raise the management standard (e.g. Seminar on Protection of Personal Data in Sports Sector, etc), to allocate new resources to review corporate governance of NSAs including the monitoring of their compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC and SF&OC's Articles of Association, etc.

Part 3: Government funding and monitoring

- (g) SF&OC and all subvented NSAs have been registered as limited companies since 2017. Under new Companies Ordinance, the implementation of good corporate governance commenced with education. Thus, SF&OC together with LCSD and the Hong Kong Institute of Directors, has organised seminars on corporate governance and other related topics, such as new Companies Ordinance, directors' duties and fiduciary duties, board practices, and finance for directors. The seminars aimed to enhance NSAs' directors and management staff of their roles and responsibilities in the organization and management, and strengthen internal control to enhance the standard of NSAs' corporate governance for the furtherance of the sports development in Hong Kong.

With the provision of a time-limited funding of \$5 million per year for five years for SF&OC to review the operation and internal monitoring mechanism of the 79 NSAs, SF&OC initially plans the following actions:

1) Education

SF&OC will continue the educational effort by inviting professional organisations, such as ICAC and the Hong Kong Institute of Directors, to regularly organise thematic courses for current or newly appointed directors and new staff of NSAs, to encourage and educate NSAs to implement the ICAC's "Best Practice Reference for Governance of National Sports Associations – Towards Excellence in Sports Professional Development" ("BPR").

As a member of SF&OC, NSA is required to learn and comply with the requirements of the Olympic Charter, the Code of Ethics of IOC and SF&OC's Articles of Association, etc. SF&OC will also arrange relevant seminars for NSAs to understand the provisions and its importance.

In 2018, SF&OC has set up the Policy and Guidelines on Prevention of Sexual Harassment for NSAs' reference in setting up their own guidelines and has also organised seminars and workshops on Eliminating Discrimination and Anti-Sexual Harassment in Sports Sector. SF&OC will continue to organise various seminars with different professional organisations to raise the professional standard of NSAs.

2) Consultation and Review

SF&OC realises the difficulties for NSAs' to enhance its corporate governance due

to different corporate structure, membership policy, standard of governance, shortage of office staff and the voluntary nature of directors. The process of enhancement will commence with a consultation exercise to review the current situation. The first stage of consultation aims to understand their problem and difficulties in governance, through the review of their Articles of Associations, the composition of their executive boards and election mechanisms, financial reporting and auditing compliances, selection of athletes and appeal mechanism, etc. SF&OC expects to complete the first stage of consultation and review in two years with a comprehensive report to HAB.

3) Support and Execution

SF&OC will provide appropriate support based on the findings of review report. In addition, SF&OC will establish an assessment mechanism to review NSAs' implementation of the BPR and compliance with the requirements of the Olympic Charter, the Code of Ethics of IOC and SF&OC's Articles of Association, etc. The mechanism will also include regular education and alert NSAs' compliance responsibilities, completing of annual self-assessment form and for SF&OC's assessment, and conduct selective examinations on NSAs compliance.

Independent Steering Committee

As mentioned in its opening remarks of the Public Hearing on 25 May 2020, SF&OC's Board of Officers initially plans to set up a Steering Committee composed of voluntary professionals to monitor NSAs and SF&OC's progress of the governance enhancement and SF&OC's implementation of the recommendations of the Audit Report. SF&OC will also effectively use the increased recurrent subvention from HAB to employ full time professional staff. The new team of staff, overlooked by the abovesaid independent Steering Committee, will enhance the overall standard of governance and transparency. According to IOC regulation, the Olympic Charter, as a National Olympic Committee, must maintain autonomy and resist pressure from any source, thus, the appointment of the voluntary Steering Committee will maintain by the Board of Officers/General Meeting. To ensure the credibility of the Steering Committee, SF&OC will consider recommendations from Government, professional organisation and make reference to overseas practice in selecting suitable members. To increase transparency, SF&OC will announce the composition of the Steering Committee soonest possible and their subsequent reports and recommendations will be submitted to HAB and uploaded to SF&OC's website on a timely basis.



Restricted
Declaration of Interest at SF&OC Meetings

Name of Meeting : _____
 Chairperson : _____
 Date of Meeting : _____
 Place of Meeting : _____

With reference to the agenda items to be discussed at the above-mentioned Meeting, I solemnly declare that I do not have any personal or business connection with the Organization / Person concerned except those marked below "Post Held Currently/ Declared Relationship". I confirm that I fully understand the right to speak and vote when conflict of interest scenarios arise (as per attached Appendix) and will avoid any possible conflict of interest at the meeting to the best of my knowledge.

List of organizations / entities that I have a personal relationship, a business connection and may have potential conflict of interest:

#	Organization / Person	Post Held Currently/ Declared Relationship
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		

Signature : _____
 Name in block : _____
 Date : _____

**Sports Federation & Olympic Committee of Hong Kong, China
Summary of Handling Possible Conflict of Interest Scenarios**

Post	Serving Elected Officers of related NSAs at discussion session		Serving honorary post holders of related NSAs at discussion session		Current / potential sponsors or service providers of related NSAs at discussion session	
	Action to be taken	Rationale	Action to be taken	Rationale	Action to be taken	Rationale
Chairperson of SF&OC Panel / Committee / Sub-Committee	<u>Should</u> withdraw from the meeting	To demonstrate impartiality	- May chair the meeting - May speak in the capacity of NSA representative only - <u>Not</u> allowed to vote	- Honorary post holders of NSAs carry no administrative power - Being offered opportunities to clear doubts in the capacity of NSA representative if deemed necessary	<u>Should</u> withdraw from the meeting	To avoid conflict of interest between individual's personal interest and SF&OC's interest
Vice Chairperson / Member of SF&OC Panel / Committee / Sub-Committee	- May speak in the capacity of NSA representative only - <u>Not</u> allowed to vote	To demonstrate impartiality whilst being offered opportunities to clear doubts in the capacity of NSA representative if deemed necessary	- May speak in the capacity of NSA representative only - <u>Not</u> allowed to vote	- Honorary post holders of NSAs carry no administrative power - Being offered opportunities to clear doubts in the capacity of NSA representative if deemed necessary	<u>Should</u> withdraw from the meeting	<u>Not</u> allowed to gain access to the privileged information at the meeting
Remarks	Note 1, 3 & 4	/	Note 2, 3 & 4	/	Note 3 & 4	/

Notes:

1. In case the committees have to discuss issues involving the interests of a number of NSAs, especially interests in relation to competition among several NSAs (e.g. allocation of limited resources, selection / nomination of sports to take part in an international event), and if a committee Chairperson / Vice Chairperson / member who is an office bearer of an interested NSA is allowed to chair or speak at the meeting while other interested NSAs are not represented, the committee should invite all concerned parties to attend the meeting for that particular agenda item or to make their submissions before the meeting to the committee for consideration as appropriate.
2. Cautions should be taken for guarding against the possibility of a committee Vice Chairperson / member changing his post in the NSA in order to retain his speaking right for particular purposes.
3. In the event that committee Chairperson / Vice Chairperson / members declare at meetings conflict of interest scenarios other than those mentioned in the Summary, the committee should decide whether the committee Chairperson / Vice Chairperson / member concerned should be allowed to continue joining the meeting. All deliberation / justifications for the decisions made and follow-up actions (e.g. stop circulating the meeting papers to the committee Chairperson / Vice Chairperson / member concerned) must be properly documented.
4. Significant conflict of interest issues should be brought to the Code of Conduct Monitoring Panel's attention to review if the committee's decision is appropriate and where necessary set out further instruction for compliance.

Formation of the Hong Kong, China Delegation taking part in the international multi-sports Games

- A) Roles of the International Olympic Committee (IOC)/ Olympic Council of Asia (OCA), International Federations (IFs)/ Asian Federations (AFs), National Olympic Committees (NOCs), and National Federations (NFs) in international multi-sports Games
- B) Rules and regulations of IOC governing the formation of a NOC delegation taking part in international multi-sports Games
- C) Operation of the International Multi-Sports Games Selection Committee and Appeal Panel
- D) Formation of the Hong Kong, China Delegation

A) Roles of the International Olympic Committee (IOC)/ Olympic Council of Asia (OCA), International Federations (IFs)/ Asian Federations (AFs), National Olympic Committees (NOCs), and National Federations (NFs) in international multi-sports Games

The International Olympic Committee (IOC) is the supreme authority and governing body for sports development at the international level, when the Olympic Council of Asia(OCA) is the authority and governing body for sports development at the Asian level. Together with its constituents, the National Olympic Committees (NOCs), and the National Federations (NFs) under the NOCs, IOC forms a comprehensive world-wide sports management organization.

At the same time, NFs are affiliated to continental sports federations. Most of the NFs in Hong Kong are affiliated to their respective Asian Federations (AFs) and International Federations (IFs). Each of these organizations (i.e. IFs, AFs and NFs) enjoys independence and autonomy in promoting their respective sports. Meanwhile, IOC, OCA and NOCs respect the independence and autonomy of IFs, AFs and NFs in the administration of their respective sports, and they work together to promote sports and to advance Olympism and Olympic Solidarity.

In this spirit of mutual support, the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC), as NOC of Hong Kong, China, has a different role from local NFs but works closely with them. While NFs are members of SF&OC, they enjoy independence and autonomy in athlete training, athlete, coach and professional accreditations, daily operations and finance, and selection of athletes to participate in international Championships / Cups / Tournaments under the jurisdiction of the respective IFs and AFs. NFs may handle the above matters independently without seeking prior permission from NOC, provided that they follow the guidelines as laid down by IFs and AFs.

On the other hand, if a NF would like to participate in the international multi-sports Games patronized by IOC, OCA or the East Asian Games Association (e.g. Olympic Games, Asian Games, East Asian Youth Games), as part of the Hong Kong, China Delegation, SF&OC as NOC of Hong Kong, China must be responsible for the constitution, organization and leadership of such Delegation.

B) Rules and regulations of IOC governing the formation of a NOC delegation taking part in international multi-sports Games

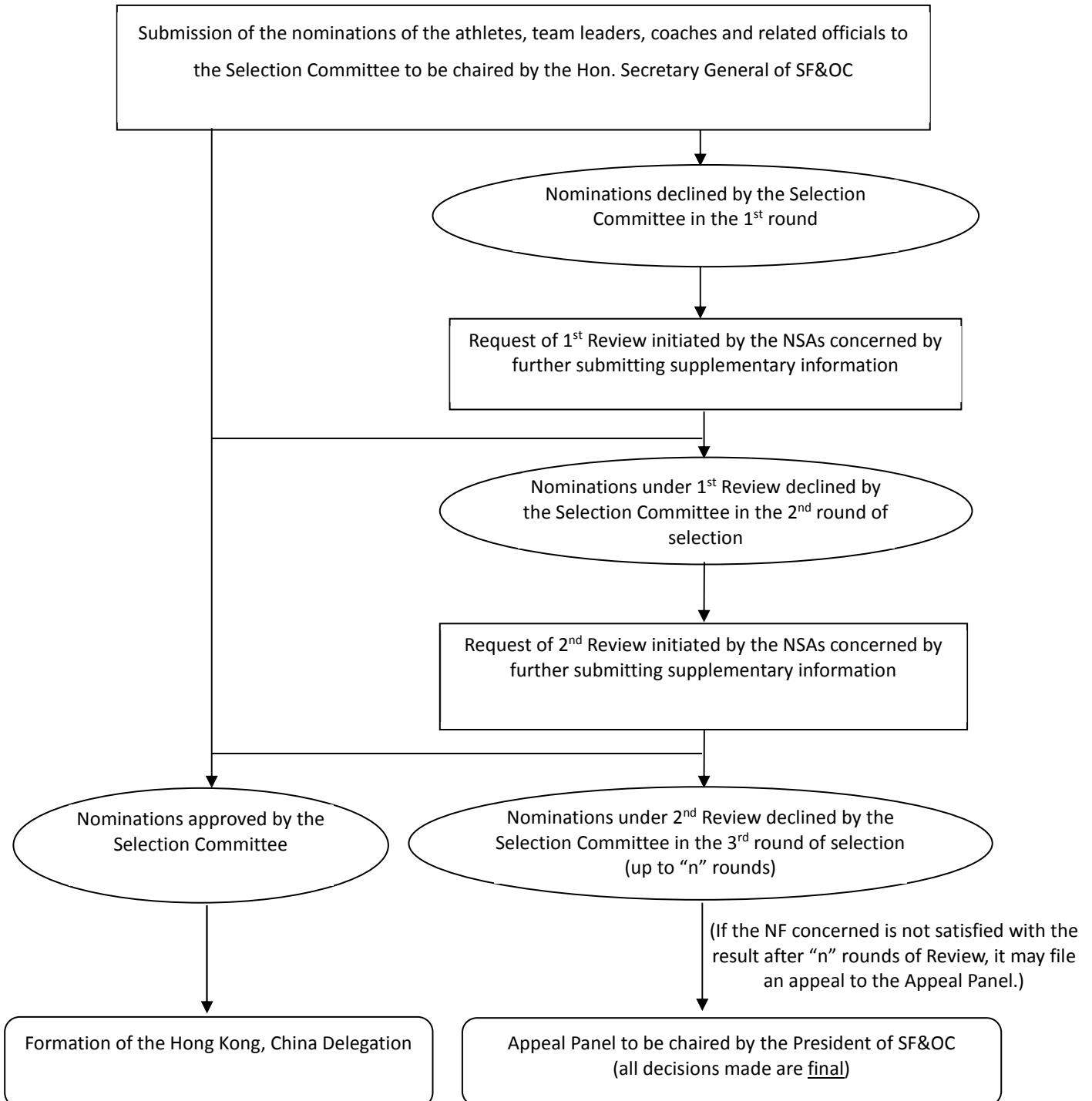
In accordance with the Olympic Charter, SF&OC as NOC of Hong Kong, China has the exclusive authority for the representation of the region in international multi-sports Games (e.g. Olympic Games, Asian Games, Winter Olympic Games, Asian Winter Games, and East Asian Youth Games).

SF&OC has set up the International Multi-Sports Games Selection Committee for each Multi-Sports Games and Appeal Panel in a 4-year appointment cycle for the formation of the Hong Kong, China Delegation taking part in the international multi-sports Games under its jurisdiction. Their compositions are as follows:



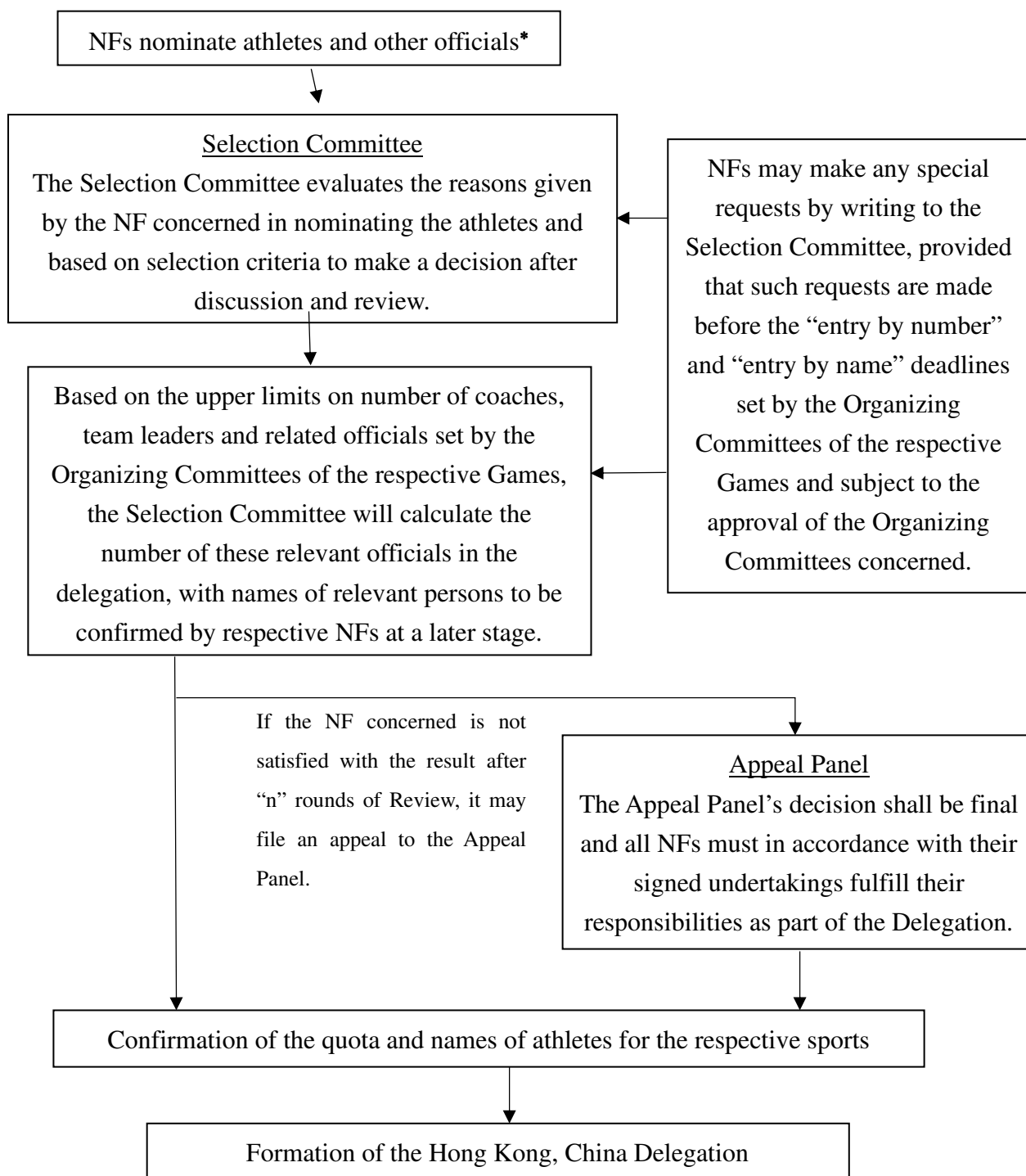
Operation of the International Multi-Sports Games Selection Committee and Appeal Panel

The following chart shows the selection and appeal mechanisms for the formation of the Hong Kong, China Delegation taking part in international multi-sports Games:



C) Formation of the Hong Kong, China Delegation

Please refer to the following chart for the formation process of the Hong Kong, China Delegation:



*For competitions at the Olympic Games level, NFs / athletes must have reached the standards requested by IOC and have been qualified to participate in the Olympic Games.



SPORTS FEDERATION &
OLYMPIC COMMITTEE OF HONG KONG, CHINA

(2) in SFOC/GAM/AG/18/COR/01/01

Circular No. 02

To: NSAs on the Programme
Attn: President / Chairman / Hon. Secretary
Date: 7 March 2018
From: Ronnie M. C. WONG, JP, Hon. Secretary General
Re: **18th Asian Games**

- I. Nomination of Athletes and Team Officials**
II. Accreditation Application for Athletes and Team Officials

Dear Sir / Madam,

I. Nomination

Further to our Circular Letter No. 01 dated 20 October 2017, your Association is invited to submit athletes and team officials' nomination for the 18th Asian Games (AG) with reference to:

1. the Sport Technical Handbook (as of 15 February 2018) provided by the Indonesia Asian Games Organizing Committee (INASGOC) at **Appendix I. (Not attached)**
2. General Competition Schedule (as of 23 February 2018) at **Appendix II (Not attached)**
3. the SF&OC Selection Criteria at **Appendix III. (Attached)**

Please study the above document/s carefully and ensure that your athletes will comply with all the requirements and eligibility to be selected as a Member of the Hong Kong, China Delegation. You are requested to ensure that all nominated athletes **MUST** possess **HKSAR passports**.

In case your athletes who have achieved any results in their recent competitions, they are requested to give the actual standing or ranking in terms of performance with reference to the selection criteria, so that due consideration will be given to their achievement for ultimate selection. It is essential for your Association to inform the Federation of:-

- i. their **performance record** of competitions in the Years of 2014 - 2017 in Asia, East Asian or other regions where, other Asian athletes have also taken part, in order to establish their comparative standards;



SPORTS FEDERATION & OLYMPIC COMMITTEE OF HONG KONG, CHINA

- ii. the individual / team qualifying standards by their respective Asian Federation or International Federation for the Federation's consideration and clarify how these standards are compared with the performance of their counterparts in the Asian Zone;
- iii. their training schedules and competition schedules in the coming 6 months in preparation for the Games. Your Association is also requested to keep the Federation updated periodically of their results and progress while have committed in sending your best athletes before the commencement of the 18th AG.

As a result, you are kindly requested to complete and submit the following documents in soft copy to the Federation by email to kfchow@hkolympic.org and winnieyue@hkolympic.org and original copy by mail/in person to 2/F, Olympic House, 1 Stadium Path, So Kon Po, Hong Kong **by 9 April 2018** for vetting by the Selection Committee:-

- (1) Sport Entries Summary Form at **Appendix IV**; (Not attached)
- (2) Nomination form(s) at **Appendix V** with reference to the sample provided; (Not attached)
- (3) Projected Results of all nominated athletes/teams at **Appendix VI** with reference to the sample provided; (Not attached)
- (4) Training and competition schedules of your athlete(s) / team(s) or any other supporting documents (if any);
- (5) NSA's Selection and Appeal Mechanism on the selection of athletes.

Please note that it is required to have the original signature of your President or Chairman with your Association chop on each nomination form, Sport Entries Summary Form, and Projected Results. Nominations without endorsement are **NOT** accepted. All information will be considered by the Selection Committee of the 18th AG and reviewing of Team Official Report after the Games.

Should the Federation Secretariat have not received any nomination from your NSA by the deadline, it is assumed that your NSA is not interested in entering your athletes for the event(s) at the 18th AG. For planning purposes and to satisfy the foregoing requirement of the 18th AG, if insufficient data are submitted by your Association, the Selection Committee might have to make projections based on known international results.



SPORTS FEDERATION & OLYMPIC COMMITTEE OF HONG KONG, CHINA

II. Accreditation Application

In view of the accreditation application deadline set by INASGOC being **30 April 2018**, to allow sufficient time for the processing of online accreditation application by the Secretariat, your Association is kindly requested to return the following documents of all potential athletes and team officials in one USB (if total file size exceed 10MB) or by email to winnieyue@hkolympic.org **by 9 April 2018** for our further actions:

- 1) Completed Excel file of all potential athletes and team officials only (long list) at **Appendix VII**. Personal information of all participants in the same discipline should be input in one Excel file. Please contact your Asian or International Sport Federation directly for the application of other accreditation categories. (Not attached)
- 2) Passport copy and photo in soft copy of all applicants with reference to the Accreditation Guide at **Appendix VIII**; (Not attached)

In addition, the signed original of the following document/s (if applicable) for each applicant should be returned to the Secretariat by the deadline below:

- 3) Consent Form at **Appendix IX by 23 April 2018**; (Not attached)
- 4) Parent / Legal Guardian Consent Form for Minors (for applicants under 18) at **Appendix X by 23 April 2018**. (Not attached)

Should you have any questions, please feel free to contact Mr. Edward CHOW at 2504-8686 or Miss Winnie YUE at 2504-8503.

Thank you for your attention.

Yours sincerely,

Ronnie M. C. WONG, JP
Hon. Secretary General

c.c. Mr. Timothy T. T. FOK, GBS, JP, President of SF&OC (w/o enclosure)
Members of the Selection Committee of 18th AG (w/o enclosure)

18th Asian Games, Jakarta-Palembang**I. Guidelines for Selection and Appeal Mechanism within NSAs level**

1. The Selection Criteria and minimum requirements (if any) in selecting athletes to the 18th Asian Games of each NSA should be clearly stated and copied to the SF&OC 18th Asian Games Selection Committee (AGSC). Furthermore, the athletes and the relevant parties concerned should be informed of these selection criteria and minimum requirements (if any). This information should be placed at the website of the NSAs concerned for public viewing in a reasonable and justifiable lead time before the commencement of the selection process by the NSA.
2. The methodology of the selection can be made preliminarily by the formation and decision of the selection committee of each NSA or other mechanisms formally approved by the highest authority of each respective NSA before nomination.
3. Each NSA should also devise and inform its members on its own Appeal Mechanism before the commencement of the selection process which should be designated to handle any possible appeals or complaints against its selection results.
4. The nominations of each NSA should be endorsed with **original signature** by either the President or the Chairman of the NSA before submitting to AGSC. Nominations without such endorsement will not be accepted.
5. The above said-mentioned Selection Criteria and Appeal Mechanism should be submitted together with the nominations for the filing record of the Federation.

4 Selection Criteria are listed in the order of priority as per Audit Report P. 27, Case 1

II. SF&OC Selection Criteria of Athletes

- (1) The athlete/s to be chosen should possess outstanding results in international competitions: -
 - i) *Ranked 1st – 8th in 2014 until recent World Championships sanctioned by IF;
 - ii) *Ranked 1st – 8th in 2014 until recent Asian Championships sanctioned by AF;
 - iii) *Ranked 1st – 8th in 2014 Incheon 17th Asian Games;
 - iv) *Ranked 1st – 8th in 2014 Phuket Asian Beach Games;
 - v) *Ranked 1st – 8th in 2016 Danang Asian Beach Games;
 - vi) *Ranked 1st – 8th in 2017 Asian Indoor & Martial Arts Games;
 - vii) *Ranked 1st – 8th in 2017 World Games;
 - viii) *Ranked 1st – 8th in 2017 29th Universiade Games;
 - ix) *Ranked 1st – 8th in 2017 13th National Games;

***On condition that there are a minimum of four participants in the competition(s) AND the athlete/s ranked one-third or above among the total number of participants.**

 - x) Participated in the Rio 2016 Olympic Games.
- (2) In the event of absence of (1) above, athlete/s' best performance of the nominated event(s) in year 2014 until recently should be provided (with date, place, number of participating countries or regions / entries should also be given for verification);
- (3) The preparation plan of NSAs for their athlete/s will also be taken into consideration in the whole selection process. Details of their training and competitions in the coming 6 months leading to the Games of the nominees should be submitted as reference;
- (4) Athlete/s should pass a medical check up to demonstrate his/her fitness for competition;
- (5) Athlete/s should comply with the eligibility code of the Olympic Council of Asia Constitutions & Rules and the Terms and Conditions of the Technical Handbooks of the Indonesia Asian Games Organizing Committee.

para 1(a)

para 1(b)

para 1(c)

para 1(d)



SPORTS FEDERATION &
OLYMPIC COMMITTEE OF HONG KONG, CHINA

(43) in SFOC/ADM/2020/GC/GOVT/OTHERS

PRESIDENT

Mr. Timothy T.T. FOK GBS, JP

VICE-PRESIDENTS

Ms. Vivien C.C. LAU BBS, JP
Dr. Karl C. KWOK BBS
Mr. Tony K.L. YUE BBS, JP
Dr. T. Brian STEVENSON GBS, JP
Mr. PUI Kwan Kay SBS
Dr. Herman S.M. HU SBS, JP
Mr. TONG Wai Lun BBS, JP
Mr. Kenneth K.K. FOK JP

HON. SECRETARY GENERAL

Mr. Ronnie M.C. WONG BBS, JP

*HON. DEPUTY
SECRETARIES GENERAL*

Mr. Edgar J.T. YANG PDSM
Mr. WONG Po Kee MH
Ms. Fay K.F. HO

HON. TREASURER

Mr. Derrick L.W. WONG
FCCA, CPA (practising)

*OFFICER
(ATHLETES COMMITTEE REPRESENTATIVE)*

Ms. Stephanie H.S. AU

10 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council

Dear Mr. CHU

**Re: Public Accounts Committee
Consideration of Chapter 2 of the
Director of Audit's Report No. 74**

Sports Federation & Olympic Committee of Hong Kong, China

In response to your letter dated 8 June 2020, I now enclose the required information and documents to facilitate the Public Accounts Committee's consideration of Chapter 2 of the Director of Audit's Report No. 74.

Thank you for your attention.

Yours sincerely

Ronnie M.C. WONG, BBS, JP
Hon. Secretary General of SF&OC

c.c. Mr. Timothy FOK, GBS, JP, President of SF&OC
Secretary for Home Affairs (fax no. 2591 5536)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

PATRON

The Hon. Mrs. Carrie LAM CHENG
Yuet-ngor GBM, GBS
Chief Executive
Hong Kong Special Administrative Region
People's Republic of China

VICE-PATRON

The Hon. TSUI Ying Wai, Caspar JP
Secretary for Home Affairs
HKSAR Government
People's Republic of China

HON. VICE-PRESIDENTS

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Dr. F.K. HU GBM, GBS, JP
Dr. TONG Yun Kai SBS
Mr. Victor C.F. HUI GBS, JP

HON. ADVISORS

Mr. PANG Chung SBS
Prof. LEUNG Mee Lee MH

HON. MEDICAL ADVISOR

Dr. Julian W. CHANG BBS

HON. LEGAL ADVISOR

Mr. Peter BROWN

(a)

(i) The individual nomination forms of the two athletes are attached for restricted reference (Appendix a_i) (English version only).

(ii) The following information are submitted by HKASA:

HKASA received SF&OC's circular regarding the nomination and accreditation application of 18th Asian Games on 9 March 2018 (submission deadline was 9 April 2018). In recognition and understanding the huge task for SF&OC to handle all the NSAs nominated athletes for the accreditation application, HKASA issued two letters to all clubs concerning the 18th Asian Games on the same day (i.e. 14 March 2018).

Letter with ref. no. 2018030012

1. The purpose of this letter is to invite all clubs to nominate **potential** swimmers to submit the **accreditation application** for the said Asian Games, and the submission deadline was set on 29 March 2018;
2. Since the Festival of Sports Long Course Swimming Time Trial was one of the qualification meets for Asian Games, in consideration of the Hong Kong swimmers' ranking may change after this competition, and based on the rule of Asian Games with each NOC may enter two (2) athletes in each individual event, HKASA extended the invitation, to invite swimming clubs to nominate swimmers who **rank top 4 in each individual event** during the period from 15 April 2017 to 14 March 2018 and fulfilling the rest of the nomination criteria for apply the accreditation of the Games;
3. HKASA stated clearly at the end of the letter that HKASA would base on the nomination forms attached with the letter with the submission deadline on 16 April 2018 to shortlist (i.e. ref. no. 2018030013).
4. HKASA submitted the concerned documents for accreditation application to SF & OC on 9 April 2018 for their **preparation of applying accreditation for Asian Games**.

Letter with ref. No. 2018030013

1. This letter is the actual call for nomination letter to invite affiliated clubs to nominate swimmers for participating the Games, therefore, the criterion of "rank top 4 in the event nominated" was not applicable;
2. HKASA is based on the nomination form with result attached with this letter to conduct the selection, the proposed shortlisted swimmers were sent to SF & OC on 19 April 2018 for their **selection**.

(iii) The following information are submitted by HKASA:

Hong Kong swimmer top 10 ranking for 50m and 100m Breaststroke in year 2017 &

***Note by Clerk, PAC:** *Appendix a_i not attached.*

2018 is attached for reference (Appendix a_iii) (English version only).

(b)

The competitions mentioned in selection criteria 1(a) are either Multi-Sports Games hosted by Olympic Council of Asia (OCA), or highest-level competitions hosted by IF/AF, International Multi-sports Organizations recognized by International Olympic Committee (IOC) or General Administration of Sport. Being a member of IOC and OCA, SF&OC applies an equal standing for all these competitions, athletes will be selected as a member of Hong Kong, China Delegation once they can fulfil any of the items mentioned in selection criteria 1(a).

(c)

According to Olympic Charter and arrangement to participate in International Multi-Sports Games, SF&OC and NSAs have their own autonomy and uniqueness. The selection of athletes to participate in International Multi-Sports Games shall be conducted in two parts: (i) nomination from NSAs and (ii) selection from SF&OC. Thus, NSAs shall set their criteria based on their uniqueness, while the SF&OC Selection Committee will base on a set of objective criteria, which can be universally applied to all types of sports, in order to provide a fair and standardised consideration.

(d)

(i) Since the NSAs can request for unlimited number of reviews, the Secretariat will circulate these requests to Selection Committee Members once certain number of requests are received for their quick response. As NSAs may submit their review requests in different period of time, it is not possible for the Selection Committee to fix the meeting schedule ahead. With the basic information of the reviews have been well discussed in the earlier Selection Committee Meeting, members of Selection Committee will mainly consider the additional information and supporting grounds given by the NSA concerned.

The extract of the review paper relating to Case 1 is attached (Appendix d_i) (English version only).

(ii) NSAs, according to their unique situation, can submit their review requests to Selection Committee or direct appeal to International Multi-Sports Games Appeal Panel according to their own schedule at anytime before the deadline of Entry. Once SF&OC receives such request, it will be handled at once with reference to Organizing Committee timetable (e.g. deadline of Entry by Name, etc).

(iii) The information provided by the NSA in relation to the review for Athlete I received

***Note by Clerk, PAC: Appendices a_iii and d_i not attached.**

by the Selection Committee is attached for restricted reference (Appendix d_iii) (English version or Chinese version only).

(iv) The reply slips received from members of the Selection Committee in respect of Athlete I's review request are attached for restricted reference (Appendix d_iv)(10 members remained not to accept the 3 swimming athletes, 1 declared conflict of interest and abstained from voting on this issue, and 4 did not show their views (including the Chair of the Selection Committee)) (English version only).

(v) The joint statement made on 26 August 2018 by the swimming athletes of Hong Kong, China Delegation participating in the 18th Asian Games is attached for reference (Appendix d_v)(Chinese version published in a local newspaper)

***Note by Clerk, PAC: Appendices d_iii, d_iv and d_v not attached.**



SPORTS FEDERATION &
OLYMPIC COMMITTEE OF HONG KONG, CHINA

(51) in SFOC/ADM/2020/GC/GOVT/OTHERS

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Mr. Derrick L.W. WONG
FCCA, CPA (practising)

*OFFICER
(ATHLETES COMMITTEE REPRESENTATIVE)*

Ms. Stephanie H.S. AU

23 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council

Dear Mr. CHU

**Re: Public Accounts Committee
Consideration of Chapter 2 of the
Director of Audit's Report No. 74**

Sports Federation & Olympic Committee of Hong Kong, China

In response to your letter dated 17 June 2020, I now enclose the required information and documents to facilitate the Public Accounts Committee's consideration of Chapter 2 of the Director of Audit's Report No. 74.

Thank you for your attention.

Yours sincerely

Ronnie M.C. WONG, BBS, JP
Hon. Secretary General of SF&OC

c.c. Mr. Timothy FOK, GBS, JP, President of SF&OC
Secretary for Home Affairs (fax no. 2591 5536)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
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HON. MEDICAL ADVISOR

Dr. Jullan W. CHANG BBS

HON. LEGAL ADVISOR

Mr. Peter BROWN

Part 2: Operation of Sports Federation & Olympic Committee of Hong Kong, China

(a)

The membership list of the SF&OC Board and its Committees (Appendices a_1 & a_2, Chinese and English version), and the terms of reference for Committees (Appendix a_3, English version only) are attached (as of 18 June 2020).

(b)

(i) Based on the NSAs' submitted documents and circumstances surrounding athletes' nomination (such as number of nomination, the number of athletes achieved criteria 1(a) & 1(b), etc), the Selection Committee will discuss and set out details for criteria 1(c) & 1(d) in the meeting. The details may be varied in different Games, but the same set of criteria will be applied within a multi-sports Games. The holder of HKSI's Elite Training Grant concerns criteria 1(c). NSAs are required to submit this information for each of their nominations and they should clearly understand that this information is one of the important factors for consideration. The individual nomination form issued by SF&OC to NSAs is attached (Appendix b_i_1) (English version only). The information provided by HKASA including nomination form issued to its member swimming clubs is attached (Appendix b_i_2)(English version only).

(ii) The extract of the minutes of 2009 East Asian Games Selection Committee Meeting is attached for restricted reference (Appendix b_ii)(English version only).

(iii) According to the Olympic Charter and arrangement to participate in International Multi-Sports Games, SF&OC and NSAs have their own autonomy and uniqueness. The selection of athletes to participate in International Multi-Sports Games shall be conducted in two parts: (i) nomination from NSAs and (ii) selection from SF&OC. Thus, NSAs shall set their criteria based on the uniqueness of their sports, while the SF&OC Selection Committee will base its consideration on a set of objective criteria, which can be universally applied across all types of sports, in order to ensure a fair and standardised process.

(c)

(i) According to the approval letter issued by SF&OC to NSAs and the Undertaking signed by athletes afterwards, NSAs and the approved athletes shall ensure that the athletes concerned shall keep their body conditions up to standard, and athletes shall also try to avoid injuries. The current system only relies on notification by NSA of their own accord and medical reports provided by HKSI for HKSI Scholarship Holders or medical reports produced by SF&OC Hon. Medical Advisor for non-HKSI Scholarship Holders.

***Note by Clerk, PAC:** *Appendix b_ii not attached.*

SF&OC will actively consider the recommendation of putting in place a notification mechanism for this issue.

(ii) If an approved athlete is not able to attend the competition, NSA may assign an athlete in the approved list of athletes to take his place. SF&OC respects the professional judgement and arrangement made by the NSA. If a new athlete (i.e. not in the approved list of athletes) is involved, the NSA shall submit a nomination with supplementary information to SF&OC Selection Committee for review.

(iii) Information provided by HKASA is attached (Appendix c_iii)(English version only).

(iv) Information provided by HKASA is attached (Appendix c_iv)(Chinese and English version).

(v) After the first Selection Committee Meeting, SF&OC will issue a circular to NSAs concerning the medical check arrangement for the approved list of athletes. For athletes under HKSI, they shall submit their HKSI medical report and be exempted from this arrangement. For athletes not under HKSI, they shall attend medical checks conducted by SF&OC Hon. Medical Advisor or provide medical report to SF&OC Hon. Medical Advisor. The same applies to athletes approved by the Selection Committee later on.

(d)

(i) The Selection Committee selects athletes according to their nominated events and their past competition results in those events. A list of approved athletes will then be provided to NSAs. SF&OC understands that NSAs or their coaches may need to re-arrange of participating events for entry or even right before a competition in order to cope with the competition schedule, athlete performance, strategic plan, etc. Thus, SF&OC respects the professional judgement and arrangement made by the NSA for such changes as long as only athletes listed in the approved list shall appear in the entry (i.e. at the same time not affecting the number of athletes competing). If a new athlete (i.e. not in the approved list of athletes) is involved, NSA shall submit this nomination with supplementary information to SF&OC Selection Committee for review.

(ii) As explained in (d)(i), SF&OC respects the professional judgement and arrangement made by the NSA in re-arranging participating events as long as only athletes listed in the approved list shall appear in the entry.

***Note by Clerk, PAC:** *Appendices c_iii and c_iv not attached.*

Part 4: Governance Issues

(e)

(i) For the Hong Kong Olympic Academy, although no meeting was held during the said period, it executed its functions by circulation of papers (7 papers in total) to its members. These papers were mainly related to nomination of representatives to participate in overseas courses organized by other National Olympic Academies.

For the Olympic House Management Committee, all members (except the representative of HAB) are SF&OC Directors. Though no meeting was held during the period of 30 March 2017 to 31 December 2019, MCOHL has submitted reports at every SF&OC Board of Directors' Meeting. SF&OC Directors discussed important issues of the Olympic House such as the redevelopment project and other improvement works in the meetings. MCOHL also reported to the HAB through quarterly reports.

Similarly, for the Public Relations and Corporate Communication Committee, though no meeting was held during the period of 30 March 2017 to 31 December 2019, related issues were discussed in the regular SF&OC Board of Directors' Meeting.

(ii) SF&OC will review all Committees concerning their structure, terms of reference, number of members, frequency of meeting, etc, to ensure that the Committees can function effectively. The review is expected to complete in this financial year.

(iii) The related agendas and extracts of minutes of meetings is attached for restricted reference (Appendix e_iii)(English version only).

(iv) The list of activities/ programmes organized by HKOA during the period from 30 March 2017 to 31 December 2019 is attached for reference (Appendix e_iv)(English version only).

(f) For committee members who are not able to attend meetings or with low attendance rate, SF&OC will adopt measures to encourage attendance. The attendance rate of members was reviewed and served as one of the consideration factors for re-appointment. For some of those committee members mentioned in the Audit Report, they no longer sit on the committees due to various reasons.

(g) Committee members are required to complete the Declaration of Interest Form before each meeting (For example in Selection Committee (Appendix g_1) (English version only)). If any potential conflict of interest arises during the meeting, the member is required to make verbal declaration and act in accordance with the "Summary of

***Note by Clerk, PAC:** *Appendices e_iii and e_iv not attached, and see Appendix b_ii_1 to Appendix 27 of this Report for Appendix g_1.*

handling possible conflict of interest scenarios” (Appendix g_2) (English version only). For those scenarios not mentioned in the table, the arrangement mentioned in Note (3) of the same document shall be followed.

Such arrangement is usually made at the time of appointment, SF&OC will review and extend the implementation of this policy in the Board and all Committees, and has endeavored to formulate a set of comprehensive policy on declaration of interests and disclosure of potential conflicts of interest and the signing of a confidentiality agreement, where appropriate. The review and implementation of policy are expected to complete in this financial year.

SF&OC will make reference to the Two Tier reporting system mentioned in the Best Practice Reference when formulating the policy.

***Note by Clerk, PAC:** *see Appendix b_ii_2 to Appendix 27 of this Report for Appendix g_2.*

List of SF&OC Officers
港協暨奧委會委員名單

PRESIDENT

Mr. Timothy T. T. FOK, GBS, JP

會長

霍震霆先生 GBS, JP

VICE-PRESIDENTS

Ms. Vivien C. C. LAU, BBS, JP

Dr. Karl C. KWOK BBS

Mr. Tony K. L. YUE, BBS, JP

Dr. T. Brian STEVENSON, GBS, JP

Mr. PUI Kwan Kay, SBS

Dr. Herman S. M. HU, SBS, JP

Mr. TONG Wai Lun, BBS, JP

Mr. Kenneth K. K. FOK, JP

副會長

劉掌珠女士 BBS, JP

郭志樑博士 BBS

余國樑先生 BBS, JP

施文信博士 GBS, JP

貝鈞奇先生 SBS

胡曉明博士 SBS, JP

湯偉掄先生 BBS, JP

霍啟剛先生 JP

HONORARY SECRETARY GENERAL

Mr. Ronnie M. C. WONG, BBS, JP

義務秘書長

王敏超先生 BBS, JP

HONORARY DEPUTY SECRETARIES GENERAL

Mr. Edgar J. T. YANG, PDSM

Mr. WONG Po Kee, MH

Ms. Fay K. F. HO

義務副秘書長

楊祖賜先生 PDSM

黃寶基先生 MH

何劍暉女士

HONORARY TREASURER

Mr. Derrick L. W. WONG, FCCA, CPA, CTA, RFP

義務司庫

黃良威先生 FCCA, CPA, CTA, RFP

**OFFICER (ATHLETES COMMITTEE
REPRESENTATIVE)**

Ms. Stephanie H. S. AU

委員(運動員委員會代表)

歐鎧淳女士

List of SF&OC Committees
港協暨奧委會委員會名單

<p>1. Administration and Personnel Committee</p> <table border="1"> <tr> <td>Chairperson</td> <td>Mr. Ronnie M. C. WONG</td> </tr> <tr> <td>Vice-Chairperson</td> <td>Mr. Derrick L. W. WONG</td> </tr> <tr> <td>Members</td> <td>Ms. Vivien C. C. LAU Mr. TONG Wai Lun Mr. Kenneth K. K. FOK Mr. Edgar J. T. YANG Mr. WONG Po Kee Ms. Fay K. F. HO Mr. Abraham K. H. CHENG</td> </tr> </table>	Chairperson	Mr. Ronnie M. C. WONG	Vice-Chairperson	Mr. Derrick L. W. WONG	Members	Ms. Vivien C. C. LAU Mr. TONG Wai Lun Mr. Kenneth K. K. FOK Mr. Edgar J. T. YANG Mr. WONG Po Kee Ms. Fay K. F. HO Mr. Abraham K. H. CHENG	<p>1. 行政及人事委員會</p> <table border="1"> <tr> <td>主席</td> <td>王敏超先生</td> </tr> <tr> <td>副主席</td> <td>黃良威先生</td> </tr> <tr> <td>委員</td> <td>劉掌珠女士 湯偉掄先生 霍啟剛先生 楊祖賜先生 黃寶基先生 何劍暉女士 鄭國鴻先生</td> </tr> </table>	主席	王敏超先生	副主席	黃良威先生	委員	劉掌珠女士 湯偉掄先生 霍啟剛先生 楊祖賜先生 黃寶基先生 何劍暉女士 鄭國鴻先生
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<p>2. Athletes Committee</p> <table border="1"> <tr> <td>Chairperson</td> <td>Ms. Stephanie H. S. AU</td> </tr> <tr> <td>Vice-Chairperson</td> <td>Ms. SZE Hang Yu</td> </tr> <tr> <td>Members</td> <td>Mr. WONG Kam Po Mr. LI Ching Mr. Daniel C. W. LEE Ms. Carmen K. M. LEE Mr. CHAN King Yin Ms. MA Man Sum Ms. GENG Xiaoling</td> </tr> </table>	Chairperson	Ms. Stephanie H. S. AU	Vice-Chairperson	Ms. SZE Hang Yu	Members	Mr. WONG Kam Po Mr. LI Ching Mr. Daniel C. W. LEE Ms. Carmen K. M. LEE Mr. CHAN King Yin Ms. MA Man Sum Ms. GENG Xiaoling	<p>2. 運動員委員會</p> <table border="1"> <tr> <td>主席</td> <td>歐鎧淳女士</td> </tr> <tr> <td>副主席</td> <td>施幸余女士</td> </tr> <tr> <td>委員</td> <td>黃金寶先生 李靜先生 李致和先生 李嘉文女士 陳敬然先生 馬文心女士 耿曉靈女士</td> </tr> </table>	主席	歐鎧淳女士	副主席	施幸余女士	委員	黃金寶先生 李靜先生 李致和先生 李嘉文女士 陳敬然先生 馬文心女士 耿曉靈女士
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<p>3. Doping Control Panel</p> <table border="1"> <tr> <td>Chairperson</td> <td>Dr. Simon S. M. YEUNG</td> </tr> <tr> <td>Members</td> <td>Dr. CHIEN Ping Dr. Michael K. Y. HSIN Dr. Jaime T. SIN Professor Frank H. K. FU</td> </tr> </table>	Chairperson	Dr. Simon S. M. YEUNG	Members	Dr. CHIEN Ping Dr. Michael K. Y. HSIN Dr. Jaime T. SIN Professor Frank H. K. FU	<p>3. 運動禁藥管制專責委員會</p> <table border="1"> <tr> <td>主席</td> <td>楊世模博士</td> </tr> <tr> <td>委員</td> <td>錢平醫生 辛光耀醫生 單丹醫生 傅浩堅教授</td> </tr> </table>	主席	楊世模博士	委員	錢平醫生 辛光耀醫生 單丹醫生 傅浩堅教授				
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委員	錢平醫生 辛光耀醫生 單丹醫生 傅浩堅教授												
<p>4. Editorial Board of Hong Kong Olympic Voice</p> <table border="1"> <tr> <td>Convenor</td> <td>Mr. Edgar J. T. YANG</td> </tr> <tr> <td>Members</td> <td>Dr. Karl C. KWOK Mr. Kenneth K. K. FOK Ms. Fay K. F. HO Mr. CHU Hoi Kun Dr. Peter Cookson SMITH Mr. Abraham K. H. CHENG</td> </tr> </table>	Convenor	Mr. Edgar J. T. YANG	Members	Dr. Karl C. KWOK Mr. Kenneth K. K. FOK Ms. Fay K. F. HO Mr. CHU Hoi Kun Dr. Peter Cookson SMITH Mr. Abraham K. H. CHENG	<p>4. 《奧訊》編輯委員會</p> <table border="1"> <tr> <td>召集人</td> <td>楊祖賜先生</td> </tr> <tr> <td>委員</td> <td>郭志樑博士 霍啟剛先生 何劍暉女士 朱凱勤先生 施倍德博士 鄭國鴻先生</td> </tr> </table>	召集人	楊祖賜先生	委員	郭志樑博士 霍啟剛先生 何劍暉女士 朱凱勤先生 施倍德博士 鄭國鴻先生				
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5. Election Committee		5. 選舉委員會	
Chairperson	(a person holding an honorary position of the Federation to the appointed by the Board of Officers)	主席	(由董事會委命一名擔任本會名譽委員的人)
Members	(Executive Director of the Federation and a person with a legal background who shall have been a practicing lawyer or have been a judge, as defined in the Interpretation and General Clauses Ordinance, for not less than five years)	委員	(本會行政總監和一名具有法律背景並根據《釋義及通則條例》的規定下執業不少於五年的執業律師或法官)
6. Festival of Sport Organizing Committee		6. 體育節籌備委員會	
Chairperson	Mr. Tony K. L. YUE	主席	余國樑先生
Advisor cum Vice-Chairperson	Dr. Karl C. KWOK	顧問及副主席：	郭志樑博士
Members	Mr. WONG Po Kee Mr. Benjamin T. C. HUNG Mr. Johnny W. M. WOO Mr. LAU Kar Wah Dr. Raymond K. W. SUM Mr. YEUNG Wai Kei Dr. Ringo LEE Mr. CHENG Ka Ho Mr. KONG Pui Wai Mr. HUNG Chor Ying Ms. MA Man Sum	委員	黃寶基先生 孔得泉先生 胡偉民先生 劉嘉華先生 沈劍威博士 楊偉基先生 李耀培博士 鄭家豪先生 江沛偉先生 洪楚英先生 馬文心女士
7. Finance Committee		7. 財務委員會	
Chairperson	Mr. Timothy T. T. FOK	主席	霍震霆先生
Vice-Chairperson	Mr. Derrick L. W. WONG	副主席	黃良威先生
Members	Mr. Ronnie M. C. WONG Dr. Karl C. KWOK Mr. Tony K. L. YUE Dr. T. Brian STEVENSON Dr. Herman S. M. HU Mr. Kenneth K. K. FOK Mr. Abraham K. H. CHENG	委員	王敏超先生 郭志樑博士 余國樑先生 施文信博士 胡曉明博士 霍啟剛先生 鄭國鴻先生

<p>8. Hong Kong Athletes Career and Education Programme Committee</p> <table border="1"> <tr> <td>Chairperson</td> <td>Dr. Herman S. M. HU</td> </tr> <tr> <td>Vice-Chairperson</td> <td>Dr. Karl C. KWOK</td> </tr> <tr> <td>Members</td> <td>Mr Paul C. W. CHENG (Mr. Alex C. Y. LEUNG as alternate member) Mr. PUI Kwan Kay Mr. Ronnie M. C. WONG Mr. Edgar J. T. YANG Mr. Nick H. F. CHAN Ms. Amy L. C. CHAN Mr. Kenny K. W. CHOW Mr. WONG Tsan Dr. Adam Y. K. LEE Mr. HE Yiming Mr. Cowen B. CHIU Mr. Charles L. C. HO Mr. CHENG Ka Ho</td> </tr> </table>	Chairperson	Dr. Herman S. M. HU	Vice-Chairperson	Dr. Karl C. KWOK	Members	Mr Paul C. W. CHENG (Mr. Alex C. Y. LEUNG as alternate member) Mr. PUI Kwan Kay Mr. Ronnie M. C. WONG Mr. Edgar J. T. YANG Mr. Nick H. F. CHAN Ms. Amy L. C. CHAN Mr. Kenny K. W. CHOW Mr. WONG Tsan Dr. Adam Y. K. LEE Mr. HE Yiming Mr. Cowen B. CHIU Mr. Charles L. C. HO Mr. CHENG Ka Ho	<p>8. 香港運動員就業及教育計劃委員會</p> <table border="1"> <tr> <td>主席</td> <td>胡曉明博士</td> </tr> <tr> <td>副主席</td> <td>郭志樑博士</td> </tr> <tr> <td>委員</td> <td>鄭青雲先生（梁俊彥先生為候補委員） 貝鈞奇先生 王敏超先生 楊祖賜先生 陳曉峰先生 陳念慈女士 周冠華先生 黃贊先生 李一強博士 何一鳴先生 趙不求先生 何朗秋先生 鄭嘉豪先生</td> </tr> </table>	主席	胡曉明博士	副主席	郭志樑博士	委員	鄭青雲先生（梁俊彥先生為候補委員） 貝鈞奇先生 王敏超先生 楊祖賜先生 陳曉峰先生 陳念慈女士 周冠華先生 黃贊先生 李一強博士 何一鳴先生 趙不求先生 何朗秋先生 鄭嘉豪先生
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<p>9. Hong Kong Anti-Doping Appeal Panel</p> <table border="1"> <tr> <td>Chairperson</td> <td>Mr. Simon S. M. LAU</td> </tr> <tr> <td>Vice-Chairpersons</td> <td>Mr. Patrick C. Y. WONG Ms. Julianne P. DOE</td> </tr> <tr> <td>Members</td> <td>Dr. LAM Tai Fai Dr. LEE Lai Shan Mr. TONG Wai Lun Mr. Kenny K. W. CHOW Mr. MA Ching Nam Ms. Sylvia W. Y. SIU Dr. Julian W. CHANG</td> </tr> </table>	Chairperson	Mr. Simon S. M. LAU	Vice-Chairpersons	Mr. Patrick C. Y. WONG Ms. Julianne P. DOE	Members	Dr. LAM Tai Fai Dr. LEE Lai Shan Mr. TONG Wai Lun Mr. Kenny K. W. CHOW Mr. MA Ching Nam Ms. Sylvia W. Y. SIU Dr. Julian W. CHANG	<p>9. 運動禁藥上訴專責委員會</p> <table border="1"> <tr> <td>主席</td> <td>劉世民先生</td> </tr> <tr> <td>副主席</td> <td>黃仲賢先生 杜珠聯女士</td> </tr> <tr> <td>委員</td> <td>林大輝博士 李麗珊博士 湯偉掄先生 周冠華先生 馬清楠先生 蕭詠儀女士 張維醫生</td> </tr> </table>	主席	劉世民先生	副主席	黃仲賢先生 杜珠聯女士	委員	林大輝博士 李麗珊博士 湯偉掄先生 周冠華先生 馬清楠先生 蕭詠儀女士 張維醫生
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<p>11. Hong Kong Anti-Doping Disciplinary Panel</p> <table border="1"> <tr> <td>Chairperson</td> <td>Mr. Anthony ROGERS</td> </tr> <tr> <td>Vice-Chairpersons</td> <td>Ms. Emba W. M. LEUNG Mr. Rudy S. F. CHUNG</td> </tr> <tr> <td>Members</td> <td>Dr. T. Brian STEVENSON Dr. IP Wing Yuk Professor Patrick S. H. YUNG Dr. CHAN Kwok Ki Mr. CHEUNG Wai Leung Mr. Edgar J. T. YANG</td> </tr> </table>	Chairperson	Mr. Anthony ROGERS	Vice-Chairpersons	Ms. Emba W. M. LEUNG Mr. Rudy S. F. CHUNG	Members	Dr. T. Brian STEVENSON Dr. IP Wing Yuk Professor Patrick S. H. YUNG Dr. CHAN Kwok Ki Mr. CHEUNG Wai Leung Mr. Edgar J. T. YANG	<p>11. 運動禁藥紀律專責委員會</p> <table border="1"> <tr> <td>主席</td> <td>羅傑志先生</td> </tr> <tr> <td>副主席</td> <td>梁緩雯女士 鍾聲福先生</td> </tr> <tr> <td>委員</td> <td>施文信博士 葉永玉醫生 容樹恆教授 陳國基醫生 張偉良先生 楊祖賜先生</td> </tr> </table>	主席	羅傑志先生	副主席	梁緩雯女士 鍾聲福先生	委員	施文信博士 葉永玉醫生 容樹恆教授 陳國基醫生 張偉良先生 楊祖賜先生				
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<p>12. Hong Kong Olympic Academy</p> <table border="1"> <tr> <td>Chairperson</td> <td>Professor Frank H. K. FU</td> </tr> <tr> <td>Vice-Chairperson</td> <td>Ms. Vivien C. C. LAU</td> </tr> <tr> <td>Director of Studies</td> <td>Mr. Kenny K. W. CHOW</td> </tr> <tr> <td>Members</td> <td>Mr. Tony K. L. YUE Ms. Fay K. F. HO Dr. Julian W. CHANG Dr. Michael TSE Ms. Vivian LEE Dr. Elean F. L. LEUNG Mr. NG Siu Ki</td> </tr> </table>	Chairperson	Professor Frank H. K. FU	Vice-Chairperson	Ms. Vivien C. C. LAU	Director of Studies	Mr. Kenny K. W. CHOW	Members	Mr. Tony K. L. YUE Ms. Fay K. F. HO Dr. Julian W. CHANG Dr. Michael TSE Ms. Vivian LEE Dr. Elean F. L. LEUNG Mr. NG Siu Ki	<p>12. 香港奧林匹克學院</p> <table border="1"> <tr> <td>主席</td> <td>傅浩堅教授</td> </tr> <tr> <td>副主席</td> <td>劉掌珠女士</td> </tr> <tr> <td>課程總監</td> <td>周冠華先生</td> </tr> <tr> <td>委員</td> <td>余國樑先生 何劍暉女士 張維醫生 謝家德博士 李穎詩女士 梁鳳蓮博士 吳少祺先生</td> </tr> </table>	主席	傅浩堅教授	副主席	劉掌珠女士	課程總監	周冠華先生	委員	余國樑先生 何劍暉女士 張維醫生 謝家德博士 李穎詩女士 梁鳳蓮博士 吳少祺先生
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<p>14. Hong Kong Sports Stars Awards Organizing Committee</p> <table border="1"> <tr> <td>Chairperson</td> <td>Ms. Vivien C. C. LAU</td> </tr> <tr> <td>Vice-Chairperson</td> <td>Dr. Karl C. KWOK</td> </tr> <tr> <td>Members</td> <td>Mr. Tony K. L. YUE Mr. PUI Kwan Kay Ms. Fay K. F. HO Mr. Anthony MELLOY Mr. Mark CHAN Ms. Stephanie H. S. AU</td> </tr> </table>	Chairperson	Ms. Vivien C. C. LAU	Vice-Chairperson	Dr. Karl C. KWOK	Members	Mr. Tony K. L. YUE Mr. PUI Kwan Kay Ms. Fay K. F. HO Mr. Anthony MELLOY Mr. Mark CHAN Ms. Stephanie H. S. AU	<p>14. 香港傑出運動員選舉籌備委員會</p> <table border="1"> <tr> <td>主席</td> <td>劉掌珠女士</td> </tr> <tr> <td>副主席</td> <td>郭志樑博士</td> </tr> <tr> <td>委員</td> <td>余國樑先生 貝鈞奇先生 何劍暉女士 苗禮東先生 陳文傑先生 歐鎧淳女士</td> </tr> </table>	主席	劉掌珠女士	副主席	郭志樑博士	委員	余國樑先生 貝鈞奇先生 何劍暉女士 苗禮東先生 陳文傑先生 歐鎧淳女士				
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<p>15. International Multi-Sports Games Appeal Panel</p> <table border="1"> <tr> <td>Chairperson</td> <td>Mr. Timothy T. T. FOK</td> </tr> <tr> <td>Members</td> <td>Mr. Derrick L. W. WONG Mr. Anthony ROGERS Mr. NG Ching Kwok Mr. MA Ching Nam</td> </tr> </table>	Chairperson	Mr. Timothy T. T. FOK	Members	Mr. Derrick L. W. WONG Mr. Anthony ROGERS Mr. NG Ching Kwok Mr. MA Ching Nam	<p>15. 國際綜合項目運動會上訴專責委員會</p> <table border="1"> <tr> <td>主席</td> <td>霍震霆先生</td> </tr> <tr> <td>委員</td> <td>黃良威先生 羅傑志先生 伍靜國先生 馬清楠先生</td> </tr> </table>	主席	霍震霆先生	委員	黃良威先生 羅傑志先生 伍靜國先生 馬清楠先生								
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<p>17. Investment Sub-Committee</p> <table border="1"> <tr> <td>Chairperson</td> <td>Dr. T. Brian STEVENSON</td> </tr> <tr> <td>Members</td> <td>Mr. Ronnie M. C. WONG Dr. Karl C. KWOK Mr. Tony K. L. YUE Dr. Herman S. M. HU Mr. TONG Wai Lun Mr. Derrick L. W. WONG Dr. William W. C. LEUNG Mr. Abraham K. H. CHENG</td> </tr> </table>	Chairperson	Dr. T. Brian STEVENSON	Members	Mr. Ronnie M. C. WONG Dr. Karl C. KWOK Mr. Tony K. L. YUE Dr. Herman S. M. HU Mr. TONG Wai Lun Mr. Derrick L. W. WONG Dr. William W. C. LEUNG Mr. Abraham K. H. CHENG	<p>17. 投資小組委員會</p> <table border="1"> <tr> <td>主席</td> <td>施文信博士</td> </tr> <tr> <td>委員</td> <td>王敏超先生 郭志樑博士 余國樑先生 胡曉明博士 湯偉掄先生 黃良威先生 梁永祥博士 鄭國鴻先生</td> </tr> </table>	主席	施文信博士	委員	王敏超先生 郭志樑博士 余國樑先生 胡曉明博士 湯偉掄先生 黃良威先生 梁永祥博士 鄭國鴻先生				
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<p>18. Membership Affairs Appeal Panel</p> <table border="1"> <tr> <td>Members</td> <td>Mr. Peter BROWN Mr. Victor C. F. HUI Dr. LAM Tai Fai Mr. MA Ching Nam Hon. MA Fung Kwok Mr. CHAN King Yin</td> </tr> </table>	Members	Mr. Peter BROWN Mr. Victor C. F. HUI Dr. LAM Tai Fai Mr. MA Ching Nam Hon. MA Fung Kwok Mr. CHAN King Yin	<p>18. 會員事務上訴專責委員會</p> <table border="1"> <tr> <td>委員</td> <td>包安嵐先生 許晉奎先生 林大輝博士 馬清楠先生 馬逢國議員 陳敬然先生</td> </tr> </table>	委員	包安嵐先生 許晉奎先生 林大輝博士 馬清楠先生 馬逢國議員 陳敬然先生								
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<p>20. Olympic Day Organizing Committee</p> <table border="1"> <tr> <td>Chairperson</td> <td>Mr. TONG Wai Lun</td> </tr> <tr> <td>Vice-Chairperson</td> <td>Mr. PUI Kwan Kay</td> </tr> <tr> <td>Members</td> <td>Dr. Herman S. M. HU Mr. Edgar J. T. YANG Mr. KWAN Kee Mr. Terry K. H. LAU Mr. WONG Wai Shun Dr. Simon S. F. FUNG Mr. LAI Pui Wing Mr. NG Kong Wan Ms. SZE Hang Yu</td> </tr> </table>	Chairperson	Mr. TONG Wai Lun	Vice-Chairperson	Mr. PUI Kwan Kay	Members	Dr. Herman S. M. HU Mr. Edgar J. T. YANG Mr. KWAN Kee Mr. Terry K. H. LAU Mr. WONG Wai Shun Dr. Simon S. F. FUNG Mr. LAI Pui Wing Mr. NG Kong Wan Ms. SZE Hang Yu	<p>20. 奧運日籌備委員會</p> <table border="1"> <tr> <td>主席</td> <td>湯偉掄先生</td> </tr> <tr> <td>副主席</td> <td>貝鈞奇先生</td> </tr> <tr> <td>委員</td> <td>胡曉明博士 楊祖賜先生 關祺先生 劉根雄先生 王威信先生 馮世富博士 黎培榮先生 吳江泓先生 施幸余女士</td> </tr> </table>	主席	湯偉掄先生	副主席	貝鈞奇先生	委員	胡曉明博士 楊祖賜先生 關祺先生 劉根雄先生 王威信先生 馮世富博士 黎培榮先生 吳江泓先生 施幸余女士
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<p>21. Olympic House Management Committee</p> <table border="1"> <tr> <td>Chairperson</td> <td>Mr. Ronnie M. C. WONG</td> </tr> <tr> <td>Vice-Chairperson</td> <td>Dr. Herman S. M. HU</td> </tr> <tr> <td>Members</td> <td>Ms. Currie K. P. SIU Mr. TONG Wai Lun Mr. PUI Kwan Kay Mr. Edgar J. T. YANG Mr. WONG Po Kee Ms. Fay K. F. HO</td> </tr> </table>	Chairperson	Mr. Ronnie M. C. WONG	Vice-Chairperson	Dr. Herman S. M. HU	Members	Ms. Currie K. P. SIU Mr. TONG Wai Lun Mr. PUI Kwan Kay Mr. Edgar J. T. YANG Mr. WONG Po Kee Ms. Fay K. F. HO	<p>21. 奧運大樓管理委員會</p> <table border="1"> <tr> <td>主席</td> <td>王敏超先生</td> </tr> <tr> <td>副主席</td> <td>胡曉明博士</td> </tr> <tr> <td>委員</td> <td>蕭潔冰女士 湯偉掄先生 貝鈞奇先生 楊祖賜先生 黃寶基先生 何劍暉女士</td> </tr> </table>	主席	王敏超先生	副主席	胡曉明博士	委員	蕭潔冰女士 湯偉掄先生 貝鈞奇先生 楊祖賜先生 黃寶基先生 何劍暉女士
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<p>22. Public Relations and Corporate Communication Committee</p> <table border="1"> <tr> <td>Chairperson</td> <td>Ms. Vivien C. C. LAU</td> </tr> <tr> <td>Vice-Chairperson</td> <td>Mr. Kenneth K. K. FOK</td> </tr> <tr> <td>Members</td> <td>Mr. Ronnie M. C. WONG Mr. Edgar J. T. YANG Mr. WONG Po Kee Mr. Patrick LI</td> </tr> </table>	Chairperson	Ms. Vivien C. C. LAU	Vice-Chairperson	Mr. Kenneth K. K. FOK	Members	Mr. Ronnie M. C. WONG Mr. Edgar J. T. YANG Mr. WONG Po Kee Mr. Patrick LI	<p>22. 公共關係及企業傳訊委員會</p> <table border="1"> <tr> <td>主席</td> <td>劉掌珠女士</td> </tr> <tr> <td>副主席</td> <td>霍啟剛先生</td> </tr> <tr> <td>委員</td> <td>王敏超先生 楊祖賜先生 黃寶基先生 李漢源先生</td> </tr> </table>	主席	劉掌珠女士	副主席	霍啟剛先生	委員	王敏超先生 楊祖賜先生 黃寶基先生 李漢源先生
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Terms of Reference of SF&OC Committees

1. Administration and Personnel Committee

- (1) To formulate overall strategic plan in the administration and personnel management of the Federation;
- (2) To review the Staff Handbook, Procurement Guidelines and other SF&OC internal policies in a timely manner;
- (3) To conduct recruitment exercises in sourcing appropriate staff members to serve in the Secretariat, MCOHL Office, HKACEP Office and HKADC Office of the Federation; and
- (4) To recommend suitable staff members of the Federation to local and overseas courses / seminars as staff training.

2. Athletes Committee

- (1) To formulate overall strategic plan in promoting the welfare of Hong Kong athletes;
- (2) To organize activities and events in order to arouse public awareness of the well-beings of serving and retired athletes;
- (3) To represent the rights and interests of athletes and to make related recommendations, including the appointment of arbitrators to the International Council of Arbitration for Sport (ICAS);
- (4) To manage the Scholarship programme under SF&OC;
- (5) To maintain contact with the IOC Athletes' Commission, OCA Athletes' Committee and other athletes' related parties (e.g. the Hong Kong Elite Athletes Association);
- (6) To reach and communicate with athletes and their entourage on a peer-to-peer basis collecting feedback and new ideas from the field of play; and
- (7) To engage actively with initiatives and projects that protect and support clean athletes on and off the field of play.

3. Doping Control Panel of Hong Kong Anti-Doping Committee

- (1) To conduct results management on Adverse Analytical Finding and other potential Anti-Doping Rule Violations (including but not limited to initial review, follow-up investigations, notification after initial review, etc.); and
- (2) To conduct provisional hearings and suspensions if appropriate.

4. Editorial Board of Hong Kong Olympic Voice

- (1) To decide the content of "Olympic Voice of Hong Kong" for each issue;
- (2) To vet and select suitable content provided by the NSAs / SF&OC offices to be included in "Olympic Voice of Hong Kong";
- (3) To decide the topic of cover story and feature stories; and
- (4) To proofread the "Olympic Voice of Hong Kong".

5. Election Committee

(This is a non-standing Committee to be formed before each election in accordance with SF&OC's By-Laws for overseeing the nomination and election process.)

6. Festival of Sport Organizing Committee

- (1) To formulate the strategic plan in organizing the annual Festival of Sport;
- (2) To decide on the allocation of funding to all applicant NSAs; and
- (3) To oversee the actual implementation of the Festival events.

7. Finance Committee

- (1) To review the overall budget of the Federation; and
- (2) To formulate the overall strategic investment plan of the Federation for the approval of the Board of Officers.

8. Hong Kong Athletes Career and Education Programme Committee

- (1) To understand the genuine needs of elite athletes on education, career and life skills, in particular, for the period upon their retirement;
- (2) To improve the content of the HKACEP to prepare elite athletes for their post-athletic options upon retirement;
- (3) To build up networks of partners / suppliers for successful implementation of the programme, including post-secondary institutions, language course providers and corporate partners;
- (4) To improve the criteria for vetting the applications for the Programme;
- (5) To be responsible for the budget estimation and funding application;
- (6) To monitor budget allocation; and
- (7) To seek possibility of new sponsorships.

9. Hong Kong Anti-Doping Appeal Panel

- (1) To hear and determine all issues arising from any matter which is appealed to it pursuant to the anti-doping rules of the SF&OC and HKADC in accordance to the latest guideline provided by the World Anti-Doping Agency; and
- (2) To report to the Board of Officers of SF&OC on all handled cases.

10. Hong Kong Anti-Doping Committee

- (1) To implement the Anti-Doping Programme in Hong Kong; and
- (2) To oversee the evolution and improvement of anti-doping policy and rules applicable to HKADC and SF&OC.

11. Hong Kong Anti-Doping Disciplinary Panel

- (1) To conduct hearing after receiving notification of possible anti-doping rules violations from the Doping Control Panel of the Hong Kong Anti-Doping Committee (HKADC); and
- (2) To receive notification from other anti-doping organizations (e.g. World Anti-Doping Agency, International Federations, and organizing committee of major sport events) and to respond by recognizing and respecting the finding, provided that it is consistent with the World Anti-Doping Code.

12. Hong Kong Olympic Academy

- (1) To formulate the policy in planning and organizing the Olympic courses and education courses in Hong Kong;
- (2) To monitor the implementation of SF&OC education programme including but not limited to Olympism Education Programme, Olympism Camp (for schools and athletes);

- (3) To maintain contact with the Education Bureau for the promotion of Olympism; and
- (4) To assess and nominate the candidates of Hong Kong NOC to attend the appropriate courses organized by the International Olympic Committee and other sports related organizations.

13. Hong Kong Sports Stars Awards Judging Panel

To judge the results of HKSSA according to the rules and regulations.

14. Hong Kong Sports Stars Awards Organizing Committee

- (1) To formulate the strategic plan for the Awards;
- (2) To vet the nomination provided by the NSAs; and
- (3) To oversee the actual implementation of the Awards presentation ceremony.

15. International Multi-Sports Games Appeal Panel

- (1) To hear and determine all issues arising from any matter which is appealed to it pursuant to the International Multi-Sports Games; and
- (2) To report to the Board of Officers on all handled cases.

16. International Multi-Sports Games Selection Committee

(This is a non-standing Committee to be formed for each international multi-sports games in accordance with SF&OC's Articles of Association for the formation of Hong Kong, China Delegation to participate in the respective Games.)

17. Investment Sub-Committee

- (1) To review the investment assets of the Federation and give advice to the Finance Committee for their handling.

18. Membership Affairs Appeal Panel

- (1) To hear and determine all issues arising from any matter which is appealed pursuant to Article 59 of the Articles of Association of SF&OC; and
- (2) To provide a written report with decision and follow-up action to the Federation.

19. Membership Affairs Committee

- (1) To formulate overall strategic plan for the SF&OC membership system;
- (2) To formulate overall strategic plan in vetting the membership of the applicant organizations for the endorsement of the Board of Officers;
- (3) To check and vet on a half-yearly basis the in-coming correspondence of membership applications or membership upgrading;
- (4) To propose any suspension or termination of membership at the General Meeting;
- (5) To formulate the overall management plan in granting the Incentive Awards to the National Sports Associations affiliated to SF&OC by establishing an ad-hoc sub-committee;
- (6) To organize the annual Incentive Awards presentation ceremony; and
- (7) To deal with any infringements of the Articles of Association of SF&OC, IOC Code of Conduct, etc. and to reconcile or arbitrate in any differences which may arise between National Sports Associations or groups.

20. Olympic Day Organizing Committee

- (1) To formulate the strategic plan in organizing the Olympic Day; and
- (2) To oversee the actual implementation of the Olympic Day events.

21. Olympic House Management Committee

- (1) To advise the Management Company of Olympic House Limited (MCOHL) on the policies of Olympic House daily operation;
- (2) To advise MCOHL on proper spending of the Government subvention in the operation of Olympic House;
- (3) To work closely with National Sports Associations, sports-related organizations and institutions / organizations in the organization of courses or activities of educational and training nature;
- (4) To advise MCOHL on the measures of environmental protection so as to encourage tenants, hirers, and the sports community in general to be more conscious of the goal of sustaining the long term use of a functional sports administration building in a green environment; and
- (5) To make available the facilities and services of Olympic House for use by the public.

22. Public Relations and Corporate Communication Committee

- (1) To formulate overall strategic plan for the SF&OC sponsorship programme;
- (2) To formulate overall strategic plan for the SF&OC publicity and advertising programme in including Olympic Voice and Newsletters;
- (3) To formulate overall strategic plan on public relations matters with various stakeholders;
- (4) To monitor the publishing of Annual Report;
- (5) To maintain contact with Hong Kong Sports Press Association and all other local media; and
- (6) To assign spokesmen on different SF&OC issues if appropriate.

23. Strategic Management Committee

- (1) To formulate the overall management plan in the formation of various committees / sub-committees;
- (2) To propose the membership composition, tenure and terms of reference of each committee / sub-committee for the consideration of the Board of Officers;
- (3) To formulate medium and long term plan of the Federation in sports development and other related areas; and
- (4) To regularly review the Articles of Association of SF&OC and to recommend appropriate amendments for the consideration and approval of the Board of Officers.

24. Therapeutic Use Exemption Panel of Hong Kong Anti-Doping Committee

- (1) To receive Therapeutic Use Exemption (TUE) application from national athletes of Hong Kong; and
- (2) To grant TUE, as appropriate, in accordance with the latest guideline provided by the World Anti-Doping Agency.

25. Venues and Facilities Development Advisory Panel

- (1) To keep close liaison with the HKSAR Government on the development of sports infrastructure and facilities in the territories;

- (2) To assign representatives to serve in the relevant Government Committees on behalf of SF&OC in handling projects related to the development of sports infrastructure and facilities in the territories;
- (3) To consult officials of the SF&OC and NSAs the development and implementation of sports infrastructure and facilities in the territories;
- (4) To provide progress reports to the Board of Officers at its regular Meetings; and
- (5) To review Government's work on the implementation of sports infrastructure and facilities related projects and give comments deemed appropriate in the interest of SF&OC and NSAs.

26. Women and Sports Committee

- (1) To formulate the overall strategic plan in promoting public interest and support for women to participate in sports;
- (2) To liaise with the IOC Women In Sports Commission and OCA Women and Sports Committee and attend relevant events;
- (3) To publicize the achievements of women athletes in international sports competitions to the local community;
- (4) To encourage women to be involved in sport as athletes, administrator, coaches, technical officials, and reporters and
- (5) To organize events for women and sports in Hong Kong periodically.

27. Working Group on Policy Review of the Private Recreational Leases

- (1) To keep close liaison with the HKSAR Government on the policy review of the Private Recreational Leases, including the proposed use of sports venues as land supply options;
- (2) To keep close liaison with NSAs and private sports clubs on the policy review of the Private Recreational Leases, including the proposed use of sports venues as land supply options;
- (3) To formulate and propose the stance of SF&OC towards the policy review of the Private Recreational Leases, including the proposed use of sports venues as land supply options; and
- (4) To provide reports to the Venues and Facilities Development Advisory Panel and the Board.

28. Working Group on Review of Staff Employment Package

- (1) To review the staff employment package;
- (2) To review the staff contract;
- (3) To make suitable recommendations for the retention of staff; and
- (4) To provide review reports to the Administration and Personnel Committee and the Board.

29. Youth Committee

- (1) To formulate the overall strategic plan in arousing public interest for youth to participate in sport;
- (2) To maintain contact and seek possible collaboration with local youth communities and associations; and
- (3) To publicize the achievements of youth athletes in international sports competitions to the local citizens.

**18th Asian Games
Nomination Form**

Name of Athlete / Team (Both English & Chinese): _____

Sex: _____

^ Place of Birth: _____

Age: _____

Performance details with supporting documents								
Proposed entry in 18 th Asian Games	Multi-Sports Games / Championships/ Competitions (# Date)	Nature (MSG / WC / AC)*	Event sanctioned by IF / AF	Event	No. of participating countries or regions / entries	Performance / results in terms of time / score	Category of Sport Scholarship under HKSIL	Remarks

*MSG – multi-sports Games (e.g. Olympic Games, Asian Games etc.) / WC – World Championship / AC – Asian Championship

^ Please provide the athlete(s) HKSAR passport for verification. # Latest competition date should be listed first.

** One sheet for each athlete / team (Please supplement with separate sheet/s if necessary)

Signature:

Name of NSA President/ Chairman:

Association :

NSA's
chop



HONG KONG AMATEUR SWIMMING ASSOCIATION

Unit L, 9/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon

Tel: (852) 2572 8594 Fax: (852) 2591 0792 E-mail: hkasa@hkasa.org.hk Web-site: www.hkasa.org.hk

Ref. No.: 2018030013

14th March 2018

By E-mail

TO: All Full Members and Affiliated Members

Dear Clubs,

Nomination for the 18th Asian Games, Jakarta- Palembang (Swimming)

We are pleased to inform you that 2018 Asian Games (Swimming) will be held on 19th – 24th August 2018 in Jakarta-Palembang. We are pleased to invite all clubs to nominate swimmer along with a coach to participate in the captioned event. Attached please find the Nomination forms for your use. Nomination Criteria are as follows:-

All nominees must comply with the followings:

- Hong Kong SAR Passport Holder; and
- Comply with eligibility code as set out by the Olympic Council of Asia; and
- Achieve a minimum of 90 points (HK LC Point Score 2018); and
- Long course results achieved between the period from 15th April 2017 to 15th April 2018; and
- Registered swimmers (SW) 2018/19 of HKASA; and
- Registered with HKASA for 2 consecutive years prior to nomination; and
- Actively participating in HK Swimming competitions; and
- Fulfill and comply with HKASA eligibility rules

Events: (Men & Women)

- 50m, 100m, 200m, 400m, 800m & 1500m Freestyle
- 50m, 100m & 200m Breaststroke, Backstroke & Butterfly
- 200m & 400m Individual Medley
- 4 x 100m & 200m Freestyle Relay; 4 x 100m Medley Relay, 4 x 100m Mixed Medley Relay

Please find the SF & OC's Selection Criteria and the competition schedule are attached for your reference. All nominations must be endorsed by the coaches' and swimmer's respective club and returned to the HKASA office along with supporting results **on or before 16th April 2018 (Monday) at 1500hr.** Incomplete nominations will not be accepted under any circumstances. Please ensure that the forms are completed in full and submitted with supporting results.

The Association is only responsible for shortlisting swimmers for SF & OC's selection. Decision by SF & OC on team selection shall be final.

Should you have any enquiry, please feel free to contact [REDACTED]. Thank you for your kind attention.

Yours sincerely,
[REDACTED]

18th Asian Games, Jakarta-Palembang (Swimming) (19-24 August 2018)
Nomination Form

Appendix I

NAME: _____ **ASA REG. NO:** _____ **DATE OF BIRTH:** _____

NOMINATING CLUB: _____ **AGE:** _____ **SEX:** _____

**Only Long Course results will be accepted*

***All results should be submitted with supporting document*

EVENT	TIME	NAME OF MEET	DATE OF MEET	HK LC POINT SCORE
	: :			
	: :			
	: :			
	: :			
	: :			

 Authorized Signature with Club Chop

 Date

PLEASE RETURN TO HKASA NO LATER THAN 16 APRIL 2018 (MONDAY) AT 1500HR

UPDATED version (2.0) by 23 February 2018

SPORT DISCIPLINE	VENUE NAME	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2
		M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S
OPENING CEREMONY		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
CLOSING CEREMONY																						•
AQUATICS	GBK Aquatic Center																					
Aquatics - Artistic Swimming	GBK Aquatic Center																M	M	M			
Aquatics - Diving	GBK Aquatic Center																		M	M	M	M
Aquatics - Swimming	GBK Aquatic Center								M	M	M	M	M	M								
Aquatics - Water Polo	GBK Aquatic Center																					M
ARCHERY	GBK Archery Field																					
ATHLETICS	GBK Main Stadium																M	M	M	M	M	M
BADMINTON	GBK ISTORA																					
BASEBALL/SOFTBALL																						
Baseball/Softball - Baseball	GBK Baseball Field																					M
Baseball/Softball - Baseball	Rawamangun																					
Baseball/Softball - Softball	GBK Softball Field													M								
BASKETBALL																						
Basketball - 3x3	GBK Tennis Center Court																					
Basketball - 5x5	GBK Basket Hall A																					
Basketball - 5x5	GBK ISTORA																					M
BOWLING	JSC Bowling Center																					
BOXING	JExpo Kemayoran Hall C1, C2, C3																					M
BRIDGE	JExpo Kemayoran Ballroom																					M
CANOE/KAYAK																						
Canoe/Kayak - CSL (Canoe Slalom)	Bendung Rentang Majalengka																					
Canoe/Kayak - CSP	JSC Lake Jakabaring																				M	M
Canoe/Kayak - TBR	JSC Lake Jakabaring																					
CYCLING																						
Cycling - BMX Race	Pulo Mas International BMX Center																					
Cycling - MTB	Khe Bun Hill Subang																					
Cycling - Road Race	Subang roads route																					
Cycling - Track	Jakarta International Velodrome																					
EQUESTRIAN																						
Equestrian - Dressage	Jakarta International Equestrian Park																					
Equestrian - Eventing	Jakarta International Equestrian Park																					
Equestrian - Jumping	Jakarta International Equestrian Park																					
FENCING	JCC Cendrawasih																					
FOOTBALL																						
Football - (Men)	SI Jalak Harupat Stadium (Bandung)																					
Football - (Men)	Pakan Sari Stadium (Bogor)																					M
Football - (Men)	Patriot Chandrabhaga Stadium (Jakarta)																					
Football - (Men)	Wibawa Mukti Stadium (Cikarang)																					
Football - (Women)	JSC Gelora Sriwijaya (Palembang)																					M
Football - (Women)	Bumi Sriwijaya (Palembang)																					
GOLF	Pondok Indah Golf & Country Club																					
GYMNASTICS																						
Gymnastics - Artistic	JExpo Kemayoran Hall D1, D2																					
Gymnastics - Rhythmic	JExpo Kemayoran Hall D1, D2																					
Gymnastics - Trampoline	JExpo Kemayoran Hall D1, D2																					
HANDBALL	Gor Popki Cibubur																					
HOCKEY	GBK Hockey Field																					
JET SKI	ANCOL Beach																					
JUDO	JCC Plenary Hall																					
KABADDI	Theatre Garuda																					
KARATE																						
Karate - Kata	JCC Plenary Hall																					
Karate - Kumite	JCC Plenary Hall																					
MARTIAL ARTS																						
Martial Arts - Ju-Jitsu	JCC Assembly Hall																					
Martial Arts - Kurash	JCC Assembly Hall																					
Martial Arts - Pencak Silat	TMI Pencak Silat Hall																					
Martial Arts - Sambo	JCC Assembly Hall																					
Martial Arts - Wushu	JExpo Kemayoran Hall B1, B2, B3																					
MODERN PENTATHLON	APM Equestrian (TBM)																					
PARAGLIDING	Gunung Mas Puncak																					
ROLLER SPORTS																						
Roller Sports - Roller Skate	JSC Roller																					
Roller Sports - Skateboard	JSC Roller																					
ROWING	JSC Lake Jakabaring																					
RUGBY SEVENS	Wibawa Mukti Stadium (Cikarang)																					
SAILING	ANCOL Marina																					
SEPAK TAKRAW	JSC Ranau Hall																					
SHOOTING																						
Shooting - Pistol	JSC Shooting Range																					
Shooting - Rifle	JSC Shooting Range																					
Shooting - Running Target	JSC Shooting Range																					
Shooting - Skeet & Trap	JSC Shooting Range																					
SPORT CLIMBING	JSC Sport Climbing																					
SQUASH	Hall D GBK Senayan																					
TABLE TENNIS	JExpo Kemayoran Hall B1, B2, B3																					
TAEKWONDO																						
Taekwondo - Kyorugi	JCC Plenary Hall																					
Taekwondo - Poomsae	JCC Plenary Hall																					
TENNIS																						
Tennis - Soft Tennis	JSC Tennis Court																					
Tennis - Tennis	JSC Tennis Court																					
TRIATHLON	JSC Lake Jakabaring																					
VOLLEYBALL																						
Volley Ball - Beach Volley	JSC Beach Volley																					
Volley ball - Indoor Volley	GBK Tennis Indoor Stadium																					
Volley ball - Indoor Volley	Pertamina Simpurg Stadium																					
WEIGHTLIFTING	JExpo Kemayoran Hall A1, A2, A3																					
WRESTLING																						
Wrestling - Freestyle	JCC Assembly Hall																					
Wrestling - Greco Roman	JCC Assembly Hall																					

Opening/Closing Ceremony ■
 Competition Match ■
 Medal Ceremony ■

18th Asian Games, Jakarta-Palembang

I. Guidelines for Selection and Appeal Mechanism within NSAs level

1. The Selection Criteria and minimum requirements (if any) in selecting athletes to the 18th Asian Games of each NSA should be clearly stated and copied to the SF&OC 18th Asian Games Selection Committee (AGSC). Furthermore, the athletes and the relevant parties concerned should be informed of these selection criteria and minimum requirements (if any). This information should be placed at the website of the NSAs concerned for public viewing in a reasonable and justifiable lead time before the commencement of the selection process by the NSA.
2. The methodology of the selection can be made preliminarily by the formation and decision of the selection committee of each NSA or other mechanisms formally approved by the highest authority of each respective NSA before nomination.
3. Each NSA should also devise and inform its members on its own Appeal Mechanism before the commencement of the selection process which should be designated to handle any possible appeals or complaints against its selection results.
4. The nominations of each NSA should be endorsed with **original signature** by either the President or the Chairman of the NSA before submitting to AGSC. Nominations without such endorsement will not be accepted.
5. The above said-mentioned Selection Criteria and Appeal Mechanism should be submitted together with the nominations for the filing record of the Federation.

II. SF&OC Selection Criteria of Athletes

- (1) The athlete/s to be chosen should possess outstanding results in international competitions: -
 - i) *Ranked 1st – 8th in 2014 until recent World Championships sanctioned by IF;
 - ii) *Ranked 1st – 8th in 2014 until recent Asian Championships sanctioned by AF;
 - iii) *Ranked 1st – 8th in 2014 Incheon 17th Asian Games;
 - iv) *Ranked 1st – 8th in 2014 Phuket Asian Beach Games;
 - v) *Ranked 1st – 8th in 2016 Danang Asian Beach Games;
 - vi) *Ranked 1st – 8th in 2017 Asian Indoor & Martial Arts Games;
 - vii) *Ranked 1st – 8th in 2017 World Games;
 - viii) *Ranked 1st – 8th in 2017 29th Universiade Games;
 - ix) *Ranked 1st – 8th in 2017 13th National Games;

***On condition that there are a minimum of four participants in the competition(s) AND the athlete/s ranked one-third or above among the total number of participants.**

 - x) Participated in the Rio 2016 Olympic Games.
- (2) In the event of absence of (1) above, athlete/s' best performance of the nominated event(s) in year 2014 until recently should be provided (with date, place, number of participating countries or regions / entries should also be given for verification);
- (3) The preparation plan of NSAs for their athlete/s will also be taken into consideration in the whole selection process. Details of their training and competitions in the coming 6 months leading to the Games of the nominees should be submitted as reference;
- (4) Athlete/s should pass a medical check up to demonstrate his/her fitness for competition;
- (5) Athlete/s should comply with the eligibility code of the Olympic Council of Asia Constitutions & Rules and the Terms and Conditions of the Technical Handbooks of the Indonesia Asian Games Organizing Committee.

18th Asian Games, Jakarta – Palembang

(Swimming)

(19th – 24th August 2018)

Coach Nomination Form

Name of Club: _____

Nominated Coach Name: _____ (_____)

Authorized Signature with Club Chop

Date

PLEASE RETURN TO HKASA NO LATER THAN
16TH APRIL 2018 (MONDAY) AT 1500 HOUR



SPORTS FEDERATION &
OLYMPIC COMMITTEE OF HONG KONG, CHINA

(33) in SFOC/ADM/2020/GC/GOVT/OTHERS

PRESIDENT

Mr. Timothy T.T. FOK GBS, JP

VICE-PRESIDENTS

Ms. Vivien C.C. LAU BBS, JP
Dr. Karl C. KWOK BBS
Mr. Tony K.L. YUE BBS, JP
Dr. T. Brian STEVENSON GBS, JP
Mr. PUI Kwan Kay SBS
Dr. Herman S.M. HU SBS, JP
Mr. TONG Wai Lun BBS, JP
Mr. Kenneth K.K. FOK JP

HON. SECRETARY GENERAL

Mr. Ronnie M.C. WONG BBS, JP

*HON. DEPUTY
SECRETARIES GENERAL*

Mr. Edgar J.T. YANG PDSM
Mr. WONG Po Kee MH
Ms. Fay K.F. HO

HON. TREASURER

Mr. Derrick L.W. WONG
FCCA, CPA (practising)

*OFFICER
(ATHLETES COMMITTEE REPRESENTATIVE)*

Ms. Stephanie H.S. AU

3 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council

Dear Mr. CHU

**Re: Public Accounts Committee
Consideration of Chapter 2 of the
Director of Audit's Report No. 74**

Sports Federation & Olympic Committee of Hong Kong, China

In response to your letter dated 1 June 2020, I now enclose the required information and documents to facilitate the Public Accounts Committee's consideration of Chapter 2 of the Director of Audit's Report No. 74.

Thank you for your attention.

Yours sincerely

Ronnie M.C. WONG, BBS, JP
Hon. Secretary General of SF&OC

c.c. Mr. Timothy FOK, GBS, JP, President of SF&OC
Secretary for Home Affairs (fax no. 2591 5536)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

PATRON

The Hon. Mrs. Carrie LAM CHENG
Yuet-ngor GBM, GBS
Chief Executive
Hong Kong Special Administrative Region
People's Republic of China

VICE-PATRON

The Hon. TSUI Ying Wai, Caspar JP
Secretary for Home Affairs
HKSAR Government
People's Republic of China

HON. VICE-PRESIDENTS

Mr. YUE Yun Hing BBS
Dr. F.K. HU GBM, GBS, JP
Dr. TONG Yun Kai SBS
Mr. Victor C.F. HUI GBS, JP

HON. ADVISORS

Mr. PANG Chung SBS
Prof. LEUNG Mee Lee MH

HON. MEDICAL ADVISOR

Dr. Julian W. CHANG BBS

HON. LEGAL ADVISOR

Mr. Peter BROWN

Part 2: Operation of Sports Federation & Olympic Committee of Hong Kong, China

(a)

The following information is provided by Hong Kong Amateur Swimming Association (HKASA):

- Appendix a1: HKASA's Explanation (Chinese and English versions);
- Appendix a2: HKASA's letter of invitation to All Clubs dated 14 March 2018 for the nomination to 18th Asian Games (English version only);
- Appendix a3: HKASA's letter to all swimming committee members dated 18 April 2018 for the proposed shortlisted team list to the 18th Asian Games (English version only); and
- Appendix a4: HKASA's letter to all full members and affiliated members dated 18 April 2018 for the proposed shortlisted team list to the 18th Asian Games (English version only).

(b)

- (i) With reference to Case 2, a case summary of complaint against the NSA submitted to the Board of Officers' Meeting is enclosed at Appendix b_i (Chinese and English versions);
- (ii) A chronology in respect of the handling of complaints against the NSA in Case 2 for the period from June 2016 to September 2019 are detailed as follows:

Date	Detail
6 June 2016	The Federation received a number of complaints against the NSA in Case 2 for its maladministration, lack of procedure for declaration of conflicts of interest, confusion / unfairness in the process of selecting athletes to participate in international competitions, and lack of transparency in the selection of athletes. As the Federation was not empowered to investigate the complaint cases, to understand how the NSA handling those complaints, Officers of the Federation met with the General Committee Members of the NSA.
June to December 2016	The Federation further received a lot of complaint letters complaining against the NSA. Therefore, the Federation tried to meet with the NSA again to find a

****Note by Clerk, PAC: Appendices a3, a4 and b_i not attached.***

	solution. Owing to the busy schedule as claimed by the NSA, meeting date could not be fixed.
21 April 2017	The complaints against the NSA were reported and discussed at the Membership Affairs Committee (MAC) Meeting.
21 June 2017	The Federation finally met with the NSA to discuss the complaints and the progress in handling those complaints by the NSA.
18 September 2017	The Federation issued a letter to the NSA requesting for a detailed and comprehensive reply relating to various complaints in order to remove any misgiving and dissatisfaction the public might have against the NSA. The Federation also stated that if the NSA failed to submit the comprehensive and full explanation within the prescribed time, the Federation would not rule out the possibility of suspending or cancelling its membership in accordance with Article 7(4)(d).
27 September 2017	In response to SF&OC's letter dated 18 September 2017, a reply letter from the NSA was received.
30 October 2017	MAC Members reviewed the summary of complaints against the NSA at the MAC Meeting. In the Meeting, MAC Members decided to report the case to the Board on 1 December 2017 and recommend the Board to consider the suspension of the membership of the NSA.
1 December 2017	The Board of Officers discussed the report and recommendation from MAC. At the Meeting, the Board decided to hold a General Meeting according to Articles of the Association for Members of the Federation to discuss the situation of NSA and the penalty.
22 December 2017	According to Article 7(4)(d) of the Articles of the Association, SF&OC issued a letter to the NSA with the accusations and requesting for a formal explanation from the NSA concerned.
19 January 2018	In response to SF&OC's letter dated 22 December 2017, a reply letter from the NSA was received.
28 February 2018	The Board of Officers had considered the explanation letter from the NSA and decided to continue as planned to proceed with the process of suspending the

	membership of the NSA by holding a General Meeting for Members' consideration.
2 March 2018	The notice of General Meeting to be held on 26 March 2020 with three proposed resolutions were issued to all Members.
26 March 2018	At the General Meeting, two special resolutions pertaining to the suspension of membership of the NSA have been adjourned by a motion. An ordinary resolution was passed to the effect that the Board of Officers of the Federation shall impose sanctions, other than suspension of membership, against the NSA.
28 March 2018	The Federation issued a letter to the NSA and asked them to submit a comprehensive plan of actions for improving its corporate governance on or before 13 April 2018.
13 April 2018	The NSA submitted a 4 pages preliminary improvement plan and requested an additional one month to complete the comprehensive improvement plan for the approval of its members at its Extraordinary General Meeting (EGM) to be held on 12 May 2018 before submitting the approved plan to the Federation.
10 May 2018	The Board of Officers decided that if the final plan submitted by the NSA after its EGM on 12 May 2018 had no significant improvement, the Federation would restore the Special Resolutions No. 1 adjourned on 26 March 2018 and convene a General Meeting on 8 June 2018 to consider the resolution.
13 May 2018	The Federation received the reply from the NSA mentioned that the plan submitted on 13 April 2018 was the final plan. In addition, the Federation noted that the NSA fell short of the requirement of passing the improvement plan by a special resolution in its EGM (75%) held on 12 May 2018.
17 May 2018	The notice of General Meeting on 8 June 2018 was issued to all Members.
1 June 2018	The NSA submitted supplementary information for the General Meeting of which, the Federation issued on the same day to Members as supplementary to the General Meeting.

7 June 2018	The Federation received a letter from the NSA with another supplementary document for the General Meeting of the Federation on 8 June 2018. The relevant documents was tabled at the Meeting.
8 June 2018	According to Article 7(4)(d), at the General Meeting of the Federation, it was resolved that the membership of the NSA was suspended indefinitely with immediate effect, until further decision of the General Meeting based on the recommendation of the Board. After the General Meeting, the NSA was informed in writing about the decision of the General Meeting. In the said letter, the appeal procedure as stated in Article 59(4) of the Federation was quoted.
20 December 2018	The Federation appointed an Officer as designated liaison officer of the Federation to liaise with the NSA to work out the improvement plan.
28 January 2019	The NSA submitted a revised improvement plan (1 st version).
11 February 2019	Officers of the Federation met with the NSA.
3 April 2019	The NSA submitted a revised improvement plan (2 nd version).
10 June 2019	Officers of the Federation met with the NSA.
13 June 2019	The NSA submitted a revised improvement plan (3 rd version).
20 June 2019	Officers of the Federation met with the NSA.
4 July 2019	The NSA submitted a revised improvement plan (4 th version).
17 July 2019	The NSA submitted a final improvement plan to the Federation and applied for reinstatement of its membership.
25 July 2019	MAC considered the letter dated 17 July 2019 from the NSA. MAC accepted the improvement plan of the NSA and agreed to recommend a provisional reinstatement of membership to the NSA with effect from 1 October 2019 for one year.
24 September 2019	The Board of the Federation accepted the Improvement plan of the NSA and granted a provisional reinstatement of its membership with

	effect from 1 October 2019 for one year.
Effective from 1 October 2019	The NSA was granted a provisional reinstatement of membership for one year. Invited by the NSA, the Board of Officers nominated two Observers to monitor the operation of the General Committee of the NSA and act as a conduit between the General Committee of the NSA and the Federation for the communication of the Federation's concerns.

As for the latest progress, the Federation would keep in view of the NSA's management, while the two Observers would submit a report to the Board of Officers of the Federation by the end of September 2020 to give recommendation on full reinstatement of the NSA's membership.

- (iii) The suspension of membership in this case mainly affected the NSA's right to select athletes to participate in international multi-sports Games under the jurisdiction of the Federation and its right to participate in all meetings / events / programmes of the Federation. Thus, the Federation had formed an independent Provisional Selection Panel for the selection of athletes of the sport to the 18th Asian Games. The right of athlete to participate in 18th Asian Games was not affected at all.
- (iv) Upon receiving complaints against Member Associations of the Federation, the Federation would forward the complaint case to the relevant NSA to follow up after receiving the consent of the complainants. The progress of complaints against Member Associations of the Federation would be reported and discussed at the MAC Meetings in a timely manner.
- (v) In accordance with Article 59(4) of the Articles of Association of the Federation under "Penalty", *"A Member may appeal against a decision made by the general meeting, the Board of Officers or any committee under these Articles by written notice delivered to the Federation within 21 days from the date of the decision."* The procedure has also been stated in the press release of such membership suspension. (Appendix b_v) (Chinese and English versions)

Hong Kong Amateur Swimming Association (HKASA)'s Explanation

HKASA invitation letter to all clubs for nomination to 18th Asian Games was issued via email and posted on website on 14 March 2018 (**Appendix a2) (English version only)**). Subsequent to the closing of the nomination on 16 April 2018, the Associations' Selection Sub Committee held the meeting on 17 April 2018 to shortlist the swimmers.

The Selection Sub-Committee agreed unanimously to shortlist the swimmers for individual events for 18th Asian Games according to the objective shortlist criteria, i.e.

i) Minimum achieve 90 pt score of 2018 Hong Kong Long Course Point Score

- The Hong Kong Long Course Point Score is time of World Record + Asia Record + Hong Kong Record / 3 = standard score of 100.
- Pt. score of 90 is regarded as competence at International Level Competitive.

ii) Best 2 swimmers in each events.

As outlined in HKASA's letter ref. 2018040032/0037 dated 18 April 2018 (**Appendices a3 and a4) (English version only)**) and put forward the selected shortlisted swimmers for individual event to Swimming Committee for their final endorsement before informing all HKASA's clubs on 18th April 2020 of the shortlisted swimmers prior to sending over to SF&OC for their selection.

HKASA can also confirm no objection of any sort on the short-listing of swimmers was received.

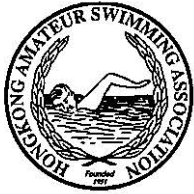
For your easy reference, listed below is the summary of the Association's shortlisted nomination for Men 50m, 100m and 200m Breastroke to SF & OC for their final selection:-

Event	Shortlisted swimmer by HKASA
Men 50m Breastroke	WONG [REDACTED]
	NG [REDACTED]
Men 100m Breastroke	KWOK [REDACTED]
	YANG [REDACTED]
Men 200m Breastroke	MOK [REDACTED]
	YANG [REDACTED]

Please noted that the concerned swimmer, KWOK [REDACTED] was shortlisted by HKASA as Mr. KWOK fulfilled the selection criteria of HKASA.

Enclosed please find the letters of invitation for nomination to 18th Asian Games from HKASA to All Clubs, post selection letters to Swimming Committee and All Clubs for proposed shortlisted team list for your reference.

***Note by Clerk, PAC: Appendices a3 and a4 not attached.**



HONG KONG AMATEUR SWIMMING ASSOCIATION

Unit L, 9/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon

Tel: (852) 2572 8594 Fax: (852) 2591 0792 E-mail: hkasa@hkasa.org.hk Web-site: www.hkasa.org.hk

Ref. No.: 2018030013

14th March 2018

By E-mail

TO: All Full Members and Affiliated Members

Dear Clubs,

Nomination for the 18th Asian Games, Jakarta- Palembang (Swimming)

We are pleased to inform you that 2018 Asian Games (Swimming) will be held on 19th – 24th August 2018 in Jakarta-Palembang. We are pleased to invite all clubs to nominate swimmer along with a coach to participate in the captioned event. Attached please find the Nomination forms for your use. Nomination Criteria are as follows:-

All nominees must comply with the followings:

- Hong Kong SAR Passport Holder; and
- Comply with eligibility code as set out by the Olympic Council of Asia; and
- Achieve a minimum of 90 points (HK LC Point Score 2018); and
- Long course results achieved between the period from 15th April 2017 to 15th April 2018; and
- Registered swimmers (SW) 2018/19 of HKASA; and
- Registered with HKASA for 2 consecutive years prior to nomination; and
- Actively participating in HK Swimming competitions; and
- Fulfill and comply with HKASA eligibility rules

Events: (Men & Women)

- 50m, 100m, 200m, 400m, 800m & 1500m Freestyle
- 50m, 100m & 200m Breaststroke, Backstroke & Butterfly
- 200m & 400m Individual Medley
- 4 x 100m & 200m Freestyle Relay; 4 x 100m Medley Relay, 4 x 100m Mixed Medley Relay

Please find the **SF & OC's Selection** Criteria and the **competition schedule** are attached for your reference. All nominations must be endorsed by the coaches' and swimmer's respective club and returned to the HKASA office along with supporting results **on or before 16th April 2018 (Monday) at 1500hr.** Incomplete nominations will not be accepted under any circumstances. Please ensure that the forms are completed in full and submitted with supporting results.

The Association is only responsible for shortlisting swimmers for SF & OC's selection. Decision by SF & OC on team selection shall be final.

Should you have any enquiry, please feel free to contact [REDACTED]. Thank you for your kind attention.

Yours sincerely,

[REDACTED]

[REDACTED] to include as submission



SPORTS FEDERATION & OLYMPIC COMMITTEE OF HONG KONG, CHINA

Immediate Release

Suspension of Membership of the Karatedo Federation of Hong Kong, China Limited

At the General Meeting of the SPORTS FEDERATION & OLYMPIC COMMITTEE OF HONG KONG, CHINA (the Federation) held on 8 June 2018, a Special Resolution was passed to suspend the membership of the Karatedo Federation of Hong Kong, China Limited (KFKHCL) in accordance with Article 7(4)(d), with immediate effect indefinitely, until further decision of the General Meeting based on the recommendation of the Board.

The suspension in this case is considered a full suspension of membership rights. It means that KFKHCL shall no longer be titled as the National Sports Association (NSA) for the sport of Karatedo in Hong Kong as recognized by SF&OC. KFKHCL is not allowed to exercise its membership rights including but not limited to the following:

- i. Right to select athletes to participate in international multi-sports Games under the jurisdiction of the Federation; and
- ii. Right to participate in all meetings / events / programmes of the Federation.

Provisional Selection Panel for Karatedo athletes to participate in the 18th Asian Games

As the purpose of suspension is to protect the interests of the Karatedo athletes, this action shall not affect the athletes. An independent Provisional Selection Panel (Panel) for the selection of Karatedo athletes to the 18th Asian Games has been formally set up immediately after the General Meeting to ensure that athletes will have a fair chance to participate.

The Panel will soon announce details of the selection and collect all nominations and related documents to draw up a shortlist of athletes. The shortlist will be submitted to the Asian Games Selection Committee of the Federation for review. The results will be announced by the Asian Games Selection Committee of the Federation. It is expected that the selection process will be completed in three weeks' time for submitting a final list of Hong Kong Karatedo athletes to the Olympic Council of Asia and the 18th Asian Games Organizing Committee by the end of June.

For interested athletes, please visit our website at <http://www.hkolympic.org> for the latest information.

Reinstatement of Membership and Appeal

As far as the membership rights are concerned, KFKHCL is required to review and revise its statutes to address its governance issues and to demonstrate that appropriate measures have been taken to ensure that a proper system of selection in line with the fundamental principle of fair play has been adopted within a reasonable timeframe. KFKHCL may then write to the



SPORTS FEDERATION & OLYMPIC COMMITTEE OF HONG KONG, CHINA

Federation to request for the exercise of membership rights again. The application shall be reviewed by the Board and, if considered satisfactory, put up for consideration by Members at a General Meeting.

In accordance with Article 59(4) of the Articles of Association of the Federation under "Penalty", "A Member may appeal against a decision made by the general meeting, the Board of Officers or any committee under these Articles by written notice delivered to the Federation within 21 days from the date of the decision." For avoidance of doubt, as the decision was concluded at the General Meeting on 8 June 2018, the period for lodging an appeal is to run from that date, with the deadline at 6:00 p.m. on Friday, 29 June 2018.

If an appeal is received, the Board shall nominate three persons (from the list of six Membership Affairs Appeal Panel members appointed by the General Meeting) to hear the appeal, having regard to their availability and conflict of interest.

The Federation shall continue to monitor KFHKCL's progress of improvement on its corporate governance and liaise with various stakeholders to provide the necessary support to all athletes during the membership suspension period of KFHKCL.

Composition of the Provisional Selection Panel for Karatedo Athletes to participate in the 18th Asian Games

The Panel has been set up by the Federation and comprises of four (4) independent members namely:

- (i) Mr. Johnny WOO, BBS, Chairman of Hong Kong Recreation Management Association; and former Chief Executive Officer of the 2009 East Asian Games (Hong Kong) Limited (Convenor of the Panel) ;
- (ii) Dr. Michael TSE, Director of Active Health Clinic, University of Hong Kong; and retired athlete;
- (iii) Mr. Patrick LI, Chairman of Hong Kong Sports Press Association and
- (iv) Mr. Tony CHOI, MH, Deputy Chief Executive of Hong Kong Sports Institute.

All four Panel members possess substantial experiences in various aspects of sports sector including coaching, development and identification of talented athletes for local and overseas competitions. The Panel aims to conduct the athlete selection in an unbiased manner.

Sports Federation & Olympic Committee of Hong Kong, China
8 June 2018

SPORTS FEDERATION &
OLYMPIC COMMITTEE OF HONG KONG, CHINA

(39) in SFOC/ADM/2020/GC/GOVT/OTHERS

PRESIDENT

Mr. Timothy T.T. FOK GBS, JP

*VICE-PRESIDENTS*Ms. Vivien C.C. LAU BBS, JP
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Mr. Kenneth K.K. FOK JP

HON. SECRETARY GENERAL

Mr. Ronnie M.C. WONG BBS, JP

*HON. DEPUTY
SECRETARIES GENERAL*Mr. Edgar J.T. YANG PDSM
Mr. WONG Po Kee MH
Ms. Fay K.F. HO

*HON. TREASURER*Mr. Derrick L.W. WONG
FCCA, CPA (practising)

*OFFICER
(ATHLETES COMMITTEE REPRESENTATIVE)*

Ms. Stephanie H.S. AU

9 June 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council

Dear Mr. CHU

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

In response to your letter dated 2 June 2020, I now enclose the required information and documents to facilitate the Public Accounts Committee's consideration of Chapter 2 of the Director of Audit's Report No. 74.

Thank you for your attention.

Yours sincerely

Ronnie M.C. WONG, BBS, JP
Hon. Secretary General of SF&OCc.c. **Mr. Timothy FOK, GBS, JP, President of SF&OC**
Secretary for Home Affairs (fax no. 2591 5536)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

*PATRON*The Hon. Mrs. Carrie LAM CHENG
Yuet-ngor GBM, GBS
Chief Executive
Hong Kong Special Administrative Region
People's Republic of China

*VICE-PATRON*The Hon. TSUI Ying Wai, Caspar JP
Secretary for Home Affairs
HKSAR Government
People's Republic of China

*HON. VICE-PRESIDENTS*Mr. YUE Yun Hing BBS
Dr. F.K. HU GBM, GBS, JP
Dr. TONG Yun Kai SBS
Mr. Victor C.F. HUI GBS, JP

*HON. ADVISORS*Mr. PANG Chung SBS
Prof. LEUNG Mee Lee MH

HON. MEDICAL ADVISOR

Dr. Julian W. CHANG BBS

HON. LEGAL ADVISOR

Mr. Peter BROWN

(a)

In the past 3 years (July 2017 to June 2020), the Hong Kong Athletes Career and Education Programme (HKACEP) Committee conducted 10 committee meetings. Pursuant to the previous committee meetings, HKACEP Committee members had discussed and reviewed the support measures for the further development of serving or retired athletes regularly. Subsequently, a number of initiatives relating to the assistance offered by SF&OC are implemented as follows:

i) Education Support

Enhancement of HKACEP Education Scholarship Programmes -- extending the eligible subsidised course to Master Degree Courses; and relaxing the eligible sports achievements; for the purpose of encouraging more devoted athletes to join the programme;

Ontario eSchool Athlete Scholarship Program – launching a new scholarship programme for serving and retired athletes to obtain a recognised secondary school qualification via online study without time and venue constraints, and allows athletes to continue their tertiary education in Hong Kong and Worldwide;

Test of English for International Communication (TOEIC) -- launching a new scholarship programme for serving and retired athletes to obtain a recognised international accredited certificate on English language proficiency.

ii) Life Skills Training

“Stars to Shine” Mentorship Programme – a new programme which aims at providing newly retired HK athletes (mentees) with an additional avenue of learning through experience sharing and interaction with seasoned retired famous HK athletes who have successfully developed their second career and gained a wealth of working experience (mentors).

In accordance with the latest feedbacks from athlete members’ preferences on the life skills training courses, the HKACEP Office will organise a series of new and practical courses which can be conducive for athletes’ integration into the main stream society, and for their future career development or transformation. In addition, new team building activity will be introduced to sharpen athletes’ positive mindset and interpersonal skills to meet challenges ahead. Through the activity, it can enhance HKACEP’s bonding with the

existing athlete members and attract new athlete members to join the Life Skills Training programme.

iii) Career Support

“Athletepreneur Incubation Programme” – a new programme which aims to support HKACEP athlete members’ project initiatives in establishing their own Startup business by offering the Investment and Incubation funding scheme; and a series of entrepreneurship training workshops.

Management Trainee Programme – an enhanced management trainee programme which aims to provide career development opportunities for athletes who are interested in corporate management in banking and finance industry.

(b)

HKACEP Office will keep track on this situation and has offered appropriate assistance to the athlete participants accordingly, as well as consultation by HKACEP staff or liaising with EF to re-assign appropriate level of English online course, offer private tutorial lessons and face-to-face workshop, once the athlete participant encountered difficulties in the learning.

Following the recent HKACEP Committee meeting, a new regulation has been imposed that all applicants have to advance one level in four years, (i) after the successful enrollment or (ii) advancement of one level. In this connection, the applicants will be requested to drop out once they fail to meet with the regulation.

(c)

(i) Following the recent HKACEP Committee meeting, a new regulation has been imposed that all applicants have to submit and follow their reimbursement schedule in the undertaking form and make the first reimbursement within 24 months from the date of approval. In this connection, the approved scholarship will be cancelled once they fail to meet with the regulation.

(ii) The unclaimed scholarships will be pooled back to the HKACEP Education Scholarship Reserve Fund and to be granted to other new eligible applications.

(d)

	Job title	Major duties
1.	Head of Office	<ul style="list-style-type: none">- To contribute proactively to the development of effective strategies in promoting a drug free sport in Hong Kong;- To plan and implement the HKADC anti-doping programmes according to the Anti-Doping Rules of SF&OC & HKADC;- To ensure that work and practice of the HKADC comply with the World Anti-Doping Agency (WADA) guidelines;- To be responsible for the human resources management of staff members in the HKADC Office.
2.	Deputy Manager	<ul style="list-style-type: none">- To coordinate major events of HKADC;- To assist and coordinate meetings of HKADC and its related Panels;- To assist the Result Management process for doping cases;- To supervise the performances of the subordinates in the HKADC Office and the pool of part time Doping Control Officers.
3.	Assistant Manager (Testing)	<ul style="list-style-type: none">- To plan and coordinate testing;- To manage the HKADC Testing Pool;- To conduct drug testing and supervise the pool of part time Doping Control Officers.
4.	Assistant Manager (Education)	<ul style="list-style-type: none">- To develop and execute target group specific education / information programme on Anti-Doping;- To publish quarterly newsletter and other printed education materials;- To develop and execute publicity plans to promote the education programme.
5.	Assistant Manager (Liaison)	<ul style="list-style-type: none">- To coordinate with National Sports Associations on various aspects of the anti-doping programmes;- To develop and execute of target group specific education / information programmes on anti-doping;- To develop and execute publicity plans to promote HKADC and the anti-doping programme;

6.	Officer (Program)	<ul style="list-style-type: none"> - To assist in the testing programme; - To assist in the education and promotion programmes; - To assist in the collection of whereabouts from Testing Pools athletes;
7.	Assistant Officer	<ul style="list-style-type: none"> - To provide general administrative support to the HKADC office; - To provide support to the testing and education programmes; - To assist in preparing and handling office procurements, payments and contracts renewal;

(e)

Recruitment advertisement of Doping Control Officers (DCOs) will be publicly posted on the website on the Hong Kong Anti-Doping Committee when vacancy arises and also will be forwarded to some organizations such as the Auxiliary Medical Service. Certified DCOs are remunerated for their services at \$880 for out-of-competition test and at \$220 per hour for in-competition test. Newly recruited persons must attend mandatory basic trainings and examinations for certification. After certification, DCOs must attend annual training and a recertification examination every 2 years. There are 23 part-time Doping Control Officers (including certified and trainee) and around 44% of them are serving civil servants. All certified DCOs who are serving civil servants have declared that they have obtained permission to take up the part-time work.

(f)

(i) Disciplinary action such as ineligible to participate in competition would be taken if an athlete accumulated a certain number of whereabouts failures record within a certain period. The number of whereabouts failures recorded is 24 times in the past five years, but no athlete has accumulated up to the limit to trigger any disciplinary action. For all the whereabouts failures to be recorded, notices had been issued to the athletes.

(ii) For each whereabouts failure record, athlete could request for an administrative review of the case which would be conducted by the Doping Control Panel. The Doping Control Panel currently consist of a Chair and four other members. In the past five years, the Panel handled 2 administrative review cases through circulation and their decisions were to uphold the whereabouts failure records.

(g)

(i) The World Anti-Doping Agency (WADA) published statistical reports only on Testing Figures but there is no information on unsuccessful attempts. Therefore, the requested information on unsuccessful attempts is not available.

(ii) WADA has guidelines on the management of unsuccessful attempts on top tier athletes only but none for lower tier athletes. According to the WADA guidelines for unsuccessful attempts on top tier athletes, notice has to be issued to the athlete and request for explanations.

(h)

(i) In order for the Office of HKADC to conduct doping test without advance notice, athletes are required to submit their expected whereabouts information on an online system on a quarterly basis and update anytime when required during the quarter. Based on the submitted whereabouts, the Office then deploy the task to Doping Control Officers (DCOs) within a specified period before the day of collection of samples.

As improvement measures to address the issue, an internal guideline would be implemented so in case the athlete subsequently updated their whereabouts before the task after the deployment of DCOs, the Office would be alerted of the change and immediately inform corresponding DCO as far as practicable. It is not feasible for the Office to always provide the updated whereabouts of athletes to DCOs since athletes may update their whereabouts anytime during non-office hours (e.g. mid-night, early morning, weekends, public holidays) after the deployment of DCOs. Therefore, it can only be done as far as practicable.

(ii) The World Anti-Doping Agency has guidelines on the management of unsuccessful attempt on top tier athletes only. The six athletes who had not been asked to provide explanations were from a lower tier and therefore was misunderstood that it was not applicable to ask these athletes to provide explanations. However, the Office of HKADC actually has guidelines on the management of unsuccessful attempts on lower tier athletes.

(iii) No doping test had been subsequently conducted for Athletes E and G because sometimes doping tests were conducted on a random basis selected from the pool of athletes in each sport.

(iv) As improvement measures, an enhanced internal workflow would be implemented by the Office of HKADC and a more senior staff of the office would be assigned to follow up on the cases.

(i)

(i) The office spaces allocated for each tenant NSA was based on the number and the rank of staff members of each tenant NSA by the ex-Hong Kong Sports Development Board. After SF&OC's taking over the building in 2004, the development of Hong Kong sports has been growing tremendously, along with surging number of staff of tenants. As a result, the "Average gross floor area per staff" was various amongst tenants.

(ii) The MCOHL will review the office spaces on the basis of the existing staff number of each tenant and reallocate the office space of tenants after consulting HAB to solve the over-crowded situation in the short term.

(j)

Regarding the low utilization rate of meeting facilities, the MCOHL will strengthen the promotion towards the general public. Meanwhile, after reviewing the existing staff number of each tenant and the possibility of reallocating offices, the MCOHL will liaise with HAB to study the feasibility of converting some meeting rooms into office spaces. The initial proposal would be completed in the current fiscal year.

(k)

The SF&OC has reflected the over-crowded situation of the Olympic House to HAB since 2011. In 2013, the SF&OC has also expressed to use some of the office building in the Kai Tak Sports Park (KTSP) as the office accommodation of the NSAs. In 2015, the SF&OC has issued a questionnaire in order to understand the needs of the NSAs towards the KTSP. In 2018, the Olympic House redevelopment project was raised in the 2018 Financial Budget, the HAB started to carry out the technical feasibility study and discussed with SF&OC regularly. During the period of 2018-2020, HAB and SF&OC collected the statistics about the five-year plan and manpower forecast of each NSA so as to facilitate the office space allocation in the future Olympic House. The SF&OC hopes the redevelopment project would be endorsed and rolled out in the near future.

(l)

(i)

19 Purchases with single quotation				
	Purchase item	Amount in HK\$	Reason for single quotation	Follow up actions
SF&OC Secretariat				
1	Event Promotion (Production and publishing of the promotion material)	30,000	The relevant procurement was discussed in the event organising committee meeting in which the Committee Members agreed to select a particular channel for event promotion. The relevant supplier was the sole supplier for that selected channel.	SF&OC will record the discussion in the Committee meeting with more details. The Procurement Requisition Form will list out all other channels / suppliers which have been discussed at the Committee Meeting, so as to provide sufficient quotations for comparison.
2	International Multi-sports Games (Rental of photographic equipment)	82,740	Previous supplier was chosen for this procurement.	Correction was made after 2016. Sufficient quotations will be obtained in relevant procurements.
HKACEP Office				
3	Design of promotion material	20,000	As the mission of HKACEP is to help athletes to equip themselves with knowledge and skills for their easy integration into the society, the relevant staff had only asked an athlete with design knowledge to provide quotation in that procurement.	It is noted that seeking one quotation only from an athlete was not appropriate; that was only an individual case. Correction was made after 2017, subsequent relevant procurement did not only ask for quotation from athletes and would obtain sufficient quotations.

4	Cooperation with a TV programme (July 2017 to March 2019) (Production and broadcasting)	20,000	It was invited by a television broadcaster for a collaboration project for the production and broadcasting a programme about retired athletes. Therefore, procurement policy has not been followed to obtain sufficient quotations.	In future, the procurement policy will be enhanced. It is proposed that if there are collaboration project invited by external parties, prior approval from at least two elected Officers should be obtained, and will also try to find quotations from other parties for comparison (if applicable). In addition, the amount must be approved by proper approving authority in accordance with the procurement policy.
5	Media promotion	17,000	For each of these procurements, the relevant staff only approached the most popular media for quotation.	Although different suppliers were used each time, they did not meet the procurement policy. Relevant staff have been informed to obtain sufficient quotations in subsequent purchases.
6	Media promotion	30,000		
7	Media promotion	68,000		
8	Media promotion	31,000		
9	Website domain charge and website update services	5,660	The procurement only drew reference to the supplier adopted by another division, and no another quotation was obtained for comparison.	In future, other division's suppliers will be used as a reference only. Sufficient quotations in accordance with the purchasing amount should be obtained for comparison.
HKADC Office				
10	Testing Kits	36,472	Drawn reference to overseas anti-doping organizations and International Multi Sports Games, same overseas supplier was used.	Future procurements will try to obtain direct quotations from other overseas suppliers for comparison.
11	Testing Kits	38,014		
12	Testing Kits	33,331		
13	Testing Kits	28,817		
14	Testing Kits	48,285		
15	Testing Kits	46,048		

16	Replacement of firewall of computer system	12,650	The purchase only drew reference to the supplier adopted by another division, and no another quotation was obtained for comparison.	In future, suppliers adopted by other division will be used as a reference only. Sufficient quotations in accordance with the purchasing amount should be obtained for comparison.
17	Online backup storage plan (renewal)	14,280	As additional cost might be incurred for data transfer after the service expired, it was decided to renew the services with existing supplier and did not consider obtaining another quotation for comparison.	When considering renewal the services, the existing supplier cannot be the sole supplier. In future, when the service expired, proper procurement procedures should be carried out and sufficient quotations should be obtained for comparison.
18	Online backup storage plan (renewal)	16,320		
MCOHL				
19	Backup web server services (renewal)	12,000	As above	As above

(ii) Please refer to Appendix I_ii (English version only).

(iii) Please refer to Appendix I_iii (English version only).

HKACEP Office				
20	Portable Speaker Set		The purchase only drew reference to the supplier adopted by another division, as this portable speaker set would fit in existing in-house facilities, thus no other quotation was obtained for comparison.	In future, suppliers adopted by other division will be used as a reference only. Sufficient quotations in accordance with the purchasing amount should be obtained for comparison.
	- Wireless Portable PA System	4,618		
	- Wireless handheld Microphones	1656		
	- MP3/SD/USB Player Module	400		
	Total:	6,674		

***Note by Clerk, PAC:** Appendix I_iii not attached.

(iv) The Director of Audit's Report mentioned that there were 20 procurements obtained single quotation. SF&OC has reviewed those procurements. SF&OC has already corrected the practice for certain similar procurements, while the other procurements will be corrected in the next occasion to ensure that all procurements are following the procurement requirements by obtaining the required numbers of written quotations and seeking the relevant approving authorities before purchase.

In addition, SF&OC has provided familiarization programme for new employees about the procurement requirements. SF&OC has formed an internal working group to review the procurement policies and principles and its recommendations and proposed amendments will be submitted for approval. If the procurement policies and principles are revised, SF&OC will explain them to the staff to ensure their compliance with the newly revised procurement requirements and to ensure that even if only a single quotation is obtained under exceptional circumstances in future, the staff shall provide sufficient justification with proper record.

(m)

(i) Taking one of the sports competed in 18th Asian Games in Jakarta as an example, SF&OC received a request from a few athletes and coaches that they were required to travel to other cities for another competition right after the 18th Asian Games and the NSA requested SF&OC to approve the NSA/athletes concerned to arrange their own air tickets and to reimburse the air fares accordingly. The request was submitted to Hon. Secretary General for consideration and a maximum reimbursable amount was suggested according to the average economy class round trip air fare of other Hong Kong, China Delegation members (i.e. air fare mentioned in the sponsorship agreement), such amount was lower than the amount approved by Home Affairs Bureau. After approved by Hon. Secretary General, the NSA concerned was informed such arrangement and was requested to present the original invoices within one month after the conclusion of the 18th Asian Games as a supporting document for reimbursement.

(ii) To set a maximum reimbursable amount for air fare, SF&OC would make reference to most of the economy class round trip air fare of other Hong Kong, China Delegation members to fit the situation of different Games.

SF&OC will try our best to formulate guidelines on reimbursement of fees before the Games, and emphasize the importance of following the guidelines to NSAs.

(iii) SF&OC will review the existing procurement policies and guidelines to improve its details and formulate guidelines on reimbursement of fees.

(n)

(i) Such sponsorship agreement and facilitation were set with two different airlines. The following details were confidential and shall be used as restricted reference only.

[Redacted content]

[Redacted content]

[Redacted content]

(ii) Usually, the Organizing Committee will conduct a Chef de Mission Seminar one year or half years before the Games. After the seminar, SF&OC will decide the route for Hong Kong, China Delegation members to the Games cities by considering factors including the real situation as given by the participants of CDM Seminar and information provided by the Organizing Committee (e.g. port of entry, etc), as well as to evaluate the shortest route between Hong Kong and the Games cities (including waiting time in transit port), the frequency of flights, the possibility to have baggage direct transit, etc. After that, as required by the HAB Subvention approval letter, SF&OC will approach airline of that route for sponsorship to provide discounted air fare, excess baggage allowance, facilitation in transit etc. If no airline can provide such arrangement, SF&OC will follow the Procurement Guideline to re-arrange. If it can be arranged, further details on the sponsorship agreement and facilitation will be discussed with the airline. The sponsorship agreement will be reviewed by Hon. Secretary General and then submitted to President for checking and signature. Then, SF&OC will engage the airline according to the exemption mentioned in the Procurement Guideline.

(iii) Since the related sponsorship agreement was vetted by different levels, including several levels of staff and Directors, the risk level was reduced to minimum. To further improve, SF&OC will review the existing procurement policies and guidelines to improve its details and, according to Audit Report, to set up guidelines for exemption procedure and to obtain quotation from other airlines which can provide the same service requirements.

(o)

According to the Audit Report 2.59(d), the procurement item was the maintenance service of the lift in Olympic House. The responsible staff members were at fault for asking two instead of three service providers to provide quotations for the approval of two elected Officers, and not seeking approval of the President via a Director as set in the procurement guidelines. Staff members were reminded to be cautious when doing procurement and make sure to obtain sufficient quotations for comparison.

Part 3: Government funding and monitoring

(p)

The members of the Olympic House Management Committee are all SF&OC's Directors (except the representative of HAB). Though there was no meeting held during the period of 30 March 2017 to 31 December 2019, MCOHL has submitted reports at every SF&OC Board Meeting. SF&OC Directors discussed important issues of the Olympic House such as the redevelopment project and other improvement works in the meetings. MCOHL also reported to the HAB through the quarterly reports.

(q)

The composition of MCOHL Board of Directors and its tenure is at Appendix q (Chinese and English version).

(r)

(i) The SF&OC Sports Legacy Company Limited (SLCL) was setup in 2015 and registered as a charitable organization under section 88 of the Inland Revenue Ordinance in March 2016, which promotes sports and blends character and career development for students in underprivileged schools and retired/retiring athlete coaches. The scope of its services has been extended to better serve the needs of the community (page 6, 1.6 of the Report). The background of setting up the SLCL was fully endorsed by HAB in 2015, even though the charging of subvented rates has not been fully discussed and explicitly agreed.

(ii) It was agreed that the undercharged management fees for SLCL between 2015-2016 and 2018-2019 would be settled by SF&OC. While the future charging of management fee needs to be further discussed with the landlord (i.e. HAB) and necessary measures will be taken to avoid the reoccurrence on the cross-subsidisation between subvented programme with non-subvented programme.

(s)

(i) The performance indicator on the attendance to international conference or training courses was not met due to the position of the Head of Office in 2014-15 was vacant for about 4 months at that time. In view of the reduced number of staff in the office, one of international conference or training courses was not attended.

(ii) Annual reports on anti-doping activities summarized the statistics and information for each National Sports Association's reference in terms of their participation in the testing programme and education programme.

(iii) In view of past years of not achieving certain performance indicators, SF&OC had already established more realistic indicators since 2018-19 and they had been achieved in 2018-19 and 2019-20.

(t)

(i) According to the best practices mentioned in Table 21, SF&OC will implement according to the following timetable:

Best practice category	Best practices pending implementation	Arrangement
Board governance (e.g. accountability and transparency of the executive board)	1. Establish an Audit Committee to oversee all internal and external auditing activities	The Board will discuss in its meeting in June 2020 and follow up accordingly. It is expected to complete within a year.
	2. Appoint an independent Board member, who is neither the chairman of the Board nor other functional committee, as the chairperson of the Audit Committee	
	3. Appoint at least one person with expertise in the accounting or auditing profession as a member of the Audit Committee	
	4. Stipulate the requirements, if any, for members of various functional committees, e.g. finance or accounting background for finance committee	The Board will discuss in its meeting in June 2020, arrangement will be made in the next appointment of committees.
	5. Lay down the channels by which an eligible Board member may express his interest of participation and any restriction on the maximum number of functional committees a Board member may be appointed as a member	
	6. Lay down the role, term of appointment, expertise requirement for co-opt members of various committee (under normal circumstances, no voting right is attached to a co-opt member), and	

	restriction (e.g. desirable tenure of service)	
	7. Stipulate the proportion or maximum number of co-opt members in a functional committee	
	8. Formulate the nomination and appointment mechanism for co-opt members, including the authority for nomination and appointment	
	9. Conduct self-evaluation of the level of compliance with good governance practices, provide justifications for not being able to comply with the good practices and alternative measures adopted, if any, to address the concerns	The Board will discuss in its meeting in June 2020 and will follow up accordingly.
Integrity management (e.g. demonstration of commitment to integrity management, issue of code of conduct)	1. Conduct capacity building sessions for newly appointed Board members (including functional committee members and co-opt members) and staff to familiarize them with the code and related legislations on anti-corruption. The ICAC stands ready to provide assistance.	Some of the arrangement have been implemented and the remaining will be made in the next appointment.
Administration of membership (e.g. laid-down admission and termination of membership system)	1. Determine and publicize the modes of admission for various membership categories, e.g. open application, and/or nomination by incumbent members	To be completed in June 2020.
	2. Publicize the admission requirements for various membership categories, e.g. age for individual applicant, minimum membership in an applicant club, observation period, and fees (which should have taken into account, among other considerations, affordability of members of the general public and reasonableness from the public's perspective)	Information has been placed on website in June 2020.
	3. Establish and publicize the time pledge for processing requests for membership admission	The Membership Affairs Committee will discuss in its next

		meeting and it is expected to complete in half a year.
--	--	--

(ii) According to the Olympic Charter Bye-law to Rules 27 & 28 para 1.2, "An NOC shall not recognize more than one national federation for each sport governed by an IF."

(u)

After the minutes of Board Meeting is confirmed, SF&OC will provide a copy of the relevant paragraphs in the minutes to the Public Accounts Committee as soon as possible.

**Sports Federation & Olympic Committee of Hong Kong, China
Procurement Requisition Form**

For item valued HK\$1,000 or below

To: * Manager (SF&OC) / Head (HKACEP/HKADC)

I. Items or Services to be procured with full descriptions:

Justification for the Procurement:

II. Source of budget

- Home Affairs Bureau: * Office expenses / Multi-sports Games / Others _____
- Leisure & Cultural Services Department: * Annual Events / Others _____
- Others: _____

Note: * Delete the inappropriate

III. Quotation Summary (Original Quotations and Design layout from Suppliers should be attached)

- At least one written quotation

Service-provider 1							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

Service-provider 1							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

**Sports Federation & Olympic Committee of Hong Kong, China
Procurement Requisition Form**

For item valued HK\$1,001-HK\$10,000

To: Executive Director (SF&OC)
via: * Manager (SF&OC) / Head (HKACEP/HKADC)

I. Items or Services to be procured with full descriptions:

Justification for the Procurement:

II. Source of budget

- Home Affairs Bureau: * Office expenses / Multi-sports Games / Others _____
- Leisure & Cultural Services Department: * Annual Events / Others _____
- Others: _____

Note: * Delete the inappropriate

III. Quotation Summary (Original Quotations and Design layout from Suppliers should be attached)

- For item valued below HK\$5,000: at least one written quotation
- For item valued HK\$5,001 - HK\$10,000: at least two written quotations

Service-provider 1						Total (HK\$) (if applicable)	
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

Service-provider 2						Total (HK\$) (if applicable)	
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

Service-provider 3							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

IV. Recommendations

I solemnly declare that I do not have any personal connection with the following bidders. Neither am I aware that my spouse (if any) nor any of my close relatives has any personal dealing with one or more of the aforesaid bidders. I confirm that there is no conflict of interest for me to take part in this quotation exercise.

Recommendation: I recommend Supplier / Service-provider: * 1 / 2 / 3 / the single quotation

Reason(s): * Lowest Offer / Others: _____

Submitted by:

Name / Signature / Post: _____ / _____ / _____ Date: _____

Vetted by:

Name / Signature / Post: _____ / _____ / _____ Date: _____

Note: * Delete the inappropriate

V. Approved by Executive Director (SF&OC)

Signature: _____

Name: _____

Post: Executive Director

Date: _____

Remark: The items or services are to be procured or purchased only after the procurement requisition is approved.

Ref No.

**Sports Federation & Olympic Committee of Hong Kong, China
Procurement Requisition Form**

For item valued HK\$10,001-HK\$50,000

To: * Hon. Secretary General / Hon. Deputy Secretary General / Hon. Treasurer of SF&OC
via: Executive Director of SF&OC

I. Items or Services to be procured with full descriptions:

Justification for the Procurement:

II. Source of budget

- Home Affairs Bureau: * Office expenses / Multi-sports Games / Others _____
- Leisure & Cultural Services Department: * Annual Events / Others _____
- Others: _____

Note: * Delete the inappropriate

III. Quotation Summary (Original Quotations and Design layout from Suppliers should be attached)
- At least two written quotations

Service-provider <u>1</u>							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

Service-provider <u>2</u>							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

Service-provider 3						Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5
	Qty.					
	Unit Rate					
	Sub-Total					
Remarks:						

IV. Recommendations

I solemnly declare that I do not have any personal connection with the following bidders. Neither am I aware that my spouse (if any) nor any of my close relatives has any personal dealing with one or more of the aforesaid bidders. I confirm that there is no conflict of interest for me to take part in this quotation exercise.

Recommendation: I recommend Supplier / Service-provider: _____ * 1 / 2 / 3

Reason(s): * Lowest Offer / Others: _____

Submitted by

Name / Signature / Post: _____ / _____ / _____ Date: _____

Supported by:

Name / Signature / Post: _____ / _____ / _____ Date: _____

Vetted by:

Name / Signature / Post: _____ / _____ / ED Date: _____

Note: * Delete the inappropriate

V. Approved by one of the following Elected Officers of SF&OC (Hon. Secretary General / Hon. Deputy Secretaries General / Hon. Treasurer)

Signature: _____

Name: _____

Post: _____

Date: _____

Remark: The items or services are to be procured or purchased only after the procurement requisition is approved.

Ref No.

**Sports Federation & Olympic Committee of Hong Kong, China
Procurement Requisition Form**

For item valued HK\$50,001 to HK\$130,000

To: * President / Hon. Secretary General / Hon. Deputy Secretaries General / Hon. Treasurer of SF&OC
via: Executive Director of SF&OC

I. Items or Services to be procured with full descriptions:

Justification for the Procurement:

II. Source of budget

- Home Affairs Bureau: * Office expenses / Multi-sports Games / Others _____
- Leisure & Cultural Services Department: * Annual Events / Others _____
- Others: _____

Note: * Delete the inappropriate

III. Quotation Summary (Original Quotations and Design layout from Suppliers should be attached)

- At least three written quotations

Service-provider <u>1</u>							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

Service-provider <u>2</u>							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

Service-provider 3							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

Service-provider 4							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

IV. Recommendations

I solemnly declare that I do not have any personal connection with the following bidders. Neither am I aware that my spouse (if any) nor any of my close relatives has any personal dealing with one or more of the aforesaid bidders. I confirm that there is no conflict of interest for me to take part in this quotation exercise.

Recommendation: I recommend Supplier / Service-provider: * 1 / 2 / 3 / 4

Reason(s): * Lowest Offer / Others:

Submitted by:

Name / Signature / Post: _____ / _____ / _____ Date: _____

Supported by:

Name / Signature / Post: _____ / _____ / _____ Date: _____

Vetted by:

Name / Signature / Post: _____ / _____ / ED Date: _____

Note: * Delete the inappropriate

V. Approved by President or two of the following Elected Officers of SF&OC (Hon. Secretary General / Hon. Deputy Secretaries General / Hon. Treasurer)

Signature: _____	Signature: _____
Name: _____	Name: _____
Post: _____	Post: _____
Date: _____	Date: _____

Remark: The items or services are to be procured or purchased only after the procurement requisition is approved.

Ref No.

**Sports Federation & Olympic Committee of Hong Kong, China
Procurement Requisition Form**

For item valued HK\$130,001 to HK\$1,300,000

To: President of SF&OC

via * Hon. Secretary General / Hon. Deputy Secretaries General / Hon. Treasurer of SF&OC

via: Executive Director of SF&OC

I. Items or Services to be procured with full descriptions:

Justification for the Procurement:

II. Source of budget

- Home Affairs Bureau: * Office expenses / Multi-sports Games / Others _____
- Leisure & Cultural Services Department: * Annual Events / Others _____
- Others: _____

Note: * Delete the inappropriate

III. Quotation Summary (Original Quotations and Design layout from Suppliers should be attached)

- At least three written quotations

Service-provider <u>1</u>							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

Service-provider <u>2</u>							Total (HK\$) (if applicable)
Details of Offer	Item	1	2	3	4	5	
	Qty.						
	Unit Rate						
	Sub-Total						
Remarks:							

V. Vetted by one of the following Elected Officers of SF&OC (Hon. Secretary General / Hon. Deputy Secretaries General / Hon. Treasurer)

I solemnly declare that I do not have any personal connection with the above bidders. Neither am I aware that my spouse (if any) nor any of my close relatives has any personal dealing with one or more of the aforesaid bidders. I confirm that there is no conflict of interest for me to vet this quotation exercise.

Signature: _____

Name: _____

Post: _____

Date: _____

VI. Approved by President of SF&OC

Approved by: _____ Date: _____
Timothy T. T. FOK, President

Remark: The items or services are to be procured or purchased only after the procurement requisition is approved.

Board of Directors of MCOHL

Tenure: up to 2020 AGM of MCOHL

Membership Composition:

Director & Chairman	:	Mr. Timothy T. T. FOK
Director & Secretary	:	Mr. Ronnie M. C. WONG
Director & Treasurer	:	Mr. Derrick L. W. WONG
Directors	:	Ms. Vivien C. C. LAU Mr. TONG Wai Lun Mr. Edgar J. T. YANG Mr. WONG Po Kee Ms. Fay K. F. HO Dr. Karl C. KWOK
Secretary	:	Ms. Felen CHAN, Manager (MCOHL)

政府總部
民政事務局

香港添馬添美道二號
政府總部西翼十二樓



GOVERNMENT SECRETARIAT
HOME AFFAIRS BUREAU

12TH FLOOR, WEST WING,
CENTRAL GOVERNMENT OFFICES,
2 TIM MEI AVENUE,
TAMAR,
HONG KONG

本函檔號 Our ref.:
來函檔號 Your ref:

電話號碼 Tel No.: 3509 8124
傳真號碼 Fax No.: 2519 7404

9 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 2 June 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 blue 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 2: Operation of the Sports Federation & Olympic Committee of Hong Kong, China

- (a) with reference to paragraph 2.54 of the Audit Report, the collaborative efforts to be made by the Home Affairs Bureau (“HAB”) in taking forward the redevelopment of the Olympic House with the Sports Federation & Olympic Committee of Hong Kong, China (“SF&OC”) and the short-term and long-term measures taken to address the problem of over-crowding in the Olympic House and the long-term requirement for office spaces by the “national sports associations” (“NSAs”);

The Financial Secretary announced in the 2018-19 Budget to conduct a technical feasibility study on the redevelopment of the Olympic House with a view to providing more office and activity space for SF&OC, its affiliated companies, NSAs and sports-related organisations. We have been actively following up the matter and joined hands with SF&OC to take forward the preparatory work. SF&OC, in consultation with various NSAs, has preliminarily worked out the overall requirements of office and activity space. We are assessing their proposal with the relevant departments and conducting the traffic and noise impact assessments. Upon completion of the assessments, we will consult the Wan Chai District Council and work with the Architectural Services Department to commence the technical feasibility study and devise a works schedule. We will work closely with SF&OC and continue to take forward the redevelopment project.

On the other hand, SF&OC will explore the feasibility of reallocating areas of office space to NSAs and converting some meeting rooms into office space.

Part 3 : Government funding and monitoring

- (b) **with reference to Table 14 in paragraph 3.7 of the Audit Report, the reasons for the long delays in making the second quarterly payment of recurrent subventions by HAB to SF&OC in 2017-2018 (i.e. 104 days of delay), and the last three quarterly payments in 2018-2019 (over 30 days of delay for each instalment); and the measures taken/to be taken by HAB to ensure timely disbursement of recurrent subventions to SF&OC and the Management Company of Olympic House Limited (MCOHL);**

The delay in making the second quarterly payment of subvention to SF&OC in 2017-18 was because the staff handling the case failed to process the disbursement in a timely manner, whereas the delay in the last three quarterly payments in 2018-19 was due to a misunderstanding by the staff handling the case that the disbursements should be made after the latest quarterly report was scrutinised. They were administrative errors in both cases. HAB agrees with the audit recommendations that quarterly payments should be disbursed to SF&OC in a timely manner. In this regard, we will step up our internal monitoring to make sure that the matter is attended to by the handling officer in good time. We will also arrange internal staff redeployment to ensure that the subvention is disbursed in accordance with the payment schedule as specified in the subvention agreement. In addition, we are following up with MCOHL on the audit recommendations to prescribe a payment schedule of disbursement and suitably adjust the deadline for submission of the quarterly management accounts by revising relevant clauses in the subvention agreement. We expect to complete the amendment work within June this year.

- (c) **according to R74/2/GEN2, the respective funding agreements between the Government and SF&OC and MCOHL for the provision of subventions in 2019-2020 were signed in July 2019. Please explain the three months of delay in signing the agreements, and advise whether such delay had caused late disbursement of recurrent subventions to SF&OC and MCOHL, and hence resulted in their operational difficulties;**

As a general practice, SF&OC submits its annual work plan and budget (including that of MCOHL) for the next financial year for HAB's consideration at the beginning of the year (usually in January or February). After vetting of the work plan and budget, HAB will have discussions with SF&OC to agree on the details before signing the subvention agreements with SF&OC and MCOHL respectively. As

this process would take about four months, the subvention agreements are normally signed in May or June each year.

For 2019-20, the subvention agreements were signed in July 2019. SF&OC had included a funding proposal for a new initiative in its 2019-20 work plan and budget which involved some discussions between HAB and SF&OC before the work plan and budget were finalised. In addition, HAB had reviewed, in consultation with SF&OC and MCOHL, the text of the subvention agreements and made some textual amendments. For reasons above, it took more time than usual before the subvention agreements could be finalised. After the subvention agreements were signed on 11 July 2019, the first quarterly payment for 2019-20 was disbursed to SF&OC on 24 July 2019 which was in compliance with the payment schedule as prescribed in the subvention agreement (i.e. the first quarterly payment should be disbursed within ten working days after the signing of the agreement). As SF&OC was well aware of the progress of our processing of its subvention, they had made appropriate arrangements in its operations. We accept the suggestion of the Public Accounts Committee and will work closely with SF&OC to expedite the signing of subvention agreements in future.

- (d) with reference to paragraphs 3.14 and 3.15(d) of the Audit Report, the follow-up actions taken by HAB in respect of the Audit Commission's suggestion of including MCOHL in the list of organizations receiving recurrent funding from the Government in accordance with the Financial Circular No. 9/2004;**

We note that not all organisations receiving recurrent funding from the Government are explicitly spelt out in the list of organisations receiving recurrent funding from the Government of the Financial Circular No. 9/2004. For example, some organisations are listed out by category only. We are consulting the Financial Services and Treasury Bureau on the audit recommendations and expect to conclude the relevant follow-up action within June this year.

- (e) **with reference to Table 17 in paragraph 3.24 of the Audit Report, whether HAB had taken any follow-up actions in respect of the under-achievement in performance indicators by SF&OC and MCOHL in the period 2014-2015 to 2018-2019; if yes, the details; if no, reasons for that;**

HAB has been monitoring the use of subvention by SF&OC and MCOHL through their submission of quarterly reports and management accounts. Unfortunately, when vetting the quarterly reports and management accounts of SF&OC and MCOHL during the period from 2014-15 to 2018-19, the officer handling those submissions failed to take follow-up action on the under-achievement of the performance indicators. We have reminded the handling officer of the need to carefully examine the reports and take appropriate follow-up action. We will also prepare a checklist to assist relevant officers in their assessment of performance of SF&OC and MCOHL against the indicators. In addition, we will step up the monitoring of the performance of SF&OC and MCOHL by deploying staff to review the quarterly reports and take follow-up action as appropriate.

- (f) **with reference to paragraphs 3.28 and 3.29 of the Audit Report, please explain why HAB had not followed up with MCOHL the non-disclosure of the remuneration of staff of all the top three tiers by MCOHL in its annual report as required by the subvention agreement signed between the two parties; and**

In its annual reports for the past five years, MCOHL has disclosed the total remuneration of its top three management staff (i.e. one Manager and two Assistant Managers). The handling officer of HAB had mistaken such disclosure as being compliant with the requirement in the subvention agreement. HAB agrees with the audit recommendations and will remind MCOHL of the need to disclose the remuneration of staff of the top three tiers in its annual report in accordance with the requirement in the subvention agreement. We will monitor MCOHL's follow-up action in this regard.

- (g) with reference to paragraphs 3.34 and 3.35 of the Audit Report, the actions taken/to be taken by HAB to follow up the implementation of the outstanding items of best practices in Table 21 by SF&OC, particularly those relating to enhancing the transparency of the admission of membership system.**

SF&OC indicated that they would endeavour to implement the best practices as laid down in the “Best Practice Reference for Governance of National Sports Associations - Towards Excellence in Sports Professional Development” (“Best Practice Reference”), including those relating to enhancing the transparency of the admission requirements for membership, for example by uploading the application form, admission requirements and procedures to its website. For the five-year period starting 2020-21, HAB will provide a time-limited funding of \$5 million per year to support SF&OC’s work to review the operation and internal monitoring mechanism of all NSAs. SF&OC will establish a dedicated team to carry out the relevant tasks of the review, including the formulation of a code of governance for compliance by all NSAs. The implementation of the best practices in the “Best Practice Reference” will be an important component of the code.

To set a good example, SF&OC will conduct a review on its own operation and internal monitoring mechanism, and comply with the code to be formulated. HAB will closely monitor the progress of review through the reports to be submitted by SF&OC on the implementation of the code of governance.

**AGREEMENT
BETWEEN
THE GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION
AND
THE SPORTS FEDERATION AND
OLYMPIC COMMITTEE OF HONG KONG, CHINA
FOR THE YEAR 2019-20**

THIS AGREEMENT is made this 11th day of July 2019.

PARTIES:

- (1) **THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION** as represented by the Secretary for Home Affairs whose office is located at 12/F, West Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong (“**the Government**”); and
- (2) **THE SPORTS FEDERATION AND OLYMPIC COMMITTEE OF HONG KONG, CHINA**, a company limited by guarantee registered in Hong Kong under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) whose registered office is located at 2/F, Olympic House, 1 Stadium Path, So Kon Po, Causeway Bay, Hong Kong (“**the Grantee**”).



**AGREEMENT
BETWEEN
THE GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION
AND
THE MANAGEMENT COMPANY OF OLYMPIC HOUSE LIMITED
FOR THE YEAR 2019-20**

THIS AGREEMENT is made this 11th day of July 2019 between the Government of the Hong Kong Special Administrative Region acting through the Secretary for Home Affairs whose principal office is located at 12/F, West Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong ("the Government") of the one part and the Management Company of Olympic House Limited whose registered office is Olympic House, 1 Stadium Path, So Kon Po, Causeway Bay, Hong Kong ("MCOHL") of the other part.



政府總部
民政事務局

香港添馬添美道二號
政府總部西翼十二樓



APPENDIX 35
GOVERNMENT SECRETARIAT
HOME AFFAIRS BUREAU

12/TH FLOOR, WEST WING,
CENTRAL GOVERNMENT OFFICES,
2 TIM MEI AVENUE,
TAMAR,
HONG KONG.

本函檔號 Our Ref. :
來函檔號 Your Ref. :

電話號碼 Tel. No. : 3509 8124
傳真號碼 Fax No. : 2519 7404

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 be '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 6th Children of Asia International Sports Games in 2016, the 1st 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.

Directors at the Board Meeting
(between 30 March 2017 to 31 December 2019)

Ref. No.	Term	No. of Board Meeting conducted	Total no. of attendance	Attendance Rate
Director 01 (Note 1)	2017 - 2018	8	5	63%
Director 02	2017 - 2019	13	8	62%
Director 03	2017 - 2019	13	8	62%
Director 04	2017 - 2019	13	10	77%
Director 05	2017 - 2019	13	11	85%
Director 06 (Note 1)	2019	5	2	40%
Director 07	2017 - 2019	13	9	69%
Director 08	2017 - 2019	13	12	92%
Director 09	2017 - 2019	13	13	100%
Director 10	2017 - 2019	13	10	77%
Director 11	2017 - 2019	13	13	100%
Director 12	2017 - 2019	13	6	46%
Director 13	2017 - 2019	13	10	77%
Director 14	2017 - 2019	13	9	69%
Director 15 (Note 1)	2017 - 2018	8	7	88%
Director 16	2017 - 2019	13	13	100%
Director 17 (Note 1)	2019	5	5	100%
	Total	195	151	77% (Note 2)

Note 1 : Election of Directors for a new term was held at the Annual General Meeting on 18 December 2018.

Note 2 : Directors' overall attendance rate at the Board Meeting was 77%.

Directors at the 15 Committees (excluding Board Meeting)
(between 30 March 2017 to 31 December 2019)

Ref. No.	No. of Committee(s) with position	No. of Committee(s) currently with position	No. of meeting conducted	Total no. of attendance	Overall Attendance Rate (from low to high)
Director 01	1		1	0	0%
Director 02	7	5 (Note 2)	26	10	38%
Director 03	6	2 (Note 2)	12	7	58%
Director 04	6		23	14	61%
Director 05	9	7 (Note 2)	22	14	64%
Director 06	2		6	4	67%
Director 07	6	4 (Note 2)	18	12	67%
Director 08	5		9	7	78%
Director 09	4		10	8	80%
Director 10	6		19	17	89%
Director 11	10		31	28	90%
Director 12	3		5	5	100%
Director 13	4		10	10	100%
Director 14	8		26	26	100%
Director 15	2	0 (Note 1)	4	4	100%
Director 16	1		1	1	100%
Director 17	2		4	4	100%
		Total	227	171	75% (Note 3)

Note 1 : Election of Directors for a new term was held at the Annual General Meeting on 18 December 2018.

Note 2 : With the conclusion of the Annual General Meeting on 18 December 2018, appointments of 4 Directors in the Committees were reduced after review.

Note 3 : Directors' overall attendance rate at the Committees was 75%.

**Committee Members (excluding Directors) at the 15 Committees
(between 30 March 2017 to 31 December 2019)**

Ref. No.	No. of Committee(s) with position	No. of Committee(s) currently with position	No. of meeting conducted	Total no. of attendance	Overall Attendance Rate (from low to high)
Member 01	1		1	0	0%
Member 02	1		1	0	0%
Member 03	1	0 (Note 1)	2	0	0%
Member 04	1	0 (Note 1)	5	0	0%
Member 05	1		1	0	0%
Member 06	1		1	0	0%
Member 07	1	0 (Note 1)	3	0	0%
Member 08	1	0 (Note 1)	3	0	0%
Member 09	1	0 (Note 1)	3	0	0%
Member 10	1		5	1	20%
Member 11	1		8	2	25%
Member 12	1		4	1	25%
Member 13	1	0 (Note 1)	3	1	33%
Member 14	1	0 (Note 1)	3	1	33%
Member 15	1	0 (Note 1)	3	1	33%
Member 16	1		8	3	38%
Member 17	2		2	1	50%
Member 18	2	1 (Note 1)	4	2	50%
Member 19	1		4	2	50%
Member 20	1		2	1	50%
Member 21	1		2	1	50%
Member 22	1		2	1	50%
Member 23	1	0 (Note 1)	2	1	50%
Member 24	1	0 (Note 1)	2	1	50%
Member 25	1		8	4	50%
Member 26	1		8	4	50%
Member 27	1	0 (Note 1)	2	1	50%
Member 28	1	0 (Note 1)	4	2	50%
Member 29	1		2	1	50%
Member 30	1		4	2	50%

**Committee Members (excluding Directors) at the 15 Committees
(between 30 March 2017 to 31 December 2019)**

Ref. No.	No. of Committee(s) with position	No. of Committee(s) currently with position	No. of meeting conducted	Total no. of attendance	Overall Attendance Rate (from low to high)
Member 31	1		4	2	50%
Member 32	3	1 (Note 1)	11	6	55%
Member 33	3	2 (Note 1)	12	7	58%
Member 34	2		3	2	67%
Member 35	1		3	2	67%
Member 36	1		5	4	80%
Member 37	1		5	4	80%
Member 38	1		5	4	80%
Member 39	1		5	4	80%
Member 40	1		8	7	88%
Member 41	1		1	1	100%
Member 42	6	4 (Note 1)	10	10	100%
Member 43	2		3	3	100%
Member 44	1		1	1	100%
Member 45	2		3	3	100%
Member 46	1		1	1	100%
Member 47	1	0 (Note 1)	1	1	100%
Member 48	1		2	2	100%
Member 49	1		2	2	100%
Member 50	1		2	2	100%
Member 51	2	0 (Note 1)	4	4	100%
Member 52	1	0 (Note 1)	2	2	100%
Member 53	1		4	4	100%
Member 54	1		8	8	100%
Member 55	1		8	8	100%
Member 56	2		7	7	100%
Member 57	1		5	5	100%
Member 58	1		5	5	100%
Member 59	1		2	2	100%
Member 60	1		2	2	100%

**Committee Members (excluding Directors) at the 15 Committees
(between 30 March 2017 to 31 December 2019)**

Ref. No.	No. of Committee(s) with position	No. of Committee(s) currently with position	No. of meeting conducted	Total no. of attendance	Overall Attendance Rate (from low to high)
Member 61	1		1	1	100%
Member 62	1	0 (Note 1)	1	1	100%
Member 63	1	0 (Note 1)	4	4	100%
Member 64	1	0 (Note 1)	1	1	100%
Member 65	1	0 (Note 1)	1	1	100%
Member 66	1	0 (Note 1)	1	1	100%
Member 67	1	0 (Note 1)	1	1	100%
Member 68	1	0 (Note 1)	1	1	100%
Member 69	1		3	3	100%
Member 70	1		2	2	100%
Member 71	1		1	1	100%
Member 72	1		1	1	100%
Member 73	1		1	1	100%
Member 74	1		1	1	100%
Member 75	1		1	1	100%
Member 76	1		3	3	100%
Member 77	1		3	3	100%
Member 78	1		3	3	100%
Member 79	1		3	3	100%
Member 80	1	0 (Note 1)	2	2	100%
Member 81	1		1	1	100%
Member 82	1		3	3	100%
Member 83	1		3	3	100%
Member 84	1		2	2	100%
		Total	280	193	69% (Note 2)

Note 1 : 27 Members were either resigned or removed to reduce appointments during the period.

Note 2 : 84 Committee Members' overall attendance rate was 69%.

**Committee Members (excluding Directors) at the 15 Committees
(between 30 March 2017 to 31 December 2019)**

Overall Attendance Rate	No. of Members	Percentage
Less than 50%	16	19%
From 50% or more to less than 100%	24	29%
100%	44	52%
Total	84	100%

4 June 2020

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

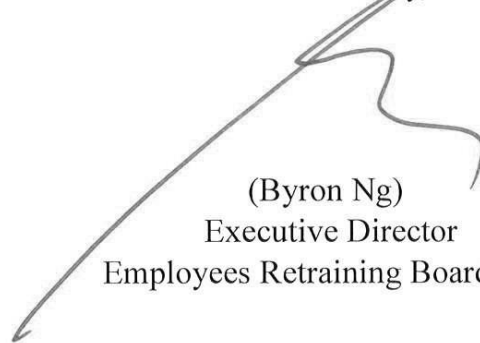
Dear Mr Chu

**Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 74
Employees Retraining Board**

I refer to your letter of 21 May 2020 on the subject and LWB's subsequent request for extension of deadline. Please find the English version of our response to the matters set out in Part (I) of the Appendix to your letter.

If you have any further questions, please feel free to contact me on 3129 1188 or Ms Eliza Leung on 3129 1484.

Yours sincerely,



(Byron Ng)
Executive Director
Employees Retraining Board

Encl.

c.c. Secretary for Labour and Welfare (Attn: Mr Daniel Fong)
(fax no. 2537 3539)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

**Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 74
Employees Retraining Board**

The Employees Retraining Board (ERB)'s Reply

Part 2: Management of training courses

Question 1) According to paragraph 2.5, the number and percentage of young trainees aged 15 to 29 admitted to the Employees Retraining Board (“ERB”) training courses among all trainees decreased. According to paragraph 2.6, the number of trainees admitted under youth training courses was low, ranging from 374 to 508, averaging 441, and decreased by 19% from 508 in 2014-2015 to 412 in 2018-2019. According to paragraph 2.24(b), ERB had set up a “Focus Group on Training for Youth” with a view to reviewing and thus improving the attractiveness of its existing courses while developing and exploring new measures to tackle the special needs of young people. Recommendations of the Focus Group were endorsed by the Course and Service Development Committee in January 2020 and the proposed measures would be rolled out in 2020-2021 onwards. What were the recommendations and the proposed measures of the Focus Group? What was the progress so far?

- Answer 1) The Employees Retraining Board (ERB) has reviewed its dedicated youth programmes in late 2019 and set up a “Focus Group on Training for Youth”, which comprises representatives from employers, youth concern groups, social service organisations, government departments and training bodies. The first meeting of the Focus Group was held in December 2019, with major recommendations and follow-up actions as follows:
 - a) Build up a progression pathway for young trainees to pursue further studies or employment. Part-time skills upgrading courses should be provided to those graduate trainees of full-time placement-tied courses who intend to pursue further training whilst in employment. In this context, ERB is developing a part-time course on “Computer-aided Design and Publishing

Techniques” for young trainees who have completed the “Foundation Certificate in Comic Arts Assistant Training” with a view to encouraging them to continue their studies in related field;

- b) To enhance the digital literacy of young trainees, ERB has planned to improve the training contents on innovation and technology skills (e.g. coding) in its youth programmes through consultation with the Course Steering Group comprising representatives from Training Bodies, technical advisors and relevant stakeholders;
 - c) Develop more featured courses appealing to youth. In this respect, ERB has designed brand-new dedicated youth courses namely “Foundation Certificate in Professional Security Services Training”, “All-rounded Performing Artist Training” and “Community Education and Culture Guide Training” aiming to attract more young trainees. The first above-named course is specially designed to be more attractive in that a number of professional qualifications will be awarded through completion of the course, including the Quality Assurance System for the Recognition Scheme of Security Training Courses (QASRS), Mandatory Basic Safety Training Course (Construction Work) (Green Card Training Course), Certificate in First Aid (with Adult Cardio-Pulmonary Resuscitation Course) and Automated External Defibrillation Provider Course (AED). The young trainees will be awarded with relevant certificates upon passage of required assessments. This training course has been endorsed by the Course and Service Development Committee and will be submitted to the Hong Kong Council for Academic and Vocational Qualifications (HKCAAVQ) for accreditation with a view to having the course recognized under the Qualifications Framework (QF), thus ensuring the quality of the course and paving the way for future articulation of the trainees to more advanced studies or acquiring higher qualifications. This course is expected to be rolled out in late 2020.
- The above follow-up actions and progress will also be reported to the Focus Group at its upcoming meeting in the third quarter of 2020 in order to collect members’ views on the improvement measures taken.
 - In response to the recommendations stated in the Audit Report, ERB has planned to conduct a survey on youth programmes in the current financial year of 2020-21 to explore the training needs of youth and ascertain the underlying reasons of low enrollment of youth in ERB’s training courses. Findings will be

reported to the Course and Service Development Committee of ERB with improvement measures proposed so as to attract more young people to enroll in training courses offered by ERB.

Question 2) According to paragraph 2.12, no review on the existing rates of retraining allowances had been conducted for over 10 years since April 2009. The retraining allowance of the Youth Training Programme (i.e. \$30 per day) was set on a par with the training allowance of \$30 per day of the then Youth Pre-employment Training Programme of the Labour Department which subsequently became the Youth Employment and Training Programme. The amount of training allowance of the Youth Employment and Training Programme had been revised twice since 2009. The current rate of training allowance of the Youth Employment and Training Programme (i.e. \$70 per day) was more than double the retraining allowance of \$30 per day of the Youth Training Programme. Why had the rates of training allowances not reviewed for such a long time?

Answer 2)

- Adjustment to the retraining allowance (RA) payable under ERB's Youth Training Programme (YTP) launched in 2008 has been in line with the overall policy on disbursement of RA for all course categories, with reference to the resource allocation and long term financial sustainability of ERB, as well as the impact on different stakeholders. In view of the long time since the RA was last adjusted in 1995, ERB has proposed to increase the maximum amount of monthly RA from \$4,000 to \$5,800 (i.e. by 45%) under Schedule 4 of the Employees Retraining Ordinance (ERO) through legislative amendment. With the new maximum monthly allowance coming into effect on 25 May 2020, the rates of retraining allowance per day for all course categories, including YTP, has been increased by 45% accordingly (please also see LWB's reply to Question 15). ERB will further examine the amount of the daily RA for YTP under the new maximum RA amount, having due regard to the original objective and intended purpose of providing retraining allowance as well as the financial impacts in the context of ERB's Three-year Strategic Plan (2021-22 to 2023-24)

Question 3) According to paragraph 2.25, the Labour and Welfare Bureau, in conjunction with ERB, had been taking forward a legislative amendment exercise to increase the maximum amount of monthly allowance per trainee by 45% from \$4,000 to \$5,800. After the passage of the legislative amendment, ERB would consider the corresponding adjustment of the daily rates of various retraining allowances, including that for young trainees. What was the latest position of the legislative amendment? Had the daily rates of the retraining allowances been adjusted? If so, what were the new daily rates of various retraining allowances, including that for young trainees?

Answer 3)

- Please see Labour and Welfare Bureau’s reply to question 15 on the latest position of the legislative amendment to increase the maximum amount of monthly allowance per trainee by 45% from \$4,000 to \$5,800. The rates of retraining allowance (RA) per day for all course categories have been increased by 45% accordingly with effect from 25 May 2020, which are tabulated as follows:

Training Courses	Trainees	Original allowance per day	New allowance per day, with effect from 25 May 2020
Full-time Courses offered under Love Upgrading Special Scheme	All eligible trainees	Full-day session: \$153.8	Full-day session: \$223
		Half-day session: \$76.9	Half-day session: \$111.5
Part-time Courses offered under Love Upgrading Special Scheme		\$76.9	\$111.5
Placement-tied “Foundation Certificate” Courses	Original service targets (Trainees aged 30 or above and with education attainment of F.3 or below)	\$153.8	\$223
	Other eligible trainees	\$70	\$102
Youth Training Programme Courses		\$30	\$44
Placement-tied “Certificate” or “Diploma” Courses	All eligible trainees	\$70	\$102

Question 4) According to paragraphs 2.33 and 2.40, in the period from 2014-2015 to 2018-2019, some training courses did not meet the performance targets on key performance indicators ("KPIs") and reference indicators. Also, the overall retention rate decreased. According to paragraph 2.46, ERB had agreed to continue to monitor the performance of training courses on various KPIs and reference indicators, and endeavour to improve the various aspects of the training services with a view to improving the quality of the services. What measures had ERB taken to improve the training services?

With reference to paragraph 2.46(d), had ERB consulted the Quality Assurance and Review Committee on reviewing various KPIs and reference indicators? What were the results of the consultation?

Answer 4)

- In the past 3 years, the overall rates of three key KPIs (Capacity Utilization Rate, Attendance Rate and Graduation Rate) have well exceeded respective target rates.

Details are as follows :

	Capacity Utilisation Rate (target rate 85%)	Attendance Rate (target rate 80%)	Graduation Rate (target rate 80%)
2017-18	92%	94%	95%
2018-19	92%	94%	95%
2019-20	91%	92%	95%*

(*provisional figure)

- Only individual courses may occasionally fall outside the above KPI targets for various reasons such as finding employment, family/personal commitment or health issues etc.
- The overall placement rate of ERB placement-tied courses is generally above the target level (70%). In the past three years (2017-18 to 2019-20), the overall placement rate is around 83%.
- Individual courses may not be able to meet the target placement rate partly due to personal or special reasons of trainees such as family commitment, health issue and work aspiration, etc., resulting in unsuccessful employment within the placement follow-up period, whereas trainees of dedicated courses for ethnic

minorities, rehabilitated offenders and new arrivals are facing greater employment difficulties.

- ERB has built in measures to monitor various KPIs. These include:
 - a) Capacity Utilization Rate, Graduation Rate and Placement Rate are used in the calculation of marks for allocation of training places;
 - b) Attendance rate will affect the entitlement of trainees to RA and the need for payment of course fees;
 - c) ERB regularly reviews the design of courses with relevant stakeholders (including Course Steering Group) for continuous improvement of course quality. During the process, ERB makes reference of the performance indicators of relevant courses;
 - d) ERB has formulated a mechanism to monitor the performance of training bodies in providing placement services and to ensure that the training bodies delivered services in compliance with the “Placement Service Guidelines”. In case of irregularities and deficiencies, training bodies concerned will be required to provide written explanations and improvement plan.

- “Relevancy Rate to Training”, “Continuous Employment Rate” and “Retention Rate” are not KPIs but are formulated as internal reference indicators to provide reference information for ERB in course planning and development. These indicators are not meant for measuring the performance and effectiveness of training bodies or ERB training courses.

- The outcome performance of various KPIs are reported to Quality Assurance and Review Committee (QARC) on a regular basis. Review of the KPIs and reference indicators as well as the recommendations will be deliberated at QARC in 2020-21.

Part 3 : Quality assurance

Question 5) According to paragraph 3.4, contrary to the ERB Guidelines, of the 127 self-evaluations conducted in the period from 2014-2015 to 2018-2019, 60 (47%) self-evaluations were performed by training bodies which did not obtain Group 1 rating in the on-site annual audits performed by ERB in the last two consecutive years. Why did this happen?

Question 6) According to paragraph 3.14(a), ERB had agreed to ensure that on-site annual audits and self-evaluations were conducted according to the ERB guidelines. What measures had ERB taken? ERB had also agreed to update the guidelines to state more clearly about the arrangement of self-evaluation. Had the guidelines been updated'?

Answers 5 and 6

- “Self-evaluation” was introduced as part of the Annual Audit system in ERB. If training bodies obtained Group 1 rating (i.e. the best rating) in two consecutive on-site annual audits performed by ERB, they were eligible to perform “self-evaluation” in the next year and ERB would conduct on-site annual audit in the following year. However, the wording of the requirement might not be clear enough in the related ERB Guidelines.
- The relevant ERB Guidelines have been updated and effective from April 2020. The updated Guidelines state more clearly that if training bodies perform “self-evaluation” this year, their next annual audits must be performed by ERB. Besides, in accordance with the training bodies’ risk levels and performance in “regular monitoring” and “case management”, ERB could consider cancelling the training bodies’ qualification of “self-evaluation” in annual audit.

Question 7) According to paragraphs 3.14(f), ERB had agreed to ensure that the course-end assessments were conducted by training bodies in accordance with the ERB Guidelines. What measures had ERB taken?

Answer 7)

- ERB strives to ensure that the assessments are conducted by training bodies in accordance with the guidelines. In recent years, ERB has strengthened the communication with training bodies, and proactively reminded training bodies to conduct assessments in accordance with the guidelines at all possible occasions.
- ERB will take immediate actions to follow up with training bodies if non-compliances with the assessment guidelines were spotted out. For the cases of non-compliances, ERB will continue to take appropriate follow-up actions, including consultations with technical advisors/ assessment observers, conducting follow-up assessment observations, etc., in order to monitor the improvements made by the training bodies and ensure the training bodies to conduct assessments in accordance with guidelines.

Question 8) According to paragraph 3.14(h), ERB had agreed to consider whether remedial actions were necessary for those trainees who had passed the assessment but the assessment had not been conducted according to the ERB Guidelines. What was the result of ERB's consideration?

Answer 8)

- ERB will enhance the mechanism of Assessment Observation (AO). For the Assessment Observation with unsatisfactory result, ERB will consider the impact on the trainees' performance and take remedial actions after consultation with technical advisors / assessment observers.
- After AO, ERB will take immediate actions to follow up the advice made by technical advisors. The actions include consultations with other technical advisors or assessment observers when required and following up with the training bodies to take remedial actions by conducting follow-up Assessment Observation and making evaluations. ERB will also request training bodies to arrange re-assessments if required.

Question 9) According to paragraph 3.18, in the period from 2014-2015 to 2018-2019, the number of accredited courses decreased from 469 to 308 and the percentage of accredited courses among courses with enrolled trainees decreased from 95% to 58%. According to paragraphs 3.20 and 3.21, ERB had agreed to endeavour to increase the number of accredited training courses to promote recognition of the qualifications of ERB graduates. What had ERB done in this regard?

Answer 9)

- From 2014-2015 to 2018-2019, the percentage of accredited courses among courses with enrolled trainees was decreased. The main reason was that 485 ERB courses expired by 4 May 2015 on Qualification Register (QR) and certain number of these courses were no longer with market demand. To ensure the effective use of resources and after consulting various stakeholders, it was decided to arrange re-accreditation of around 270 courses only. Therefore, the percentage of accredited courses decreased from 96% in 2014-15 to 64% in 2015-16. Such percentage has also been maintained around 60% in recent years.
- ERB has been following the development of QF by selecting suitable courses for submitting to HKCAAVQ for accreditation and re-accreditation. ERB will

review the progress of introducing new courses in order to actively select suitable courses for accreditation.

Question 10) According to paragraph 3.21(a), ERB would review the progress and criteria for selecting suitable courses for accreditation and re-accreditation in the coming three years according to the Three-year Strategic Plan. What was the progress so far?

Answer 10)

- ERB is consolidating preliminary data for the review of previous exercises on accreditation and re-accreditation. Information will be scrutinized so as to facilitate further review on the work flow of the accreditation process as well as the selection criteria for suitable courses for accreditation.
- In addition, ERB has obtained the Programme Area Accreditation (PAA) status for the sub-area of "Catering, Food and Beverage Services". ERB also is now liaising with HKCAAVQ in applying for the second PAA status for the sub-area of "Information & Communications Technology" so that more ERB courses in these sub-areas can be uploaded to QR more expeditiously after obtaining the status.

Part 4 : Training support services

Question 11) According to paragraph 4.16, in the period from 2014-2015 to 2018-2019, the annual service targets on the number of vacancies registered, vacancies filled and helpers placed were not met by 5 to 10, 4 to 7 and 4 to 8 Smart Living - Regional Service Centres respectively. For 2 to 5 Smart Living - Regional Service Centres, the required annual composite performance score of 90 was not met. Please inform this Committee:

- a) According to paragraphs 4.30(a) and 4.31, ERB had agreed to endeavor to improve the performance of the operators of the Smart Living Scheme. What measures had ERB taken in this regard; and**
- b) According to paragraph 4.31(a), the "ERB Helper" mobile application was officially launched on 30 March 2020 for registered helpers of the Smart Living Scheme to search vacancies and apply for jobs. How effective was the mobile application in assisting the operators of the Smart Living Scheme to improve their performance?**

Answer 11(a)

- ERB has formulated in the “Smart Living Operation Guidelines”, a mechanism to monitor the performance of the operators on a monthly, quarterly and yearly basis, and will take appropriate follow-up actions in case of performance deficiencies.
- ERB assesses the performance of the operators by an annual composite score. In general, the operators are able to achieve the annual composite score of 90 marks or above and be disbursed with full fund for the year. In 2014-15 to 2018-19, the average annual composite performance score was 97 marks. ERB will continue to closely monitor the performance of all operators.
- ERB has formulated a performance-tied disbursement mechanism and other measures to motivate operators to improve their performance.
- Regular operational meetings are conducted with the operators to review service progress and performance as well as to exchange good practices and share experience.
- ERB launched the “ERB Helper App” on 30 March 2020 for use of registered helpers and operators. ERB will be developing an “Employer App” in 2020-21 to further boost the service efficiency.
- ERB launched diverse marketing campaigns including online and offline advertisements, printed materials, social media promotion, seminar, expos and media interviews over the years to promote the brand and services of Smart Living.
- ERB will review the feasibility of expanding the service scope of Smart Living to cover more domestic services with a view to increasing the employment opportunities of graduate trainees of related ERB courses.

Answer 11(b)

- The “ERB Helper App” was launched on 30 March 2020. As at 26 May 2020, about 3,000 trainees have registered as users.
- The “auto-referral” function of the App facilitates speedy matching of vacancies and helpers, and hence enhancing the efficiency of referral.

- According to survey findings, 89% of the helper users agreed that the App is user friendly and 90% of them agreed that the App is helpful for job search.
- Operators opined that the usages of the App are convenient and efficient, thereby shortening the referral time and reinforcing the service competitiveness.

Question 12) According to paragraph 4.19, according to the Operation Guidelines for the Smart Living Scheme, if an operator had a composite performance score below 80 for two quarters within a year, ERB might consider terminating the agreement unless the operator improves and achieves at least 80 marks in the following month upon written request. According to paragraph 4.20, three operators of the Smart Living - Regional Service Centres had a score below 80 for the first two quarters of 2019-2020. According to paragraph 4.22, ERB decided to renew the engagement agreements with two operators who had unsatisfactory performance in two consecutive quarters of 2019-2020 for another two years from 1 April 2020.

According to paragraphs 4.30(b) and 4.31, ERB had agreed to continue to closely monitor the performance of the operators of the Smart Living Scheme who had failed to achieve service targets laid down in the engagement agreements and where necessary, take appropriate follow-up actions if the operators do not achieve the service targets again. Had the performance of the two operators improved? Did they fail to achieve the service targets again? If so, what follow-up actions had been taken?

Answer 12)

- There were two operators whose quarterly composite score fell short of the target level in Q1 and Q2 of 2019-20. One of them had improved its performance in the designated period (December 2019) to the required level for contract renewal. The other operator also recorded continuous improvement very close to the required level for contract renewal.
- Due to the epidemic outbreak in early 2020, the domestic service market was adversely impacted. With consideration of the service sustainability and that the performance of one operator was only marginally below the required level, the relevant committee of ERB approved to renew the service contract of the operator.

- Owing to the severe pandemic situation, Smart Living could only provide limited and basic services in February to April 2020. Many household employers cancelled or suspended registration of vacancies, and helpers inclined to work less in order to minimize the risk of infection, directly affecting the performance of the operators.
- In light of the special circumstances, the Board of ERB approved to exercise discretionary and flexible arrangements on monitoring the performance of the operators. Nevertheless, ERB still continues to follow up with operators on their improvement measures during the period.

Part 5 : Corporate governance and administrative issues

Question 13) According to paragraph 5.11(a), for the period from 2015-2016 to 2019-2020, ERB sent the requests for declarations of interests to Board members and non-Board co-opted members of the Committees on average 74 and 57 days respectively subsequent to their appointments or re-appointment. According to paragraph 5.11(b), for the same period, 17(18.5%) of the 92 declarations of interests were submitted by Board/Committee members after the submission deadlines stipulated by ERB.

According to paragraphs 5.12(e) and 5.13, ERB had agreed to enhance procedures of making declarations of interests by Board/Committee members. Had ERB enhanced the procedures? What enhancements had ERB made/would ERB make?

Answer 13)

- ERB has reviewed and enhanced the procedures of making declarations of interests by members and non-Board co-opted members of the Committees. From April 2020, ERB sent requests for declarations of interests to members within 1 month upon commencement of each year / upon their appointments. Reminders were sent to relevant members to facilitate their timely submission of returns. All members have already returned the completed declaration forms for 2020-21.

Question 14) According to paragraph 5.34, the amount of financial incentives recovered from the trainees who had low attendance rate or had provided false information was low. According to paragraphs 5.39(a) and 5.40, ERB had agreed to explore other effective measures to encourage trainees to achieve a high attendance rate and to deter them from providing false information. Had ERB completed your review? Did ERB's review come up with any feasible effective measures?

Answer 14)

- ERB will review and strengthen the income surveillance measures for detecting cases of providing false information within 2020-21. ERB will also enhance the efficiency of recovering financial incentives from trainees by providing additional payment channels for trainees (e.g. payment at convenience stores).
- For attendance rate, the overall attainment of non-placement-tied courses is already above 90%. For trainees who failed to attain the minimum attendance requirement (i.e. 80%), their absences were mainly due to illness, employment, other personal and family reasons. Feasible measures to encourage trainees to achieve a high attendance rate will be explored in coming review of mechanisms in recovering the financial incentives from trainees according to the Three-year Strategy Plan (2020-21 to 2022-23).

Employees Retraining Board
June 2020

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LABOUR AND WELFARE BUREAU
GOVERNMENT SECRETARIAT

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4 June 2020

Mr. Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

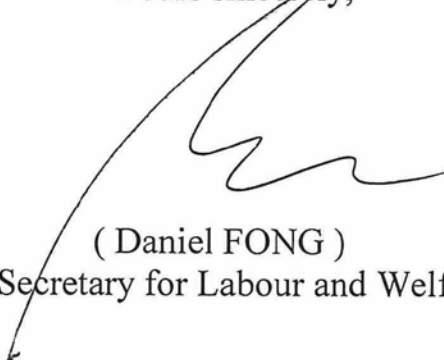
Dear Mr. Chu,

**Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 74
Employees Retraining Board**

Thank you for your letter dated 21 May 2020 to the Secretary for Labour and Welfare. I am authorised to reply on his behalf.

Our response to the question under Part (II) of the Appendix of your aforesaid letter is set out at **Annex**.

Yours sincerely,



(Daniel FONG)
for Secretary for Labour and Welfare

c.c.: Executive Director, Employees Retraining Board (Fax No. 2311 6100)
Secretary for Financial Services and the Treasury (Fax No. 2147 5239)
Director of Audit (Fax No. 2583 9063)

**Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 74
Employees Retraining Board**

The Labour and Welfare Bureau's Reply

Part 2: Management of training courses

Question 15:

According to paragraph 2.25, the Labour and Welfare Bureau, in conjunction with the Employees Retraining Board (ERB), had been taking forward a legislative amendment exercise to increase the maximum amount of monthly allowance per trainee by 45% from \$4,000 to \$5,800. After the passage of the legislative amendment, ERB would consider the corresponding adjustment of the daily rates of various retraining allowances, including that for young trainees. What was the latest position of the legislative amendment? Had the daily rates of the retraining allowances been adjusted? If so, what were the new daily rates of various retraining allowances, including that for young trainees?

[Note: the question is the same as Question 3 to the ERB]

Answer 15:

With the assistance of the Labour and Welfare Bureau, the Employees Retraining Board (ERB) made the Employees Retraining Ordinance (Amendment of Schedule 4) Notice 2020 ("the Notice") to amend Schedule 4 of the Ordinance to increase the maximum amount of retraining allowance ("RA") payable monthly from \$4,000 to \$5,800 (i.e. by 45%). The new maximum monthly allowance came into effect on 25 May 2020¹. The rates of RA per day for all course categories (including ERB's regular courses, courses under "Love Upgrading" Special Scheme and Youth Training Programme) have been increased by 45% accordingly.

Labour and Welfare Bureau
June 2020

¹ Following the established practice of allowing the full negative vetting period by the Legislative Council ("LegCo") (i.e. the initial 28-day scrutiny period plus the 21-day extension) to run its full course before the commencement date of 25 May 2020, the Notice was gazetted on 27 March 2020, so that it would be scheduled for tabling in LegCo at the meeting on 1 April 2020. However, the Council meeting on 1 April 2020 was not held due to the epidemic situations. The Notice was deemed to be tabled at the immediate next Council meeting scheduled for 22 April 2020 due to the intervening Easter recess of the LegCo. While the scrutiny period will expire on 10 June 2020, the new maximum monthly allowance came into effect on 25 May 2020 as stipulated in the Notice.

**Short Public Hearing of Public Accounts Committee
of the Legislative Council on 12 June 2020**

**Director of Audit's Report No. 74
Chapter 3: Employees Retraining Board**

Opening Remarks by the Secretary for Labour and Welfare

Chairman,

I would like to thank the Audit Commission for conducting the value-for-money audit on the Employees Retraining Board (ERB), reviewing comprehensively various aspects of ERB's operation and providing valuable recommendations. I note that ERB has generally agreed with the various recommendations, and has formulated follow-up plans. The Labour and Welfare Bureau (LWB) will provide the necessary support and assistance to ERB for implementing the improvement measures in a timely manner.

2. I also agree with the recommendations in the Report in relation to LWB's role of monitoring ERB's performance, and will follow up together with ERB. Amongst others, regarding the recommendation to review the rates of retraining allowances, LWB had earlier assisted ERB in amending the relevant subsidiary legislation to raise the statutory cap of monthly retraining allowance payable to each trainee from \$4,000 to \$5,800, i.e. by 45%. The amendment has come into effect from the 25th of last month.

3. Under the current economic environment and employment situation, ERB will step up its support provided for the unemployed and other eligible employees. Apart from the 140 000 training places provided annually under regular courses, ERB launched the "Love Upgrading Special Scheme" (Special Scheme) in October last year to provide employees affected by economic downturn with comprehensive training and also special allowance during the training period to assist them to upgrade their skills and pursue self-enhancement, with a view to rejoining the employment market as soon as possible. ERB is preparing for the launch of the new phase of the Special Scheme in July. The new phase of Special Scheme will be enhanced, including disbursement of special allowance based on the new monthly cap of \$5,800.

4. My colleagues and I would be pleased to answer questions raised by Members. Thank you, Chairman.

Labour and Welfare Bureau
June 2020

19 June 2020

Mr Anthony Chu
Clerk to Public Accounts Committee,
Legislative Council
Legislative Council Complex
1 Legislative Council Road,
Central, Hong Kong

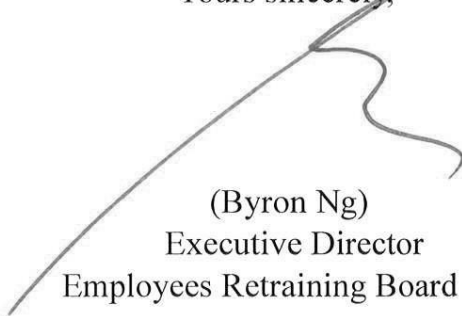
Dear Mr Chu

**Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 74
Employees Retraining Board**

Thanks for your letter dated 12 June 2020 on the subject. Please find both the English and Chinese versions of our response to the matters set out in your letter.

If you have any further questions, please feel free to contact me on 3129 1188 or Ms Eliza Leung on 3129 1484.

Yours sincerely,



(Byron Ng)
Executive Director
Employees Retraining Board

Encl.

c.c. Secretary for Labour and Welfare (Attn: Mr Daniel Fong)
(fax no. 2537 3539)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 74
Employees Retraining Board

Annex

The Employees Retraining Board (ERB)'s Reply

Question a) with reference to paragraph 2.41 and Table 13, 9 to 17 courses (5.3% to 10.6%) had 0% relevancy rate to training from 2014-2015 to 2018-2019. What are the reasons? Have any reviews been conducted on the effectiveness of these training courses, and any improvements made;

Answer a)

- “Relevancy Rate to Training” refers to the number of trainees engaged in employment relevant to the training courses as a percentage to the number of trainees who have already been placed into employment. This serves as a management tool for ERB’s internal reference in course planning and development only. ERB makes reference to “Placement Rate” when measuring the performance and effectiveness of the courses or trainees’ placement. It should also be noted that about 51% (or 36 courses) of totally 70 courses recorded with 0% “Relevancy Rate to Training” during the said five-year period were dedicated courses for the youth. While these youth trainees at the exploratory stage of their career life are less likely engaged in employment relevant to the training courses which they have attended, the overall placement rates of these courses are generally satisfactory with an average placement rate of over 80% in the said period.
- ERB has set up “Course Steering Groups” (CSGs) in respect of each course type to conduct regular reviews of the performance of specific courses. They will deliberate on the course content, structure and design, etc. with reference to the results of various key performance indicators (KPIs) including attendance rate and placement rate as well as reference indicators (including relevancy rate to training) with a view to improving the performance of specific courses.

Question b) with reference to paragraph 4.19, the term of engagement agreements for the eight Smart Living - Regional Service Centres was two years until 31 March 2020. According to paragraph 4.21 to 4.23, the Employees Retraining Board (“ERB”) would have different arrangements for the operators of Regional Service Centres after the expiry of the agreements. In this regard, please inform this Committee:

- (i) the latest status of the eight Regional Service Centres, including whether any new operator has been engaged to replace Operator A (paragraph 4.21 refers);**
- (ii) had ERB studied the reasons behind the unsatisfactory performance of the operators, in particular whether it was related to the weightings in the service targets as set out in the agreements mentioned in paragraph 4.13(a), or the performance of relevant operators; and**
- (iii) what are the existing promotional channels for the services of the Smart Living - Regional Services Centres and is there any plan to strengthen the promotional works; and**

Answer b)

- ERB set up the “Smart Living” job referral platform as a value-added service assisting new graduates of ERB related courses to explore employment opportunities and establish employer network. In 2018-19 to 2019-20, there were eight Regional Service Centres (RSC) operated by seven operators, with a service term of two years. Having regard to the market environment, effectiveness of resources and service sustainability, ERB has decided that two RSCs on Hong Kong Island be combined, and the RSCs in Kowloon region be consolidated from three to two. The total number of RSCs in 2020-21 to 2021-22 will be streamlined from eight to six. Hence, no replacement for Operator A was required after expiry of the agreement on its operating a RSC in Kowloon region.
- ERB uses three performance indicators to assess the performance of RSCs, i.e. number of vacancies registered, number of vacancies filled, and number of helpers placed. ERB has formulated a mechanism to regularly monitor the performance of the operators on a monthly, quarterly and yearly basis and take follow-up actions (e.g. requesting operators for explanations and improvement measures) in case of performance deficiencies. The performance of “Smart Living” depends on supply and demand of local domestic service market and

availability of similar job referral platforms. According to ERB's assessment, the shortfalls of the subject operators in meeting individual service targets were not related to the weightings of the aforesaid performance indicators. Nevertheless, ERB will conduct regular reviews on the performance indicators and make adjustments to the relative weightings where appropriate.

- ERB currently deploys different channels at both territory-wide and district levels to promote the brand name and services of "Smart Living". These include :

At territory-wide level

- a) Production and distribution of promotional posters and leaflets;
- b) Placement of advertisements on social media and digital media, and arrangement of keyword search advertising;
- c) Production of animation series and video clips for online promotion;
- d) Large-scale promotion of the annual Chinese New Year cleaning service, including incentive programmes for employers, placement of advertisements in newspapers and online platforms, and arrangement of media activity;
- e) Joint promotional campaigns with online platforms; and
- f) Arrangement of media interviews.

At district level

- a) Distribution of promotional leaflets through various channels;
- b) Setting up promotional booths in different districts;
- c) Ongoing promotion to existing and previous employers ;
- d) Promotion through social media and digital media;
- e) Promotional activities by training bodies subsidized by ERB; and
- f) Collaboration with district organisations, NGOs, property management companies for joint promotional campaigns.

ERB launched the "ERB Helper App" on 30 March 2020 to assist the operators to enhance service quality and referral efficiency. In 2020-21, ERB will launch an animation series to promote the service of "Smart Living".

Question c) action plan of ERB with implementation timeline in response to Director of Audit's recommendations in a tabular form.

Answer c)

ERB agrees with the audit recommendations, and has tasked its internal Audit Committee to follow through these recommendations. It would take some time for ERB to knock out the concrete implementation timelines for various audit recommendations, which would be duly reported to the PAC in the subsequent regular progress reports to PAC in line with the established practice. Those recommendations which ERB has already worked out concrete implementation timetable are set out in the Appendix.

Employees Retraining Board
June 2020

Appendix to Annex

**Action plan with implementation timeline in response to
Director of Audit's recommendations**

Para. No. of Audit Report	Audit's Recommendations	ERB's Action plan with Implementation Timeline
2.23(b) and (d)	step up efforts to improve the popularity of training services for young people, and to enhance the attractiveness of training services for ethnic minorities (EM)	<p>ERB will step up efforts in soliciting views from stakeholders to strengthen the contents, design and variety of youth / EM courses with a view to enhancing their attractiveness, through, among others, the upcoming meeting of the Focus Group on Training for Youth and Focus Group on Training for Ethnic Minorities in late 2020.</p> <p>New dedicated courses will also be rolled out in 2020-21. Liaison with youth / EM groups and schools will also be strengthened to disseminate the availability of ERB courses and services for young people and EM.</p> <p>Besides, surveys on needs for ERB training of youth and EM will be conducted in 2020-21 and 2021-22 respectively.</p>
2.23(e)	review the existing rates of retraining allowances	<p>By amending Schedule 4 of the Employees Retraining Ordinance (Cap. 432), the maximum monthly rate of retraining allowance was increased by 45% from \$4,000 to \$5,800 with effect from 25 May 2020. The daily allowance rates for various course categories have been increased accordingly.</p> <p>ERB will further examine the amount of retraining allowance, having due regard to the original objective and intended purpose of providing retraining allowance as well as the financial impacts in the context of Three-year Strategic Plan (2020-21 to 2022-23).</p>

Para. No. of Audit Report	Audit's Recommendations	ERB's Action plan with Implementation Timeline
2.23(h)	ensure that courses are suspended according to the ERB Guidelines	<p>ERB will counter-check the work of relevant staff in adhering to the procedures laid down in relevant guidelines to ensure compliance.</p> <p>Starting from June 2020, course suspension lists have been submitted on regular basis to Course and Service Development Committee for reference.</p>
3.13(a)	ensure that on-site annual audits and self-evaluations are conducted according to the ERB Guidelines	<p>ERB has updated the guidelines to state more clearly about the arrangement of self-evaluation. If training bodies conduct self-evaluation in one year, ERB must conduct on-site annual audit on the training bodies in the ensuing year.</p> <p>The relevant ERB Guidelines have been updated and effective from April 2020.</p>
5.12(e)	enhance procedures of making declarations of interests by Board/Committee members	ERB has already implemented the enhanced procedures, and will continue to monitor the implementation.

香港特別行政區政府
政府資訊科技總監辦公室



OFFICE OF THE
GOVERNMENT CHIEF INFORMATION OFFICER
THE GOVERNMENT OF THE HONG KONG SPECIAL
ADMINISTRATIVE REGION

1 June 2020

By e-mail

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來函檔號 Your Ref.: CB4/PAC/R74
電話 Telephone: 2867 4608
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Mr Anthony Chu
Panel Clerk
Public Accounts Committee
Legislative Council Complex
1 Legislative Road
Central, Hong Kong

Dear Mr Chu,

**Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit's Report No. 74
Government's efforts in implementing electronic recordkeeping system**

I refer to your letter dated 22 May 2020. As requested by the Committee, information regarding Questions 1 to 8 in the Appendix of your letter, we have compiled a detailed response at **Annex** for Members' reference.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Cheung'.

(Daniel Cheung)

for Government Chief Information Officer

Encl.

c.c.

Secretary for Innovation and Technology
Director of Administration
Commissioner for Efficiency
Secretary for Commerce and Economic Development
Director of Marine
Secretary for Financial Services & the Treasury
Director of Audit

(Attn: Ms Eva YAM)
(Attn: Mr Bobby CHENG)
(Attn: Mr Simon LAM)
(Attn: Ms Deanie YIP)
(Attn: Ms Lisa CHIU)
(Attn: Mr Mike CHENG)
(Attn: Mr Edmond CHAN)

**Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit’s Report No. 74
Government’s Efforts in Implementing Electronic Recordkeeping System
Questions and Requested Information**

Questions responded by the Office of the Government Chief Information Officer

	Question and Requested Information	Response
	Part 2: Planning for the Service-Wide Implementation of Electronic Recordkeeping System	
1	<p>The Director of Audit’s Report No. 57, published in October 2011, reviewed the records management work of the Government Records Service (GRS). Part 5 of the Report examined the development of an electronic recordkeeping system (ERKS), in which Audit identified a number of issues and put forward recommendations to address them. However, the issues identified in 2011 were again found in this round of Audit review, e.g. records management standards, confidential records, slow progress in the planning and development of preservation of electronic records:</p> <p>(a) According to paragraph 2.2, the full implementation of ERKS in all B/Ds is targeted to be completed by end-2025. In the light of current implementation progress, the full implementation of ERKS may not be completed as scheduled. What specific support will be provided to assist B/Ds in implementing ERKS?</p>	<p>The Policy Address Supplement published in October 2019 announced that the Government decided to roll out ERKS to all government B/Ds by end-2025. On 20 April 2020, we consulted the Panel on Information Technology and Broadcasting of the Legislative Council and intend to submit a funding proposal to the Finance Committee in the current term. Prior to the funding approval, the Office of the Government Chief Information Officer (OGCIO) will prepare for the infrastructure setup of the central</p>

ERKS to be hosted on the Government's private cloud platform. GRS will also conduct briefings and trainings for B/Ds on government records management and the procedures for reviewing the records classification scheme.

(b) According to paragraph 2.7, implementation plans from bureaux/departments (B/Ds) were not submitted on time. Of the 75 B/Ds, 17 (23%) had not yet submitted their implementation plans as of 6 February 2020. It was mentioned in the response from the Government (paragraph 2.12a(iii)) that the Government would further liaise with the relevant bureaux to request submission of the outstanding ERKS implementation plans by 15 April 2020. Please advise if the above-mentioned 17 B/Ds have submitted their ERKS implementation plans; if not, what are the reasons for the delay; will there be any penalties for failure to submit the plans as scheduled; and

With OGCIO's follow-up actions, the ERKS implementation plans of all B/Ds were received in April 2020. OGCIO, GRS and the Efficiency Office (EffO) will arrange meetings with the individual B/Ds' implementation teams to further discuss the details of their ERKS implementation, including their timetables.

(c) In response to Audit's recommendations, the Government pointed out in paragraph 2.12(c)(i) that it has been taking measures to enhance senior management support on the service-wide implementation of ERKS and arranging briefings for senior management of B/Ds. However, it is stated in paragraph 2.10(b) that 59 (70%) of the 84 Electronic Information Management (EIM) coordinators had not

OGCIO, GRS and EffO have been taking measures to encourage the middle and senior management officers of B/Ds to adopt ERKS as soon as possible. As mentioned in paragraph 2.9 of the Report, the Government arranged briefings for senior management officers from time to time, including the Heads of Departments Meeting in August 2019 where the Government Chief Information Officer and the Director of Administration introduced the latest way forward on ERKS implementation. At the Stakeholders' Engagement Meeting in September 2019,

	<p>attended the briefing sessions in person. This revealed that senior management did not attach importance to ERKS. Will the Government advise this Committee on the attendance records of the briefings since July 2019 and whether there are any concrete measures to enlist the support of senior management?</p>	<p>OGCIO also introduced the work arrangements of the related system to B/Ds' senior / directorate officers.</p> <p>OGCIO, GRS and Effo have conducted over 20 briefings-cum-meetings from July 2019 to May 2020, including some meetings specially arranged for individual B/Ds. A total of over 5 000 officers from all B/Ds attended the briefings-cum-meetings, including more than 150 directorate officers.</p>
2	<p>According to paragraph 2.15, a number of B/Ds still do not have dedicated IT systems to manage their human resources processes and need to keep personnel records on paper files.</p> <p>(a) According to paragraph 2.15(b), at present, not all B/Ds had implemented ERKS. If an officer was transferred between B/Ds with and without ERKS implemented, the officer's personnel records would have to be printed out from ERKS as paper records for use by B/Ds without ERKS, or the personnel records in paper form would have to be scanned into the receiving B/D's ERKS. This arrangement is time-consuming and inefficient. Please explain why some B/Ds cannot use ERKS for managing personnel records; and</p> <p>(b) According to paragraph 2.16, upon Audit's enquiry, OGCIO said that the Government Human Resources Management Services (GovHRMS) was a shared common service</p>	<p>B/Ds can choose to use ERKS to store personnel records, or implement their departmental human resources management services system. For B/Ds which have not implemented such systems, they still need to continue to use paper records in records exchange for transfer.</p> <p>Upon the service-wide implementation of ERKS, GRS will request all B/Ds to store personnel records in the system.</p> <p>Currently, B/Ds will consider adopting the GovHRMS developed by OGCIO according to their operational needs and HRM initiatives implemented.</p>

	<p>provided by OGCIO for adoption by B/Ds on a voluntary basis. While the Government intends to implement ERKS on a service-wide scale, please advise why a voluntary approach in human resources management (HRM) is still adopted? If some B/Ds do not adopt GovHRMS, it may give rise to situations that the system and records in one B/D are incompatible with those in other B/Ds, thereby causing confusion. How will the Government do with this? What is the Government's plan on full implementation of GovHRMS?</p>	<p>In the long run, OGCIO will proactively promote the adoption of GovHRMS to B/Ds, and provide technical support to assist B/Ds in modifying individual functions to meet the needs of their personnel management work.</p>
3	<p>According to paragraphs 2.17 and 2.18, remote access to records at confidential level is not supported by ERKS being used by the 11 B/Ds under the pilot programme. A user can only retrieve confidential records in ERKS when connected to government network in government offices. This arrangement is different from the government e-mail system, which supports remote access to confidential e-mails. As the epidemic may last for some time, when will the Government consult the Security Bureau (SB) on remote access to confidential records so that the work from home arrangement can be put into full implementation when necessary to reduce the risk of the novel coronavirus spreading in the community?</p>	<p>OGCIO is discussing with the Security Bureau the security design requirements of ERKS, including the introduction of security measures required for remote access to confidential records. Relevant design and technical requirements will be incorporated in the tender documents.</p>

Part 3: Implementation of Electronic Recordkeeping System Pilot Programme

4	<p>According to Note 38 in paragraph 3.4, OGCIO obtained funding for two projects concerning the implementation for the three base systems while the participating B/Ds obtained funding for the deployment services. The project vote of GovCloud (funding approved by the Finance Committee of the Legislative Council in 2012) covered the hardware and support service as well as the software licence costs. Please advise this Committee on the following:</p> <p>(a) What is the number of B/Ds currently using GovCloud platform?</p> <p>(b) Will the GovCloud platform be used by all B/Ds?</p> <p>(c) Why didn't some B/Ds use the GovCloud platform?</p>	<p>Currently, eight pilot B/Ds adopting ERKS (viz. GRS, Communications and Creative Industries Branch (CCIB) of the Commerce and Economic Development Bureau (CEDB), Administration Wing, Intellectual Property Department (IPD), OGCIO, Architectural Services Department (ArchSD), Marine Department (MD) and Civil Engineering and Development Department (CEDD)) are using GovCloud to host their ERKSs. The remaining three B/Ds (viz. EffO, Drainage Services Department (DSD) and Rating and Valuation Department (RVD)), which implemented their pilot ERKSs from 2009 to 2012 respectively, are not using the GovCloud platform which was launched in December 2013.</p> <p>With the service-wide implementation of ERKS, the remaining 75 B/Ds will use the Government's private cloud to implement ERKS. It is expected that the above-mentioned three pilot B/Ds (viz. EffO, DSD and RVD) will consider migrating their ERKSs from their departmental platforms to the GovCloud</p>
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	<p>(d) What is the annual maintenance cost for the GovCloud platform?</p> <p>(e) Has OGCIO developed security measures and departmental guidelines on using the GovCloud platform? If yes, please provide the relevant measures and guidelines.</p>	<p>platform in the coming few years taking into account the technical feasibility and cost-effectiveness.</p> <p>Upon the service-wide implementation of the central ERKS, the annual estimated system maintenance costs of the GovCloud platform will be about \$192 million.</p> <p>All information technology (IT) systems (including the GovCloud platform and the systems and e-Government services running on the platform) of B/Ds have to comply with the Government IT Security Policy and Guidelines formulated by OGCIO to ensure information security. The relevant policies and guidelines are available for public reference at the following link (https://www.ogcio.gov.hk/en/our_work/information_cyber_security/government/).</p>
5	<p>According to paragraph 3.10, there were delays in 8 out of the 11 projects under the ERKS pilot programme. Among the 5 early adopters, CCIB of CEDB recorded the longest delay (18 months). In March 2020, CCIB of CEDB replied to Audit that the original ERKS implementation plan was unrealistic because of unexpected technical and operational issues. The time spent was unavoidable and should not be considered as a delay.</p> <p>(a) As there were delays in 8 B/Ds, can the Government sum up the reasons for the delay and come up with improvement measures so that the full implementation of ERKS can be delivered more smoothly in future; and</p>	<p>Projects were delayed because of poor performance of individual contractors on the one hand, as well as the relative complexity of system customisation and integration works and the longer-than-expected time required for implementation on the other hand.</p>

	<p>(b) Regarding the remaining 3 B/Ds with ERKS delivered as scheduled, has the Government reviewed the practices adopted by the B/Ds during the pilot stage to serve as references for extending the pilot programme in future?</p>	<p>With reference to the pilot B/Ds' experiences, OGCIO will adopt a "common service platform" approach to conduct standardised tendering and development for the new central ERKS to ensure the stringent requirements on the overall system capabilities and project management and to expedite B/Ds' system implementation timetable.</p>
6	<p>According to paragraph 3.11 to paragraph 3.13, the delays in the implementation of ERKS common base system for MD and ArchSD and in the system live-run for MD were 39 months and 19 months respectively. Due to many system errors reported repeatedly, the longest time in fixing the errors identified in critical test incident reports was 518.5 days.</p> <p>(a) According to paragraph 3.16 and paragraph 3.17, Audit revealed that there were inadequacies in project monitoring from OGCIO and MD. Meetings of Project Steering Committee (PSC) and Project Assurance Team (PAT) were not conducted regularly to follow up with Contractor B and to oversee the performance of Contractor B. Regarding the undesirable delay encountered in OGCIO's two-tier project governance structure and MD's three-tier project governance structure at present, will the Government consider re-organising the project governance structures? If not, what are the reasons?</p>	<p>Under the current project governance structure, OGCIO and MD are required to submit progress reports on a monthly basis to PSC and PAT, which will arrange meetings when necessary. OGCIO and MD have been closely monitoring Contractor B's progress. The project is now on track and is expected to be completed in June 2021.</p>

	<p>(b) What are the respective roles, power and responsibilities of OGCIO and the project owners? Will the monitoring power of OGCIO be strengthened to oversee the implementation by B/Ds?</p>	<p>Of the pilot programmes of five B/Ds (viz. IPD, OGCIO, CEDD, ArchSD and MD), OGCIO is responsible for developing and providing support to the base system, and the participating B/Ds are responsible for providing their users with implementation services and local support. Currently, OGCIO is also responsible for the overall monitoring of contractors' performance. Apart from MD, four B/Ds have completed system implementation. It is expected that MD will complete all implementation work in June 2021 as scheduled.</p>
7	<p>According to paragraph 3.18, the ERKS pilot programme involved 13 projects. Of the 10 Post Implementation Departmental Returns (PIDRs), despite the issue of monthly reminders by OGCIO, 8 were submitted late or still outstanding for 1 month to 23 months. Apart from the reminders, will the OGCIO take other specific measures to urge B/Ds to complete the PIDRs in a timely manner? If no reasonable explanation was given by B/D for the late submission, will additional penalty be considered to be imposed on the B/D concerned?</p>	<p>When approving funding applications for IT projects, OGCIO will remind B/Ds via the approval notification of the timeframe for submitting PIDRs. For outstanding PIDRs, apart from issuing monthly reminders, OGCIO will urge the e-Business Coordinators of the B/Ds concerned to follow up on long overdue cases, requesting them to submit the PIDRs as soon as possible. B/Ds are required to properly account for the late submission of PIDRs. We will continue to closely monitor the situation and remind B/Ds to submit PIDRs in a timely manner.</p>
8	<p>According to paragraph 3.37, Audit selected four B/Ds under the ERKS pilot programme and two from the next-stage adopters for examining the records management functionalities and practices in ERKS environment.</p> <p>(a) According to paragraph 3.38(a), OGCIO failed to provide Audit with access rights to</p>	<p>The new central ERKS will incorporate the relevant design element to meet Audit's requirement.</p>

ERKS. OGCIO had not taken this into account when designing the user profiles of its ERKS. To enhance public accountability, should requirement be included in the service-wide implementation of ERKS to provide read-only access rights to ERKS to meet Audit's requirement?

(b) According to paragraph 3.38(b), the issue of low usage of some users was generally observed in all four selected B/Ds. 306 (30%) of ERKS users in OGCIO, which promotes ERKS, were found not using ERKS for over one year. The response from the Government did not explain the reason for the low usage. Why didn't the four selected B/Ds use ERKS? Were the users with low usage senior management officers or other staff members?

(c) According to paragraph 3.38(c), the four selected B/Ds did not specify in their departmental guidelines the time limit for capturing a record into ERKS. For example, 44% of the records in OGCIO and 38% of those in CCIB of CEDB were captured into ERKS over one year after the emails were sent/received. Since the Audit review, how many records in these B/Ds have not yet been captured? When will the capturing be completed?

As far as OGCIO is concerned, those ERKS users who were found not using ERKS for over a year involve staff members of different ranks. Their low usage of ERKS may be attributed to the internal operation and division of responsibilities of their respective sections. For example, some departmental officers may change the designated staff members for filing and retrieval work or the filing arrangements. OGCIO will follow up these cases and strengthen management in this respect when implementing the new ERKS.

OGCIO does not have the statistics on the capturing of records into ERKS by these B/Ds. In response to the Audit's recommendations, OGCIO has reviewed and updated the departmental guidelines on records management and reminded departmental staff that records should be captured into ERKS as soon as practicable. Under normal circumstances, records should be captured into ERKS within 30 days and under exceptional circumstances (such as when it takes longer time for the documents to be processed), records should be captured into ERKS within three months.

香港特別行政區政府
政務司司長辦公室轄下行政署



The Government of
The Hong Kong Special Administrative Region
Administration Wing,
Chief Secretary for Administration's Office

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1 June 2020
(by Email)

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit's Report No. 74
Government's efforts in implementing electronic recordkeeping system

Thank you for your letter of 22 May 2020 regarding the Public Accounts Committee's consideration of Chapter 4 of the Director of Audit's Report No. 74. The response of the Director of Administration to the matters set out in Part (II) of the Appendix of your letter is at the Annex.

We will provide you with the English translation as soon as possible.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bobby Cheng'.

(Bobby Cheng)
for Director of Administration

c.c. Government Chief Information Officer (fax no. 2511 5359)
Commissioner for Efficiency (fax no. 2524 7267)
Secretary for Commerce and Economic Development(fax no. 2588 1421)
Director of Marine (fax no. 2850 8810)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

**Public Accounts Committee (PAC)
Consideration of Chapter 4 of the Director of Audit's Report No. 74
Government's efforts in implementing electronic recordkeeping system**

The Response of the Director of Administration to Matters set out in Part (II) of the Appendix to the Letter of 22 May 2020 from the Clerk to PAC

Part 2: Planning for the service-wide implementation of electronic recordkeeping system

- 9) In October 2011, the Audit Commission (Audit) published the Director of Audit's Report No. 57 which included a review of "Records management work of the Government Records Service". Audit examined issues related to development of electronic recordkeeping system (ERKS) in Part 5 of the report and identified some issues and made recommendations. However, the issues identified in 2011 such as slow progress in planning and development for records management standards, confidential records and preservation of electronic records were found again in the current audit:
- (a) According to paragraph 2.7, ERKS implementation plans from bureaux/departments (B/Ds) were not submitted on time. Up to 6 February 2020, of the 75 B/Ds, 17 (23%) had not yet submitted their implementation plans. Response from the Government (paragraph 2.12a(iii)) said that the Government would further liaise with the relevant bureaux to request for submission of the outstanding ERKS implementation plans by 15 April 2020. Have the 17 B/Ds mentioned above submitted the implementation plans? What are the reasons for not submitting the plans? Will there be any punishment if the plans are not submitted on time? and
 - (b) According to paragraph 2.12(c)(i), the Government responded to Audit's recommendation and said that the Government would enhance senior management support on the service-wide implementation of ERKS and arrange briefings to senior management of B/Ds. However, it is noted in paragraph 2.10(b) that 59 (70%) of the 84 Electronic Information Management (EIM) coordinators had not attended the briefing sessions in person which indicated that senior management did not attach importance to ERKS. Could the Government provide the attendance records of the briefings conducted from July 2019 up to now, and the measures to seek support from senior management?

Response from the Director of Administration

In October 2011, the Audit published the Director of Audit's Report No. 57 which included a review of "Records management work of the Government Records Service". Audit examined issues related to development of electronic recordkeeping system in Part 5 of the report. At that time, Audit noted that while further work to address issues relating to the implementation of ERKS in the Government was identified in October 2009, only the work on refining the functional requirements was completed in May 2011. The work on other issues was still at different stages of planning and development as summarised below:

- (a) **Records management standards.** In December 2010, the Government Records Service (GRS) planned to complete the development of the records management standards on metadata by mid-2011, and those on import, export and transfer of records by late 2011. In May 2011, the GRS deferred the planned completion dates to late 2011 and the first quarter of 2012 respectively;
- (b) **Confidential records.** In May 2011, the GRS indicated that it would, in collaboration with the Office of the Government Chief Information Officer (OGCIO), enhance the ERKS functionality so as to manage confidential records and records with digital signatures. The system functionality for managing confidential records would be delivered by December 2012 for use by one bureau; and
- (c) **Preservation of electronic records.** According to the GRS's plan, it would conduct a preliminary study in August 2012 to define the scope of work and determine the expertise required of consultants. Based on the preliminary study results and with the assistance of consultants, it would commence a comprehensive study by the end of 2013, with a view to completing the development of strategies and solutions for long-term preservation of electronic records by December 2014.

Audit recommended that the Director of Administration should, in collaboration with the Government Chief Information Officer and the Head, Efficiency Unit (now known as Commissioner for Efficiency):

- (a) step up efforts to address the issues relating to the implementation of an ERKS in B/Ds; and
- (b) provide adequate support to B/Ds to facilitate their early implementation of an ERKS.

GRS has all along taken measures to follow up on issues and recommendations of Director of Audit's Report No. 57. From 2011 up to now, the Government has implemented the following measures to assist B/Ds in speeding up the implementation and adoption of ERKS:

- (a) as regards development of records management standards, in May 2012, GRS promulgated the “Recordkeeping Metadata Standard for the Government of the Hong Kong Special Administrative Region” and at the same time updated the “Functional Requirements of an Electronic Recordkeeping System” which was promulgated in May 2011. B/Ds are required to comply with the functional requirements and metadata requirements when adopting or developing an ERKS. As regards development of standard on import, export and transfer of records, GRS conducted three procurement exercises from May 2011 to January 2017 but still could not find a suitable consultancy service provider to assist in developing the standard. It is probably due to the fact that at that time the archives around the world had not yet reached a unified standard and practice on related issues and hence no consultancy service provider was able to provide the required service. Since the Government had not yet fully implemented ERKS in that point in time, there was no imminent need for transfer of records between systems or transfer of records with archival value from B/Ds to GRS. As such, GRS and OGCIO suspended in 2017 the development of the standard for the time being and decided to ask the consultancy service provider for the comprehensive study on long-term preservation of electronic records to develop the standard when conducting the comprehensive study;
- (b) apart from records management standards, GRS developed four sets of ERKS implementation guidelines including “Guidelines on Mapping Out Implementation of an Electronic Recordkeeping System in the Context of Developing Organisational Electronic Information Management Strategies”, “Guidelines on Implementation of an Electronic Recordkeeping System: Key Considerations and Preparation Work Required”, “A Handbook on Records Management Practices and Guidelines for an Electronic Recordkeeping System” and “Manual on Evaluation of an Electronic Recordkeeping System” to assist B/Ds in implementing ERKS;
- (c) in March 2016, GRS also promulgated new guidelines to prescribe the relevant principles and best practices for managing non-electronic records and electronic records in a hybrid environment to ensure government records, regardless of their forms and media, are managed properly and effectively in a hybrid records management environment where an ERKS has not been implemented;
- (d) in April 2017, GRS updated the guidance document entitled “Disposal of Original Records (for records that have been digitised and stored in a digital form)” for compliance by B/Ds to assess the potential risks of early destruction of original copies of the records;

- (e) in December 2017, GRS updated “Guideline on the Management of Electronic Records” (formerly known as “Guideline on the Management of Electronic Mail”) to help B/Ds identify, create, file and manage electronic message records so that adequate and accurate evidence of official business and activities will be retained for operational, policy, legal, financial and archival purposes;
- (f) regarding management of confidential records, GRS and OGCI have enhanced functionalities of ERKS to manage and store records at confidential level. In 2016, GRS has updated the corresponding electronic records management standards and guidelines, including functional requirements of an ERKS and recordkeeping metadata standard;
- (g) as for implementation of ERKS, GRS launched its ERKS in May 2014 and enhanced the system functionality for management and storage of records at confidential level in September 2015. The project has enabled GRS to acquire practical experience on implementation of ERKS which can help speed up the implementation of ERKS in other B/Ds. Up to now, 11 B/Ds have fully or partially implemented ERKS. In October 2019, the Policy Address Supplement announced the Government’s decision to roll out ERKS to all government B/Ds by end-2025 to enhance efficiency in preserving and managing government records; and
- (h) the Government has set up a task force, comprising members from GRS and OGCI, on long-term preservation of electronic records. The task force had conducted a preliminary study on business, archival and technical requirements related to long-term preservation of electronic records and development of policy and strategies on preservation of electronic records from February 2012 to January 2013. Since the study on long-term preservation of electronic records involved complex issues and archives around the world were still exploring related issues at that time, it was anticipated that a comprehensive solution would not be available in a short time. As most B/Ds had not yet implemented ERKS at that time, there was no imminent need for long-term preservation of electronic records. As such, the Government decided not to commence the study before 2015 having regard to the need to concentrate resources and accord priority for implementation of the ERKS pilot projects. Although the Government had suspended the commencement of the comprehensive study, in order to enhance B/Ds’ awareness of proper preservation of electronic records and to promote best practices in this regard to B/Ds, GRS promulgated a publication entitled “A Handbook on Preservation of Electronic Records” in July 2013. Currently, Phase 1 study of the comprehensive study has already commenced in 2019 with the plan to complete the study by mid-2021.

GRS in collaboration with OGCI0 and the Efficiency Office (EffO) will continue to take proactive measures to assist B/Ds in implementing ERKS.

As regards question (9)(a), all B/Ds have submitted their ERKS implementation plans by April 2020. The EIM Programme Management Office, comprising OGCI0, GRS and EffO, would hold meetings with the ERKS implementation teams of B/Ds to facilitate them to commence their implementation work.

As regards question 9(b), EIM Programme Management Office has been taking measures to enhance senior management support on the service-wide implementation of ERKS. As mentioned in paragraph 2.9 of the Director of Audit's Report, the Government conducted briefings for senior management, including a joint presentation by the Government Chief Information Officer and the Director of Administration on the proposal for full implementation of ERKS in the Government. The briefing was held in August 2019 where all the participants were heads of departments. OGCI0 also conducted a presentation on the implementation roadmap of ERKS in the Government in the OGCI0 Stakeholders' Engagement meeting in September 2019.

In addition, OGCI0, GRS and EffO have conducted a total of over 20 briefings cum meetings from July 2019 to May 2020 as well as briefings cum meetings on implementation of ERKS for senior/directorate officers of four B/Ds. The total attendance of these briefings cum meetings were over 5 000, in which over 150 were directorate officers. Following the announcement of full implementation of ERKS in the 2019 Policy Address Supplement, this initiative has received full support of the senior management of all B/Ds including directorate officers.

EIM Programme Management Office will continue with such efforts, which include conducting briefings cum meetings on ERKS implementation with senior/directorate officers of B/Ds and issuing guidelines advising B/Ds to establish a project governance structure. The project governance structure is recommended to be headed by a directorate officer who will steer the implementation of the project. EIM Programme Management Office will continue to take proactive measures to promote the service-wide implementation of ERKS.

10) According to paragraph 2.15, a number of B/Ds do not have dedicated IT systems to manage their human resources processes and need to keep personnel records on paper files.

(a) According to paragraph 2.15(b), at present, not all B/Ds had implemented ERKS. If an officer was transferred between B/Ds with and without ERKS implemented, the officer's

personnel records would have to be printed out from ERKS as paper records for use by B/Ds without ERKS, or the personnel records in paper form would have to be scanned into the receiving B/D's ERKS. This arrangement is cumbersome. Please state why some B/Ds could not use ERKS to manage personnel records; and

- (b) According to paragraph 2.16, upon Audit's enquiry, OGCIO said that the Government Human Resources Management Services (GovHRMS) was a shared common service provided by OGCIO for adoption by B/Ds on a voluntary basis. In view of the service-wide implementation of ERKS, why the GovHRMS is still provided for adoption by B/Ds on a voluntary basis? If some B/Ds have not yet adopted GovHRMS, this may lead to incompatibility between systems or records and cause confusion. How would the Government handle this situation? How would the Administration fully implement GovHRMS in the Government?**

Response from the Director of Administration

B/Ds can use ERKS to manage personnel records. However, as currently only 11 B/Ds have implemented ERKS while over 70 B/Ds have not yet adopted the system, GRS has not made it a mandatory requirement for these 11 B/Ds to store their personnel records in ERKS. These B/Ds are allowed to continue to manage personnel records in paper form temporarily so as to avoid unnecessary workload and the confusion that may arise when it is necessary to exchange records of some officers who are transferred between B/Ds with and without ERKS implemented. Upon the service-wide implementation of ERKS in 2025, GRS will require all B/Ds to store personnel records in ERKS. Since records stored in ERKS can be exchanged between B/Ds, there will not be any confusion when exchanging personnel records resulting from staff postings by then.

According to information provided by OGCIO, GovHRMS has all along been provided for adoption by B/Ds on a voluntary basis. The main consideration for this arrangement is that some B/Ds have already implemented their own dedicated IT systems for human resources management to meet their requirements. To avoid duplication and wastage of resources, OGCIO therefore allows B/Ds to adopt GovHRMS on a voluntary basis. In the long run, OGCIO will continue to adopt a proactive approach to promote wider adoption of GovHRMS, and recommend individual B/Ds to consider adopting the central system when their current dedicated IT systems for human resources management are due for upgrade or replacement so as to achieve service-wide implementation of GovHRMS.

- 11) According to paragraphs 2.17 and 2.18, remote access to records at confidential level is not supported by ERKS being used by the 11 B/Ds under the pilot programme. A user can only retrieve confidential records in ERKS when connected to government network in government offices. This arrangement is different from the government e-mail system, which supports remote access to confidential e-mails. In view that the situation of the novel coronavirus infection unfolds, when will the Government consult the Security Bureau regarding remote access to confidential records so that special working from home arrangement could be implemented when necessary to reduce the risk of the spread of the novel coronavirus in the community?

Response from the Director of Administration

OGCIO is discussing with the Security Bureau on the security design of ERKS including the necessary security measures for the purpose of remote access to confidential records. After seeking the views of the Security Bureau, OGCIO, GRS and EffO will include the security design and technical requirements in the tender document for the central ERKS being drafted and will suitably introduce corresponding security measures in the system so as to fulfil the requirements of remote access to confidential records.

Part 3: Implementation of electronic recordkeeping system pilot programme

- 12) According to paragraph 3.37, Audit selected four B/Ds and two B/Ds under the ERKS pilot programme for examining the records management functionalities and practices in ERKS environment. According to paragraph 3.38(b), the issue of low usage of some users was generally observed in all four B/Ds. 306 (30%) ERKS users in OGCIO, which was responsible for promoting ERKS, were found not using ERKS for over one year. The response from the Government could not explain for the low usage. What are the reasons that the four selected B/Ds have not used the system? Are the users with low usage senior management or other working staff?

Response from the Director of Administration

ERKS possess comprehensive records management functionalities. Apart from capturing records by themselves, users may delegate their ERKS filing work to other members of the team, the filing registries or personal secretaries. Users may delegate to other staff members the duty to capture e-mails or other

electronic records into ERKS through departmental e-mail system or ERKS. Users in the same team can also develop records capturing rules for assigning designated officers to file records into the ERKS so as to avoid duplicated filing. As regards use of records, individual users could search records on their own, or request other staff members to search records, thereafter downloading the records and sending them to the subject officers for reference through e-mails. In view of the above-mentioned reasons and the internal operation and division of responsibilities of B/Ds concerned, some users may not need to use ERKS personally on a frequent basis. Instead, they may use ERKS to store and retrieve records through the assistance from other staff members.

After implementation of its ERKS in 2014, GRS conducted a survey in January 2015 to review the usage rate of GRS ERKS users in the preceding two months (viz. November and December 2014). During such period, about 90% of ERKS users were found to have used the ERKS on monthly basis and on average, 45% of users used the ERKS every day. The statistics revealed that users of GRS used the ERKS frequently.

Part 4: Archiving of electronic records

13) According to paragraph 4.5, according to the original plan submitted to the EIM Steering Group in 2011, the comprehensive study on long-term preservation of electronic records was scheduled to commence in May 2013 for completion in December 2014. Audit found that the progress of the comprehensive study was slow. Compared with the original target completion date of December 2014, the revised target completion date set by the EIM Programme Management Office as of October 2019 was May 2021, representing a delay of about 6 years. The Government said that the delay was attributable to deferral in commencement due to competing priorities, change in study approach and long time taken in preparatory work.

- (a) According to paragraph 4.9(b), no potential consultancy service provider had indicated interest in the Phase 2 study. Has the Administration asked the potential consultancy service providers the reasons for not submitting a bid? Subsequently, GRS and OGCIO set up a digital repository by themselves. Is the digital repository compatible with information systems of other B/Ds? Will there be a lack of support services from the software supplier for the self-developed digital repository? and**
- (b) According to paragraph 4.21(a)(iii), the Government explained that it was decided not to commence the study before 2015**

having regard to the need to accord priority and concentrate resources for implementation of the ERKS pilot projects. Why the comprehensive study and ERKS pilot programme could not be implemented concurrently?

Response from the Director of Administration

GRS has been working closely with OGCIO in planning for the comprehensive study on long-term preservation of electronic records. GRS and OGCIO conducted a request for information exercise in March 2017. While 65 potential consultancy service providers were invited, only four responded to the request for information exercise. The proposals from two local consultants were considered irrelevant, whereas the other two consultants from overseas only indicated interest in the Phase 1 study. One consultant from overseas clearly indicated in the response that only few digital preservation systems had been established at that time and the room for providing consultancy advice on digital preservation and related guidelines was limited. The consultant also indicated that the e-mail archiving system and preservation solution were still immature and they had therefore decided not to express interest in the Phase 2 study. Separately, three consultants from overseas indicated in their replies that either they did not possess sufficient manpower resources to participate in the study or the scope of study was too broad for them to provide information. Since no consultancy service provider had indicated interest in the Phase 2 study, GRS has taken into account overseas practice and procured an existing software product in 2019 to set up a digital repository as an interim solution. This is to prepare for long-term preservation of electronic records and to facilitate potential transfer of electronic records with archival values from B/Ds to GRS for permanent retention. The target completion date of the setting up of the digital repository is second half of 2020. The necessary software support and maintenance services will be provided by the software supplier.

GRS and OGCIO conducted a preliminary study on long-term preservation of electronic records from February 2012 to March 2013, examining the experience of overseas countries in dealing with preservation of electronic records. According to the experience of overseas countries, establishment of a digital repository generally had significant resources, manpower and time implications, and there was still no uniform international standard and practice to deal with the related issues. The study on long-term preservation of electronic records involved complex issues such as records management and information technology, requiring significant expertise and skilled manpower resources in records management, archival administration and IT. In addition, the archives around the world were still studying the issues and a desirable solution was not expected to be made available in a short time. As most B/Ds had not yet implemented ERKS at that time, there was no imminent need for long-term preservation of electronic records. As such, the Government

decided not to commence the study before 2015 so as to concentrate resources and accord priority for implementation of ERKS pilot projects. Resuming the preparation work in April 2016 for the exercises on request for information, funding application and procurement, GRS has commenced the Phase 1 study of the comprehensive study in 2019 with the plan to complete the study by mid-2021.

- 14) **According to paragraph 4.17 and 4.19, in Audit’s view, as Hong Kong is lagging behind other overseas jurisdictions in archiving of government websites and social media accounts, there is a need to formulate a long-term strategy for web archiving in the Government. There is also a need to promulgate guidelines on management of electronic records in web environment. According to paragraph 4.21(c), the Government responded that as the archiving of government websites is technically complex and involves substantial investment on a long-term basis, it is necessary to carefully assess the prevailing technology for remote harvesting of websites and cost implication**
- (a) Has the Government given up archiving of government websites and social media accounts, and remained to be lagging behind other overseas jurisdictions in this aspect;**
 - (b) Other than the pilot project on web archiving of government websites in accordance with paragraph 4.19(b), will the Government implement other measures in archiving government websites and social media accounts; and**
 - (c) Will the Government formulate a long-term strategy for web archiving and promulgate guidelines on management of electronic records in web environment taking into account experience of overseas jurisdictions?**

Response from the Director of Administration

According to experience of archives in overseas jurisdictions, archiving of records on government websites and social media accounts involves significant resources including engagement of service provider to conduct the related work on a regular basis and provision of large storage space for the archived web contents. As such, GRS adopted a prudent approach and conducted a pilot project on archiving of Government websites in 2018 to assess the effectiveness of the work and to identify areas requiring attention. GRS will consolidate the experience from the pilot project, keep abreast of the technology advancement and experience of overseas jurisdictions on archiving of website and social media contents and formulate long-term strategy for web archiving and social media archiving. In working out the long-term strategy,

GRS will consider all relevant options including engagement of qualified service provider to archive the Government websites and social media accounts on a regular basis. In addition, GRS will also promulgate guidelines on management of electronic records in web environment taking into account experience of overseas jurisdictions.



本署檔案 Our ref.:
來函檔案 Your ref.: CB4/PAC/R74

APPENDIX 43
香港特別行政區政府
效率促進辦公室
Efficiency Office
The Government of the Hong Kong
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By Email

1 June 2020

Mr Anthony CHU
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit's Report No. 74
Government's efforts in implementing electronic recordkeeping system

I refer to your letter dated 22 May 2020, requesting this office to provide response and information to Part III of the Appendix therein. Our reply is set out at Annex.

Yours sincerely,

(Simon LAM)

for Commissioner for Efficiency

c.c. Secretary for Innovation and Technology
Government Chief Information Officer
Director of Administration
Secretary for Commerce and Economic Development
Director of Marine
Secretary for Financial Services and the Treasury
Director of Audit

Chapter 4 of the Director of Audit's Report No. 74
Government's efforts in implementing electronic recordkeeping system
Questions and requested information

(III) Response of the Efficiency Office

PART 2: Planning for the service-wide implementation of electronic recordkeeping system

15) *The Director of Audit's Report No. 57, published in October 2011, reviewed the records management work of the Government Records Service (GRS). Part 5 of the Report examined the development of an electronic recordkeeping system (ERKS), in which Audit identified a number of issues and put forward recommendations to address them. However, the issues identified in 2011 were again found in this round of Audit review, e.g. records management standards, confidential records, slow progress in the planning and development of preservation of electronic records:*

- (a) *According to paragraph 2.7, implementation plans from bureaux/ departments (B/Ds) were not submitted on time. Of the 75 B/Ds, 17 (23%) had not yet submitted their implementation plans as of 6 February 2020. It was mentioned in the response from the Government (paragraph 2.12a(iii)) that the Government would further liaise with the relevant bureaux to request submission of the outstanding ERKS implementation plans by 15 April 2020. Please advise if the above-mentioned 17 B/Ds have submitted their ERKS implementation plans; if not, what are the reasons for the delay; will there be any penalties for failure to submit the plans as scheduled; and***
- (b) *In response to Audit's recommendations, the Government pointed out in paragraph 2.12(c)(i) that it has been taking measures to enhance senior management support on the service-wide implementation of ERKS and arranging briefings for senior management of B/Ds. However, it is stated in paragraph 2.10(b) that 59 (70%) of the 84 Electronic Information Management (EIM) coordinators had not attended the briefing sessions in person. This revealed that senior management did not attach importance to ERKS. Will the Government advise this Committee on the attendance records of the briefings since July 2019 and whether there are any concrete measures to enlist the support of senior management?***

Response

With the Office of the Government Chief Information Officer's (OGCIO) follow-up actions, the ERKS implementation plans of all B/Ds were received in April 2020. OGCIO, GRS and the Efficiency Office (EffO) will arrange meetings with the individual B/Ds' implementation teams to further discuss the details of their ERKS implementation, including their timetables.

OGCIO, GRS and EffO have been taking measures to encourage the middle and senior management officers of B/Ds to adopt ERKS as soon as possible. As mentioned in paragraph 2.9 of the Report, the Government arranged briefings for senior management officers from time to time, including the Heads of Departments Meeting in August 2019 where the Government Chief Information Officer and the Director of Administration introduced the latest way forward on ERKS implementation. At the Stakeholders' Engagement Meeting in September 2019, OGCIO also introduced the work arrangements of the related system to B/Ds' senior / directorate officers.

OGCIO, GRS and EffO have conducted over 20 briefings-cum-meetings from July 2019 to May 2020, including some meetings specially arranged for individual B/Ds. A total of over 5 000 officers from all B/Ds attended the briefings-cum-meetings, including more than 150 directorate officers.

16) *According to paragraph 2.15, a number of B/Ds still do not have dedicated IT systems to manage their human resources processes and need to keep personnel records on paper files.*

- (a) *According to paragraph 2.15(b), at present, not all B/Ds had implemented ERKS. If an officer was transferred between B/Ds with and without ERKS implemented, the officer's personnel records would have to be printed out from ERKS as paper records for use by B/Ds without ERKS, or the personnel records in paper form would have to be scanned into the receiving B/D's ERKS. This arrangement is time-consuming and inefficient. Please explain why some B/Ds cannot use ERKS for managing personnel records; and***
- (b) *According to paragraph 2.16, upon Audit's enquiry, OGCIO said that the Government Human Resources Management Services (GovHRMS) was a shared common service provided by OGCIO for adoption by B/Ds on a voluntary basis. While the Government intends to implement ERKS on a service-wide scale, please advise why a voluntary approach in human resources management (HRM) is still adopted? If some B/Ds do not adopt GovHRMS, it may give rise to situations that the system and records in one B/D are incompatible with those in other B/Ds, thereby***

causing confusion. How will the Government do with this? What is the Government's plan on full implementation of GovHRMS?

Response

B/Ds can choose to use ERKS to store personnel records, or implement their departmental human resources management services system. For B/Ds which have not implemented such systems, they still need to continue to use paper records in records exchange for transfer.

Upon the service-wide implementation of ERKS, GRS will request all B/Ds to store personnel records in the system.

Currently, B/Ds will consider adopting the GovHRMS developed by OGCI0 according to their operational needs and HRM initiatives implemented.

In the long run, OGCI0 will proactively promote the adoption of GovHRMS to B/Ds, and provide technical support to assist B/Ds in modifying individual functions to meet the needs of their personnel management work.

17) According to paragraphs 2.17 and 2.18, remote access to records at confidential level is not supported by ERKS being used by the 11 B/Ds under the pilot programme. A user can only retrieve confidential records in ERKS when connected to government network in government offices. This arrangement is different from the government e-mail system, which supports remote access to confidential e-mails. As the epidemic may last for some time, when will the Government consult the Security Bureau (SB) on remote access to confidential records so that the work from home arrangement can be put into full implementation when necessary to reduce the risk of the novel coronavirus spreading in the community?

Response

OGCI0 is discussing with SB the security design requirements of ERKS, including the introduction of security measures required for remote access to confidential records. Relevant design and technical requirements will be incorporated in the tender documents.

- End -

商務及經濟發展局
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1 June 2020
(by Email)

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit's Report No. 74
Government's efforts in implementing electronic recordkeeping system

Thank you for your letter of 22 May 2020 on the above subject.
Our response to the matters set out in Part (IV) of the Appendix of your letter
is at Annex.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Clement Leung', written over a horizontal line.

(Clement Leung)
for Secretary for Commerce and Economic Development

c.c. Government Chief Information Officer
Director of Administration
Commissioner for Efficiency
Director of Marine
Secretary for Financial Services and the Treasury
Director of Audit

**Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit's Report No. 74
Government's efforts in implementing
electronic recordkeeping system**

**Response of the Secretary for Commerce and Economic Development
to matters set out in Part (IV) of the Appendix
of the letter of 22 May 2020 from Clerk to Public Accounts Committee**

Part 3: Implementation of Electronic Recordkeeping System Pilot
Programme

- 18) According to paragraph 3.10, there were delays in 8 out of the 11 projects under the ERKS pilot programme. Among the five early adopters, CCIB of CEDB recorded the longest delay (18 months). CCIB of CEDB in March 2020 replied that as the original implementation plan was unrealistic, resulting in unexpected technical and operational issues, the time spent was unavoidable and should not be considered as a delay. Please elaborate on “unexpected technical and operational issues” to provide experience to other B/Ds for reference in programme implementation.

Response from Secretary for Commerce and Economic Development

When the electronic records keeping system (ERKS) was still in the system implementation stage, Commerce and Economic Development Bureau (Communications and Creative Industries Branch) (CEDB(CCIB)) had to spend longer-than-expected-time to resolve the technical issues and mitigate the limitations of the system functionality so as to comply with Government Records Services' requirements for ERKS. Major technical issues concerned system configuration and customisation. Subsequently, during the soft launch of ERKS, a total of 58 technical and operational incidents were reported, of which 36% (or 21) were regarded as “high level of impact”, e.g. occurrence of error messages, being unable to file attachments, being unable to file records due to system's inability to process specific symbols, etc. There was a possibility of system breakdown or more than 25% of users would be affected. CEDB(CCIB) must therefore resolve such critical issues before the actual ERKS system live-run even though a longer time span was required.

- 19) According to paragraph 3.37, Audit selected four B/Ds under the ERKS pilot programme and two from the next-stage adopters for examining the records management functionalities and practices in ERKS environment. According to paragraph 3.38(c), the four selected B/Ds did not specify in their departmental guidelines the time limit to capture a record into ERKS. 38% of records in CCIB of CEDB were captured into ERKS over one year after the sent/received date of e-mails. What is the number of records in CCIB yet to be captured after Audit examination? When will the capture be completed?**

Response from Secretary for Commerce and Economic Development

CEDB(CCIB) does not maintain statistics on records which had not been captured into ERKS. Nevertheless, having regard to Audit Commission's recommendations, CEDB(CCIB) will review and update our departmental records management guidelines and remind colleagues that records should be captured into ERKS as soon as possible under normal circumstances. In general, records should be captured into ERKS within 90 days.

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APPENDIX 45
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1 June 2020

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 4 of the Director of Audit's Report No. 74
Government's effort in implementing electronic recordkeeping system

----- Thank you for your letter of 22 May 2020 on the above subject. Our response
to matters set out in Part (V) of the Appendix of your letter is at Annex.

Yours sincerely,

(Agnes Wong)
Director of Marine

Encl.

- c.c. Government Chief Information Officer (fax no. 2511 5359)
- Director of Administration (fax no. 2804 6870)
- Commissioner for Efficiency (fax no. 2524 7267)
- Secretary for Commerce and Economic Development (fax no. 2588 1421)
- Secretary for Financial Services and the Treasury (fax no. 2147 5239)
- Director of Audit (fax no. 2583 9063)

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**Public Accounts Committee (“PAC”)
Consideration of Chapter 4 of the Director of Audit’s Report No. 74
Government’s effort in implementing electronic recordkeeping system**

**Response of the Director of Marine to Matters set out in Part (V) of the
Appendix of the Letter of 22 May 2020 from the Clerk to PAC**

**Part 3: Implementation of Electronic Recordkeeping System (ERKS)
Pilot Programme**

- (20) According to paragraphs 3.11 to 3.13, there was a delay of 39 months in the implementation of ERKS common base system for the Marine Department (MD) and the Architectural Services Department and a delay of 19 months in the implementation of system deployment for MD respectively. A substantial number of system errors were found, and the longest time taken to tackle critical test incident reports was 518.5 days. According to paragraphs 3.16 and 3.17, the Audit Commission criticised the Office of the Government Chief Information Officer (OGCIO) and MD for their inadequate monitoring. Project Steering Committee (PSC) and Project Assurance Team (PAT) meetings were not held regularly for following up with Contractor B and overseeing Contractor B’s performance. OGCIO and MD currently have a two-tier and three-tier governance structure respectively. However, the above situation with delays is far from satisfactory. Will the departments concerned consider reorganising the governance structures? If not, what are the reasons?

MD’s response

In his report published on 29 April 2020, the Director of Audit acknowledged that the delay in implementing the ERKS common base system and Batch 1 system deployment for MD was mainly attributable to the unsatisfactory performance of the Contractor. Upon the deployment of the base system to MD in September 2017, MD identified a substantial number of system errors during the subsequent user acceptance test. Majority of them were function-related and should be fixed before the roll-out of Batch 1 system scheduled for January 2018. Owing to the unsatisfactory performance of the Contractor, system bugs were not rectified swiftly or effectively, resulting in high retest failure rate which had severely hindered the project progress.

In light of this, MD had devoted much time and efforts to performing system test and helping the Contractor understand and fix the system bugs. Additional meetings among OGCIO, MD and the Contractor were conducted

frequently to ensure that the Contractor had a full grasp of the system errors. Warning letters and repeated reminders were also sent to the Contractor by OGCIO and MD respectively.

MD fully agrees that the ERKS project should be closely monitored to ensure its smooth and timely implementation. In this respect, MD has set up a three-tier governance structure which comprises PSC, PAT and the Project Team. The PSC is to steer the ERKS project, provide overall direction and management of its implementation, and monitor progress of project deliverables. Representing the interests from the business, user and technical perspectives, the PSC reviews project performance, endorses acceptance of project deliverables, gives disposition on change requests and approvals for the project to proceed to the subsequent phase. Entrusted by the PSC, MD has also established the PAT to ensure compliance of quality assurance standard and quality control procedures, and timely quality control follow-up actions. The Project Team, which reports to the PAT, is assigned to deliver the project tasks according to the project schedule. It serves as the interface among the management, users and Contractor, and liaises closely with the users and Contractor at the working level.

As illustrated above, each of the three-tier governance structure has its distinct role and functions, and collectively they contribute towards effective governance of IT projects and implementation of ERKS as advised by OGCIO and Government Records Service. With concerted efforts, the ERKS project, to be implemented under a four-phase approach in MD, was rolled out to Batch 1 and Batch 2 users in August 2019 and April 2020 respectively. We are confident that the remaining two batches will be rolled out progressively as planned and the whole project is expected to be fully implemented by mid-2021. Since the implementation work has reached an advanced stage, we are of the view that maintaining the three-tier governance structure is optimal under the prevailing circumstances. At the same time, MD has strengthened the monitoring of the project progress, scheduled regular PSC and PAT meetings and will continue to closely monitor the timely submission of project progress reports by the Contractor for subsequent reporting to the PSC and PAT.



知識產權署

Intellectual Property Department

香港特別行政區政府知識產權署
Intellectual Property Department
The Government of the Hong Kong Special Administrative Region

本署檔號 Our Ref.: IPD 001-160-003-001
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4 June 2020

Mr Anthony CHU
Chief Council Secretary (4)1
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1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee**Consideration of Chapter 5 of the Director of Audit's Report No. 74****Intellectual Property Department:
Registration and protection of intellectual property**

Thank you for your letter of 22 May 2020. Our responses to the questions raised are attached. The paper attached to Question (14) covers C&ED's enforcement actions taken against members of the No Fakes Pledge Scheme. I should be grateful if the circulation of the paper is restricted to PAC Members only.

Yours sincerely,

(Ms Emily Tsang)
for Director of Intellectual Property

Encl. (except encl. to Question (14))

c.c. Secretary for Financial Services and the Treasury
(Fax no. : 2147 5239)

Director of Audit
(Fax no. : 2583 9063)

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(Fax no. : 2147 3065)

**Public Accounts Committee
Consideration of Chapter 5 of the Director of Audit's Report No. 74
Intellectual Property Department:
Registration and protection of intellectual property**

Part 2: Registration of trade marks, patents and designs

Question (1)

According to paragraph 2.4, the number of outstanding trade mark applications increased by 29% from 5 270 in January 2018 to 6 775 in December 2019, and there was a significant increase of 67% in the number of outstanding applications from 6 494 in January 2019 to a peak of 10 860 in May 2019. According to paragraph 2.5, the percentage of trade marks that were registered within six months from the date of receipt of application decreased from about 73% in April 2018 to 7% in June 2019 and then picked up to 45% in December 2019. According to paragraphs 2.32(a) and (b), and 2.33, the Intellectual Property Department ("IPD") had agreed to take measures to reduce the backlog of outstanding trade mark applications and expedite the processing of trade mark applications. What measures had IPD taken? Had the backlog been reduced?

1. As set out in paragraph 2.18(d) of the Audit report, IPD has been making every effort to process trade mark applications as expeditiously as possible. Different enhancement measures have been implemented, including redeploying and reshuffling manpower to expedite the processing of cases at different stages, holding internal case discussion sessions to speed up the decision making process, and monitoring case outputs on a monthly basis to identify and relieve pressure points.
2. With such concerted efforts –
 - (a) the number of trade mark applications under processing was reduced from the peak of 10 860 in May 2019 to 5 916 by the end of January 2020 and further down to 4 204 by the end of April 2020, which is the lowest number of cases under processing in the past ten years; and

- (b) the percentage of trade marks as registered¹ within six months from the date of receipt of application picked up from 7% in June 2019 to 50% by the end of April 2020².
3. We will continue implementing suitable measures and make the best use of the new IT infrastructure to expedite the processing of trade mark applications in future.

Question (2)

In paragraph 2.6(a), IPD responded to Audit's enquiry that there was a significant increase of 67% in the number of outstanding applications from January to March 2019, and low percentage of trade marks registered within six months from the receipt of application for the period from March to June 2019. This was mainly due to the need for staff to adapt to the New Integrated Information Technology System ("NIS"). Please inform the Committee:

- (a) **when implementing NIS, did IPD keep the old system at the same time, so that during the improvement and debugging of NIS, the old system could still be used to handle backlog applications in time;**
4. During the development of the NIS, we have critically considered the possible role of the old systems, particularly the contingency arrangements following the commissioning of the NIS. After prudent review, we decided that the operation of the old systems should cease in early February 2019 to facilitate the NIS to commence operation in mid-February. The old systems were kept in standby mode for contingency purposes and could resume operation in case of severe system failure in the NIS. Technically speaking, it is not feasible to run the two systems in parallel because, among others -
- (a) given the substantial differences between the old systems and the NIS in terms of their respective user interface and process flows, allowing both systems to run concurrently would severely compromise the overall efficiency and productivity of examiners in processing the applications; and

¹ A trade mark application, upon passing the examination by the registry, has to be published for opposition, and can only be registered after it is unopposed upon lapse of the opposition period.

² The percentage has reached 51% by the end of January 2020. However, owing to the special work arrangements put in place due to the COVID-19 pandemic, we have extended the statutory deadlines for the opposition period in a number of cases, thus deferring the date of registration of the unopposed applications. Since late April 2020, the registry business, subject to the implementation of a number of social distancing measures, has largely resumed normal. Under such circumstances, we expect that all affected applications could be processed by mid-June 2020 and the percentage of six-month registration will improve soon afterwards.

- (b) one of the statutory functions of IPD is to maintain the registers of trade marks, patents and designs for the public to search and inspect free of charge. There are about 600 000 active records in these registers and they are subject to rigorous update every day. As such, it is technically very difficult to keep both the old systems and the NIS running concurrently while ensuring that the records in the two systems are identical.
- (b) **if yes, after NIS was launched and the backlog of outstanding application cases accumulated, did IPD immediately switch back to the old system to handle the outstanding cases; and**
- (c) **if the old system was not run concurrently, had IPD assessed whether this contributed to the backlog of application cases subsequently?**
5. The NIS was launched on 14 February 2019 in accordance with the implementation plan. Given the scale, sophistication and complexity of the project, it was not unexpected that software bugs surfaced during the initial implementation period. Intellectual Property (IP) examiners also need time to familiarise themselves with the new system and some system refinements during the early implementation period were required. As such, the time required to process new applications would inevitably be affected during the run-in period, but it was our assessment that such impacts were short-term and could be tackled robustly under the NIS. With our concerted, dedicated efforts, the NIS is now functioning well.
6. As explained in our responses under 2(a) above, it is not technically feasible to run the two systems in parallel.
- (d) **the average number of days required by each officer to handle a trade mark case and a patent registration case respectively during the launch of NIS;**
- (e) **the average number of days each officer needed to process trade mark and patent registration cases before and after the introduction of NIS;**
7. The processing time of each trade mark or patent application varies depending on, among others, the complexity of the case, the volume of application documents involved and the case handling capacity of the examiners at the time. It would be difficult to accurately calculate and compare the average processing time retrospectively under different systems. Nevertheless, based on some broad-brush assumptions, we have prepared a rough estimation as follows for reference purposes only -

Case type	Description of case processing	Rough estimate of average processing time per case	
		August 2018	August 2019
Trade marks	Deficiencies checking and search and examination for issuance of first response	103 minutes	91 minutes
Standard patents	Examination for according a date of filing and formality examination for request to record	23 minutes	20 minutes
Short-term patents	Examination for according a date of filing and formality examination	84 minutes	79 minutes

(f) in the course of adapting to NIS, did IPD formulate any arrangements and/or contingency measures to alleviate the impact of the adaption on the trade mark and patent registration process; and

8. IPD has formulated arrangements and contingency measures to reduce the impact of the switchover to the NIS well in advance. Such measures include -

(i) As explained in our response to question 2(a) above, the old systems were kept in standby mode so that they could resume operation in case of severe system failure in the NIS. Further, to ensure seamless transition from the old systems to the NIS, IPD suspended the electronic filing system for five working days in early February 2019 before launching the NIS;

(ii) various training sessions on the new layout and functions of the NIS were arranged for examiners from October 2018 onwards so as to enable them to get familiar with the new system in advance. Additional training sessions were organised in early February 2019 to ensure that examiners could master the new system functions once the NIS went live in mid-February 2019. After the NIS launch, IPD continued to deploy resources to provide coaching to examiners on system features and updates and also collected their feedback to facilitate ongoing system refinements and enhancements;

- (iii) IPD also organised training and briefing sessions for IP practitioners and filers before and after the NIS launch to enable them to better understand and adapt to the new technical features and functions of the new system. We also collected their feedback and, where appropriate, implemented system refinements and enhancements; and
 - (iv) IPD worked closely with the NIS contractor in order to jointly tackle and resolve all technical issues before and after the launch of the NIS. We will continue to work closely with the contractor throughout the maintenance period of the NIS, taking into account feedback received from the examiners and other external stakeholders.
- (g) **after the completion of NIS, whether the performance indicators for measuring related applications had been amended accordingly.**
9. After the launch of the NIS, we have revised the performance target on “processing standard patent applications within ten days” from 86% to 95% in the 2020/21 Controlling Officer’s Report (“COR”). We will review other COR targets and indicators periodically, taking into account any new initiatives to be implemented as well as the overall manpower situation of the Registries.

Question (3)

According to paragraph 2.15, in the period from January 2018 to December 2019, the number of outstanding standard patent applications increased by 70% from 6 367 to 10 798, and the number of outstanding short-term patent applications increased by 56% from 260 to 406. According to paragraph 2.16, there was an increasing trend in the number of outstanding applications for standard patents since late 2018 and for short-term patents since early 2019. According to paragraphs 2.32(d) and 2.33, IPD had agreed to take measures to reduce the backlog of outstanding patent applications. What measures had IPD taken? Had the backlog been reduced?

- 10. IPD observes that the applications for standard patents and short-term patents has been on a rising trend in the past few years. As shown in Table 2 of the Audit report, the numbers of standard patent and short-term patent applications received in 2019 have increased by 35% and 13% respectively when compared to that in 2015.
- 11. In order to reduce the number of applications pending examination by the Patents Registry, IPD has deployed various enhancement measures such as redeploying and reshuffling manpower in the Patents Registry to expedite

the processing of outstanding applications. Legal officers were deployed to assist examiners in resolving difficult legal issues in the applications. An additional examiner has also been deployed from the Trade Marks Registry to the Patents Registry since mid-April 2020 to enhance the examination capacity of the Patents Registry.

12. With such concerted efforts, the number of outstanding applications for standard patent and short-term patent applications have been reduced from 10 798 and 406 in December 2019 to 10 041 and 326 respectively by the end of April 2020, despite the implementation of special work arrangements since end-January 2020 due to the COVID-19 pandemic.
13. To further enhance the examination capacity, IPD plans to engage three non-civil service contract (NCSC) examiners for one year.
14. IPD will closely monitor the resources requirements of the Patents Registry and continue to consider ways to enhance the examination capacity.

Question (4)

According to paragraph 2.22, as at 31 December 2019, there were 92 inter partes substantive hearings pending to be heard, and the average waiting time for the substantive hearings heard in the month was 11 months. According to paragraph 2.23, an internal assessment conducted by IPD in July 2018 also concluded that the average waiting time was considered quite long as compared to the performance of overseas IP agencies. Please inform this Committee:

- (a) the number of applications for trade mark that had been withdrawn during the waiting period and turned to other countries or regions with shorter waiting times for the past three financial years; and**
15. Trade mark rights are territorial, i.e. their owners must separately apply for registration in individual jurisdictions in order to obtain the exclusive right to use their trade marks in the concerned jurisdictions. As such, it is highly unlikely that trade mark owners would withdraw applications in Hong Kong and turn their applications to other jurisdictions owing to the time needed for resolving third party oppositions in Hong Kong.
- (b) had IPD assessed whether excessive waiting time would reduce the applicants' desire to apply for trade mark registration in Hong Kong? If yes, what were the practical methods or measures to reduce the waiting time and speed up the relevant procedures to attract more trade mark applicants to use local services; if not, would IPD evaluate the procedures immediately?**

16. As trade mark protection is territorial, the desire to apply for registration in Hong Kong is primarily determined by the attractiveness of Hong Kong as a market of the goods or services to which a trade mark is attached. Over the last decade from 2009 to 2019, the number of trade mark applications has grown by about 50% from 24 754 to 36 980. Empirically, the number of cases that attract opposition is very small. For example, in 2019, there were 354 new opposition cases.
17. The above said, we agree that proceedings in relation to the registration of trade marks should be determined expeditiously to reduce any uncertainty concerning the use or protection of trade marks and facilitate business planning. Details of the holistic approach IPD adopted to reduce waiting time for inter partes hearings are set out in the response to question 7 below.

Question (5)

According to paragraph 2.24, IPD "created a civil service Senior Solicitor post in the Hearings Team to replace the NCSC Senior Solicitor post to strengthen its hearings capacity". In this regard, please inform this Committee:

- (a) staffing establishment of the solicitors in the Hearings Team for each year in the past five years;**
18. In the past five years, the establishment of solicitors in the Hearings Team remained six, viz. 1 Assistant Director of IP, 2 Assistant Principal Solicitors, 2 Senior Solicitors and 1 Solicitor. One new Senior Solicitor post was added to the Hearings Team this year.
- (b) how was the hearings capacity be strengthened when a NCSC position was converted to a civil service post, and whether there were any changes in the job requirements; and**
19. Trade mark hearings demand high level of expertise and professionalism of the hearing officer. It takes a fairly long period to groom an officer to conduct hearings and hand down decisions confidently and independently. It is therefore important for IPD to retain a strong pool of experienced hearing officers with the required expert knowledge to handle challenging hearings competently and efficiently. Converting the short-term NCSC Senior Solicitor position to a civil service post will help enhance the capacity and capability of IPD's Hearings Team in the long run.
- (c) had the civil service post been filled? If yes, was it filled by the person previously in the NCSC position.**

20. The new civil service Senior Solicitor post has been filled by a civil servant, who is not the same person holding the previous NCSC position.

Question (6)

According to paragraph 2.31, IPD "introduced, with the support of Commerce and Economic Development Bureau (CEDB), preferential fee reduction for electronic filing of patent applications. However, as at 31 January 2020, similar preferential fee reduction had not been introduced for electronic filing of trade mark or design applications". IPD did not respond to audit recommendations on whether it would introduce preferential fee reduction. Please inform this Committee:

- (a) the reason why IPD had not yet implemented the preferential fee reduction even with CEDB's policy support;**
- (b) whether IPD had any plan to implement pay reduction arrangements and considerations of IPD in when it would implement fee reduction, say, when there was a sluggish growth of users using electronic applications.**

21. As set out in paragraph 2.18(a) of the Audit Report, from 2016-2019, IPD was heavily engaged in the development of the NIS to replace the old systems, bringing substantial workflow changes and thus impacting on the productivity and costs of the examination processes. After the commissioning and smooth operation of the NIS, IPD will further discuss with CEDB to consider the feasibility of introducing preferential fee reduction for electronic filing of trade mark and design applications.

22. In addition, as set out in paragraph 2.33(d) of the Audit Report, IPD will continue to explore feasible ways to further boost the rate of electronic filing for trade mark applications. In fact, IPD has been making every other effort to boost electronic filing. To illustrate, since the launch of the NIS with a host of user friendly features designed to encourage electronic filing, the rate of electronic filing of trade mark applications has increased by some 10% in a year's time (from 69% in 2018 to about 80% in the first three months of 2020).

Question (7)

In paragraph 2.33(c), IPD stated in its response to the audit recommendations that it was considering room for streamlining the hearing procedures. What was the progress of IPD's consideration so far? Were

there any specific plans to shorten the waiting time for hearings and issuing decisions?

23. Over the years, IPD has spared no effort to provide and better the hearing service in both quality and quantity.
24. On the provision of quality hearing service, the hearings are quasi-judicial in nature. In *inter partes* proceedings, we need to ensure fairness and impartiality throughout the process from pre-hearing to hearing, allow full representations by the opposing parties, and prepare reasoned decisions after hearings. Hearing decisions issued by IPD may be subject to appeal to the Court of First Instance of the High Court. On various occasions, the Court has expressly recognised the expertise of the Registrar in handling trade mark applications³.
25. IPD has been implementing measures to cope with the caseload and expedite the proceedings as far as possible. In fact, the waiting time for *inter partes* substantive hearings has been reduced from 16 months in 2013 to 11 months in 2019, and consistently met or exceeded our pledge of issuing decisions within six months.
26. To further increase our case output, IPD will –
 - (a) provide hearing officers with more systematic training and exposure to enhance their capacity in handling contentious trade mark registration matters. Regular meetings of hearing officers are held to facilitate experience sharing and align best practices to streamline the hearing procedures;
 - (b) pursue active case management on selected cases by conducting case management conferences to deal with procedural issues that parties to the proceedings are unable to reach a consensus. In the past few months, IPD has been giving directions on disposal of hearing matters by written submissions or conducting hearings by telephone, and we would explore other possible technological measures to streamline the hearing process; and
 - (c) consider proposals for amending the Trade Marks Rules to streamline the hearing procedures, including, compressing the time limits for the parties to file documents in proceedings, expediting the processing of cases which are not actively pursued by the parties to the proceedings,

³ See for example the Court of Appeal's remarks in *Re Creative Resources LLC* (CACV 15/2009) [2010] 1 HKLRD 382 at paragraph 17 (https://legalref.judiciary.hk/lrs/common/search/search_result_detail_frame.jsp?DIS=68920&QS=%28registrar%2Bof%2Btrade%2Bmarks%29&TP=JU).

directing parties to be more focused in presenting their cases. We have held focus group meetings with stakeholders to discuss these proposals. Subject to the passage of the Trade Marks (Amendment) Bill 2019 by the Legislative Council, we will need to make amendments to the Trade Marks Rules for enabling the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, and our plan is to incorporate the amendment proposals to streamline the hearing procedures in the same exercise.

Question (8)

According to paragraph 2.40, for the annual costing reviews for the Trade Marks Registry, Patents Registry and Designs Registry for price levels from 2015-2016 to 2019-2020, in some cases, IPD had not submitted costing statements to the Treasury for vetting and/or to the Financial Services and the Treasury Bureau, contrary to the Financial Circular requirements. Why did this happen? According to paragraph 2.45, IPD had said that IPD was planning to set up a business management unit underpinned by accounting professionals to handle fees and charges matters in a dedicated manner. Had the business management unit been set up? If not, when would it be set up?

27. As set out in paragraph 2.18(a) of the Audit Report, from 2016-2019, IPD was heavily engaged in the development of the NIS and made constant efforts to optimise the deployment of resources in handling both daily examination work and development matters. One important area in the NIS development was business process re-engineering in the examination of trade mark, patent and design applications to achieve productivity and efficiency gains. Significant resources were deployed from both IP case examiners and administrative staff overseeing fees and charges matters to the development of the NIS. As a result, IPD, while managed to maintain the case throughput during the period, could not prepare the cost statements strictly according to schedule.
28. IPD has included in the 2020-21 Budget the required resources to set up a business management unit underpinned by accounting professionals. We will establish this dedicated team as soon as possible after securing the required manpower.

Part 3: Promotion of IP protection

Question (9)

According to paragraph 3.2 and Figure 6, why did the "expenditure on publicity and educational activities" suddenly increase sharply in 2018-2019? How was the planning or format of the publicity work for that year different from the other years?

29. In March 2015 the Working Group on IP Trading released a report recommending the Government to take comprehensive measures in support of Hong Kong's development as an IP trading hub. In addition to IPD's own annual budget for general publicity and educational activities, a lump sum funding of \$23 million was set aside in CEDB's vote for IPD to roll out a series of new measures to promote IP trading for three years from 2015-16. After that the lump sum funding has been exhausted, a recurrent annual provision of \$5.4 million was added to IPD's budget from 2018-2019 onwards for continuing the IP trading promotion work such as offering free IP consultation service and organising manpower training programmes to small and medium sized enterprises.

Question (10)

According to paragraph 3.5, for the Survey on Public Awareness of IP Right Protection completed in 2018, of the 1 003 respondents interviewed, 74% were not aware that IPD was the Government department responsible for promoting the protection of IP rights in Hong Kong, 49% were not aware of the promotional activities of IPD and 36% considered that the promotional activities of IPD were quite/very ineffective.

- (a) **what measures had IPD taken to address the issues revealed by the results of the 2018 survey;**
30. Following the release of the 2018 survey results, IPD has implemented the following enhancement measures in 2019-2020 –
- (i) an "Observation Wheel Fun Day" was held to mark the 20th Anniversary of the "I Pledge" Campaign which is one of IPD's flagship public education programmes. Many participants, especially students and young people, joined the on-site STEM workshops;
 - (ii) the "Respect Copyright" campaign and the "Scout Fun Day" were organized in collaboration with IP right-holders and youth bodies for

students and young people to promote creativity and awareness of IP rights. Many participants joined creative competitions to demonstrate their innovative works; and

(iii) a series of publicity activities and outreach events were organised to promote the new original grant patent system launched by IPD in December 2019.

(b) according to paragraphs 3.11 and 3.12, IPD had agreed to step up efforts on promotion of public awareness of IP protection. What measures would IPD take to step up the efforts; and

31. To boost public awareness of IP protection, IPD will allocate more resources for promotional activities on social media and online platforms, including:

(i) promotional videos were released on online platforms (such as Facebook and different websites) featuring the World IP Day in April 2020;

(ii) a new Announcement of Public Interest (“API”) will be produced and released on both television and different online platforms to promote the “No Fakes Pledge” Scheme; and

(iii) an Inter-school Online IP Contest will be organised in the fourth quarter of 2020 to enhance students’ knowledge and awareness of IP.

32. Besides, it is IPD’s 30th anniversary of establishment in 2020, IPD will make use of the opportunity to promote public awareness on IPD’s roles and major developments.

(c) please explain why IPD believed that the awareness of the public on the protection of IP rights was related to IPD's continuous promotion efforts (paragraph 3.4), when many people did not understand IP well or had not heard of IPD's promotion work. On the other hand, was IPD too optimistic in evaluating its work?

33. IPD’s efforts in promoting public awareness of IP rights and protection started in 1997. To track the level of public awareness, attitude and behaviours towards IP protection and infringement, IPD started conducting the Public Awareness IP (PAIP) survey in 1999. The positive trend since 2006 as mentioned in paragraph 3.4 is the continuation of a

sustained upward trend of public awareness and respect for IP rights as indicated in the PAIP surveys. Notably, in 2018 –

- (i) Awareness: only 18.9% of the respondents does not have knowledge of IP rights, significantly down from 39.6% in 1999;
 - (ii) Attitude: a majority of respondents (78.1%) agreed that it was morally wrong to purchase pirated or counterfeit goods, steadily up from 56.4% in 1999, and
 - (iii) Behaviours: a majority of respondents (75.8%) indicated that they had not bought any pirated or counterfeit goods, significantly increased from 36.8% as in 1999.
34. The positive trend as reflected in the PAIP survey results suggests positive correlation with IPD’s promotional efforts since 1997.
35. But there is no room for complacency or over-optimism. We will continue to refine our publicity strategies and expend our publicity efforts following the approach set out in paragraph 3.12 of the Audit Report.

Question (11)

According to paragraph 3.7, IPD placed advertisements through different channels to promote IP protection. Nowadays, members of general public utilized social media, such as Facebook, Instagram, Twitter, and Youtube to receive new information. Would IPD consider adding relevant options in the Survey on Public Awareness of IP Right Protection conducted every two years to understand the public's acceptance of social media as a promotional channel, so that IPD would be able to adjust publicity and promotion strategies in a timely manner to enhance its effectiveness?

36. The summary set out in paragraph 3.7 of the Report was based on the information collected in the 2018 Survey. Respondents were asked an open-ended question on what they perceived to be the most effective channel for promoting IP protection. Answers given by respondents were grouped under the promotion channels set out in Table 14. Social media as a promotion option is subsumed under “emails and websites”.
37. In planning to hold the next survey later in 2020, we will consider how best to capture specific views on social media, taking into account the latest market trends. As set out in Table 15 of the Audit Report, between 2016-17 and 2018-19, we have already increased advertisement

expenditure on non-IPD websites by over 500%, and a large and increasing portion of the concerned expenditure was indeed spent on social media, online news websites and mobile applications.

Question (12)

According to paragraph 3.21, as at 11 February 2020, of the 1 225 retail merchants who were members of the No Fakes Pledge ("NFP") Scheme in 2019, 318 (26%) had not renewed their membership. According to paragraphs 3.33(c) and 3.34, IPD had agreed to expedite the membership renewal for the participating merchants and shops of the NFP Scheme. What measures had been taken in this regard? What was the latest position of the membership renewal of the NFP Scheme for 2020?

38. To expedite the membership renewal for the participating merchants and shops of the NFP Scheme, IPD will discuss with the issuing bodies in mid-2020 with a view to setting a due date for their members to submit renewal applications to ensure timely renewals.
39. Although the NFP Scheme has developed steadily in the last two decades, the recent economic downturn has had an adverse impact on the number of applications for renewal. Our records showed that as at 31 May 2020, 1 073 (87.6%) retail merchants who were members in 2019 have their membership renewed. For the 154 retail merchants who were members in 2019 but did not renew their membership in 2020, 21 had closed their businesses and 41 discontinued their membership with the issuing bodies, possibly a reflection of the economic toll.

Question (13)

According to paragraph 3.30, IPD had developed a mobile application named "No Fakes Pledge Shop Search" ("NFP App"). Please inform this Committee:

- (a) **the number of monthly active users of the NFP App in the past two years;**
- (b) **channels for promoting the NFP App;**
- (c) **indicators and measures to evaluate the effectiveness of the promotion efforts;**
- (d) **in view of incorrect information shown in the NFP App (paragraph 3.31 refers), would IPD take any measures to ensure the accuracy of the information; and**
- (e) **since the launch of the NFP App, had IPD collected comments from users to improve the inadequacies of the NFP App? If so, what were the details; if no, why not?**

40. Since the launch of the NFP App in 2013, the promotion of the NFP App has been integrated into the advertisements of the NFP through various channels including airport and immigration control points, public transport and the website of the Hong Kong Tourism Board. Since 2015, the QR code of the NFP App was also printed on tent cards and stickers distributed to the retail merchants. The NFP App was revamped in 2018 as the NFP Scheme has been extended to cover online shops in the same year. In the past two years (2018-19 and 2019-20), the number of monthly active users of the NFP App was 23 223, approximately 42% of the total number of downloads of the NFP App.
41. To ensure the accuracy of the information of the NFP App, IPD would exercise due diligence in checking and updating data input and collation and work closely with the contractor. We will continue to enhance the performance and user experience of the NFP App taking into account any feedback and comments received from the public and retail merchants.

Question (14)

According to paragraph 3.35, the Customs and Excise Department ("C&ED") and IPD conducted a review on the handling procedures in December 2019 to ensure information related to C&ED's raid operation against NFP Scheme members would be promptly provided to IPD. Please provide papers for the review showing how the notification mechanism between C&ED and IPD works and the improvements made after the review in respect of the information sharing mechanism. Had there been any delays in the information sharing since the review?

42. C&ED and IPD have duly reviewed the handling procedures, particularly on ways to enhance the notification procedures between the two Departments. The two Departments have prepared a revised brief (See **Annex**) setting out their respective roles and responsibilities under the NFP Scheme and agreed on a revised mechanism on informing IPD of C&ED's enforcement actions taken against members of the NFP Scheme.
43. Since the review, the revised notification mechanism has been working well and no other case of delay in sharing the information was noted. The two Departments will continue to work closely to ensure the revised mechanism works effectively.

***Note by Clerk, PAC: Annex not attached.**

Question (15)

According to paragraph 3.37, the number of new participating enterprises of the IP Manager Scheme decreased by 38% from 242 in 2017-2018 to 151 in 2018-2019. According to paragraph 3.40(b), in the period from 2015-2016 to 2018-2019, the attendance rate of training programmes under the Scheme decreased from 97.7% to 86.3%. What were the reasons for the decrease in the number of new participating enterprises and the attendance rate? According to paragraphs 3.43 and 3.44, IPD had agreed to boost the attractiveness of the IP Manager Scheme and the attendance rate of its training programme. What actions had been taken so far?

44. While it is difficult to ascertain the precise reason of the decreases, it is noted that the IP Manager Scheme has been running in its current format since 2015-2016. With the changing business environment, and taking into account the views of stakeholders and participants, IPD will enhance the Scheme to follow a more structured and comprehensive approach. We will add greater breadth and depth to the contents of the training programme to cater for the specific career needs of IP Managers with varied experiences and at different levels. We plan to roll out the enhanced Scheme in the fourth quarter of 2020.

Part 4: Administrative issues

Question (16)

According to paragraph 4.10, although IPD received only two tender proposals in the 2006 tender exercise for procurement of outsourced services, IPD did not conduct any market research or expression of interest exercise for the subsequent tender exercises because IPD assessed that the relevant services would be generally available in the market. What was the basis of the assessment? Was the assessment reviewed and approved by the senior management?

45. The scope of the outsourced services covered only non-core office support services of IPD, i.e. regular maintenance and support of information technology service in the office setting and general clerical work. Given the routine and general nature of the support services required, IPD was satisfied with their availability in the market. The assessment was discussed and agreed by the senior management before kicking off the tender exercises.
46. To better assess market interest in the supply of services required by IPD, we have sent a Request for Information to potential vendors prior to the issue of tenders for Information Technology projects in recent years.

We will continue to do so for future tender exercises wherever appropriate.

Question (17)

According to paragraph 4.13, 11 (55%) of the 20 Management Committee (MC) meetings and 11 (65%) of the 17 business review meetings during the contract period of Contract 5 were held longer than three months after the previous meetings, at variance with contract requirements. Why did this happen? Had IPD taken any actions to address the issue?

47. The contract provisions of Contract 5 specified that both MC meetings and business review meetings should be held at least once every three months during the entire duration of the contract. Accordingly, IPD strived to hold at least one MC meeting and one business review meeting during each of the quarters throughout the contract period. On the other hand, Audit Commission considered that the “once every three months” as specified in the concerned contract provisions is the maximum time gap between any two successive MC or business review meetings.
48. IPD, in administering Contract 6 which commenced on 1 December 2019, has been scheduling each of these meetings in accordance with the Audit recommendations. And in the drafting of future outsourcing contracts, if any, IPD will tighten the language to obviate any possible differences in interpretation in the requirement of meeting frequencies.

Question (18)

According to paragraph 4.21, three full-time NCSC staff had been continuously employed for over 10 years and the longest period of employment was 17 years. According to paragraph 4.25, IPD would continue phasing out the concerned NCSC positions, subject to operational needs and the successful bidding of civil service posts in future. However, according to paragraph 4.26, the Civil Service Bureau did not respond to whether it agreed with the creation of relevant civil service posts in IPD.

Did IPD have a timetable for phasing out the NCSC positions? If yes, what were the details of the timetable? If not, when would IPD draw up the timetable?

49. The three concerned full-time NCSC staff are deployed in the Marketing Division (MD) of IPD. They were employed to tap market expertise in promotion, event organisation and external engagement work. As promotion and public education efforts have to be sustained on an

ongoing and long-term basis, it has been our plan to phase out the NCSC staff gradually.

50. Following the recommendations made by Audit Commission, we have made arrangements for the exit of one of the above three staff members by the end of 2020. We will continue to train up civil service staff to take up the work of the remaining NCSC positions in MD and, subject to the availability of the required resources, phase out the remaining two NCSC staff in future.

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來函檔號 YOUR REF.: CB4/PAC/R74

1 June 2020
(By Email)

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No. 74
Management of insolvency services

Thank you for your letter dated 22 May 2020 regarding the Public Accounts Committee's consideration of Chapter 6 of the Director of Audit's Report No. 74. We herewith provide you the English response of the Secretary for Financial Services and the Treasury to the matters set out in Part (II) of the Appendix of your letter at Annex for the time being. We understand that the questions in Chinese will reach us shortly.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Te Chi-wang', written over a faint circular stamp or watermark.

(Te Chi-wang)

for Secretary for Financial Services and the Treasury

c.c. Official Receiver (fax no.: 2869 0423)
Director of Audit (fax no.: 2583 9063)

**Public Accounts Committee (“PAC”)
Director of Audit’s Report No. 74
Chapter 6 Management of insolvency services**

**Responses of the Secretary for Financial Services and the Treasury
 (“SFST”) to matters set out in Part (II) of the Appendix
 to the letter of 22 May 2020 from the Clerk to PAC**

Part 4: Way forward

- 20) According to paragraph 4.6, in October 2015, when introducing the Companies (Winding Up and Miscellaneous Provisions) (Amendment) Bill 2015 into Legislative Council (“LegCo”), the Financial Services and the Treasury Bureau (“FSTB”) stated in the LegCo Brief that detailed proposals to introduce a new statutory corporate rescue procedure and insolvent trading provisions were being developed and the target was to introduce the relevant bill into LegCo in 2017-2018. However, up to January 2020, the relevant bill had not yet been introduced into LegCo. According to paragraph 4.13(a), the Government planned to finalize the bill for introduction into LegCo in the first half of the 2020-2021 legislative session. What were the latest developments?

SFST’s Response

The Government has been working on the legislative proposals to introduce a statutory corporate rescue procedure and insolvent trading provisions and preparing the bill in parallel with an iterative process of engagement with various groups of stakeholders. The drafting of the bill is now in an advanced stage. Given the complexity and technicalities of the bill, as well as the concerns expressed by various stakeholders in previous exercises, the Government is going to further engage stakeholders and discuss with them specific areas of concern in the next few months with a view to finalising the bill for introduction into LegCo in the 2020-21 legislative session.

- 21) **According to paragraph 4.9 and 4.13, FSTB and Official Receiver's Office (“ORO”) had not carried out the substantive legislative procedures on the introduction of domestic legislation relating to cross-border insolvency. Had FSTB and/or ORO formed any dedicated teams responsible for studying cross-border insolvency legislation? Had FSTB and ORO started relevant research or legislative drafting work in partnership with the Department of Justice?**

SFST and the OR’s Response

In FSTB, there is a division responsible for the policy and legislation relating to corporate insolvency. In the ORO, there is a dedicated team of lawyers dealing with legislative work. The two teams are jointly studying the feasibility of domestic legislation of cross-border insolvency (“CBI”), including engaging a consultant to identify the necessary modifications in adopting the UNCITRAL Model Law for domestic CBI legislation with regard to the relevant local circumstances. After studying the views of the consultant and stakeholders, FSTB and the ORO will consider how to take forward the domestic CBI legislation in consultation with relevant parties including the Department of Justice.

- End -



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來函請註明本署檔號

IN REPLY PLEASE QUOTE THIS REF.:

來函檔號 YOUR REF.: CB4/PAC/R74

電話 TEL. NO.: 2867 2477

圖文傳真 FAX NO.:

1 June 2020
(By Email)

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No.74
Management of insolvency services

Thank you for your letter dated 22 May 2020 regarding the Public Accounts Committee's consideration of Chapter 6 of the Director of Audit's Report No.74. Herewith the English response of the Official Receiver to the matters set out in Part (I) of the Appendix of your letter at Annex for the time being. We understand that the questions in Chinese will reach us shortly.

Yours sincerely,

(Mr Ronald Fu)
Assistant Official Receiver
for Official Receiver

c.c. Secretary for Financial Services and the Treasury (fax no. 2537 3210)
Director of Audit (fax no. 2583 9063)

CORRESPONDENCE SHOULD BE ADDRESSED TO THE OFFICIAL RECEIVER AND NOT TO INDIVIDUAL OFFICERS.

來函請書明「破產管理署署長」收

**Public Accounts Committee (“PAC”)
Director of Audit’s Report No. 74
Chapter 6 Management of insolvency services**

**Responses of the Official Receiver (“OR”)
to matters set out in Part (I) of the Appendix
to the letter of 22 May 2020 from the Clerk to PAC**

Part 2: Administration of in-house insolvency services

- 1) According to paragraph 2.4, in the period from 2016 to 2018, the annual achievements of the 18-month time target for processing summary bankruptcy cases with no monthly contributions but with assets for distribution were below 50%, ranging from 34% to 40%. According to paragraph 2.28(a), Official Receiver’s Office (“ORO”) would continue to develop effective strategies for progressing cases with difficult issues involved in possible asset realization. What strategies had ORO developed in this regard?**

The OR’s Response

The 18 month target is ORO’s in-house tool to monitor case progress. Cases which are unable to meet the target shall have valid reasons, e.g., the matters can be particularly complex, or involve additional legal advice and investigations and negotiation/liaison with bankrupts and third parties to obtain the necessary information and evidence for OR’s consideration before appropriate follow-up action to realise the assets can be taken, or the matters/problems at issue be concluded. There are strategies in place for complex cases. Difficult issues relating to possible assets realisation are discussed by Chief Insolvency Officers (“CIOs”) in the monthly Case Management Division (“CMD”) meetings to provide guidance on possible resolution. Progress of cases not meeting the target is reported and monitored regularly in the CMD Meeting until the cases are concluded. To equip case officers, the Legal Services Division publishes from time to time “Highlights” summarising the legal advice and which may have general application for CMD colleagues to refer to in future similar cases, with the caveat that in the event of doubt, specific legal advice should be sought in individual cases. Circulars promulgating general guidelines on different work areas / topics, for example, MPF, Sale of Landed Properties, Handling of Title Deeds, Valuation Services for Properties in Hong Kong and People’s Republic of China, Disposal of Shares in Listed Companies, Handling of After Acquired Property, have

been issued for internal reference. No Further Action (“NFA”) thresholds have also been developed in respect of specific types of asset, namely insurance policies, provident fund and joint bank account, and the approval limits for different levels of case officers to deal with assets (e.g. increase of approving limit for sale of assets by private treaty and write-off of book debts) have been refined to help speed up case processing. Regular training is given to case officers on different areas of work including assets recovery and realisation, and regular reminders are issued to case officers to exercise proper commercial judgement and reasonable discretion in case administration.

Going forward, we will develop more robust strategies in such cases, such as:

- Shortening time frames for relevant parties to provide information;
- Making enquiries only when necessary and to avoid repeated enquiry where possible;
- Where there are complex issues requiring legal action and repeated legal advice, setting more general thresholds for NFA considering the possible high costs of realisation in relation to the value of the possible assets to be realised, and developing more guidance that can be rolled out generally; and
- Conducting a further review on the common problems / difficulties involved and if necessary, formulating additional specific guidelines or additional internal circulars as may be appropriate.

2) According to paragraph 2.6(b), under ORO’s mechanism, there were regular reviews of the returns on cases failing to meet the 18-month target in order to monitor the progress of the outstanding cases. During these reviews, there might be suggestions to introduce some management tools to assist to solve long outstanding problems. What were the details of the mechanism?

Had ORO changed the above mechanism in light of working conditions or accumulated experience in the past five years? If yes, what were the details?

The OR’s Response

For the 18-month target failure cases, their progress is reported and reviewed at the monthly CMD Meeting until the cases are concluded and

put on programme. Suggestions to resolve the outstanding issues in the cases are discussed and endorsed by the meeting where appropriate.

The above mechanism was introduced in 2014. The ORO will keep in view the mechanism in light of the achievement rate as well as the working conditions and refine or modify the mechanism where necessary.

- 3) **According to paragraph 2.12, as at 31 December 2019, more than 11 years after the commencement of an exercise in March 2008 to clear the outstanding matters of 1 200 pre-2002 insolvency cases, 200 (17%) pre-2002 insolvency cases still remained outstanding. According to Table 4, out of 107 bankruptcy cases, 34 involved landed properties.**

According to paragraph 2.16, as at 31 December 2019, of the 1 996 bankruptcy cases with outstanding landed properties, the bankruptcy orders of 1 565 (78.4%) were made before 2006 (i.e. over 14 years ago).

According to paragraph 2.28(c), ORO would continue to formulate effective strategies for clearing the remaining pre-2002 insolvency cases as soon as practicable. According to paragraph 2.28(d), ORO would continue to develop effective strategies for handling bankruptcy cases involving landed properties. Please inform the Committee:

- (a) **did ORO have a time frame to clear the long outstanding cases. If yes, details. If no, why not;**

The OR's Response

Given the diverse issues involved in each case, a definitive time frame for completion was not feasible but the list was monitored regularly in CMD Meetings and case officers were urged to progress the cases as speedily as possible.

The ORO will arrange for the case officers and supervisors to critically review the issues stuck in the long outstanding pre-2002 cases with a view to resolving the issues within six months. Cases where this cannot be achieved will be brought to a Case Administration Meeting to develop focused strategies to conclude them as soon as possible.

- (b) according to ORO, it took a longer time to handle outstanding landed properties in view of various difficulties encountered (paragraph 2.17). Please provide any complications and difficulties for outstanding cases which did not involve landed properties;**

The OR's Response

The outstanding issues are diverse and complex. For example one of the liquidation cases commenced in 1976, involved a listed holding company with overseas subsidiaries, all of which were put into liquidation in these overseas jurisdictions where trustees and liquidators were appointed. The group structure was such that the Hong Kong case was entitled to dividends from these subsidiaries. A dividend of HK\$12 Million was recently received by OR in March 2020, which has now been referred to the dividend unit for distribution of dividend. Where a company is in liquidation in other jurisdictions and the estate being administered by OR is the ultimate beneficiary, OR is dependent upon the matters being finalised in these other jurisdictions. Where there are inter-related cases across jurisdictions and dividend is still anticipated, the actual time frame is beyond the control of OR. Other complications/difficulties are set out in the table in our answer to question 3(c).

For further information in respect of the 107 outstanding bankruptcy cases identified in the report, four have now been put on the release program, 34 involve landed property, 11 have been referred to the Dividend Unit for distribution of dividend and 19 have already been discussed in the Case Administration Meeting with a view to resolving the difficult issues preventing closure of the case.

- (c) a breakdown of outstanding winding-up cases by complications/difficulties faced in these cases; and**

The OR's Response

A breakdown of outstanding winding-up cases by complications/difficulties faced is as follows:

Nature of complications/difficulties	No. of cases
Outstanding book-debts	24
Landed property to be disposed of, some with complex title issues	7
Further assets to be realised involving complications – for example dividends from foreign promissory notes / goods on consignment / goods confiscated by criminal investigatory authorities pending investigation of allegations of fraud.	6
Claims in other winding-up cases pending dividend payment from foreign liquidators/trustees	5
Entitlement of funds in estate being ascertained	2
On-going legal proceedings	2
Application for court order for payment to funding creditors regarding indemnity for costs of litigation given on legal proceedings instituted	2

As to the other remaining pre-2002 winding-up cases, they have either reached the final stages of administration and action for formal closure (e.g. dispensation with statement of affairs, dividend distribution and application for release) are being taken or have been under review for finalisation.

- (d) what effective measures would ORO take to expedite the actions in handling those cases involving outstanding landed properties?**

The OR's Response

For the landed property cases, the ORO has a dedicated team working to dispose of the landed properties. Effective strategies

include negotiation with solvent co-owners to purchase the interest of the bankrupt in the property which has vested in OR and selling the property with the consent of the co-owner. Negotiating with bankrupts for full payment of debts to allow an annulment application such that the property can be assigned back to bankrupts has also proven effective. The ORO has also been exploring other measures to assist in disposal as far as practicable, such as the options for availability of reverse mortgage for solvent joint-owners to purchase the property, applying more flexibility in price negotiation for sale of the properties, and considering applications for order for sale under Partition Ordinance in appropriate cases more robustly.

- 4) According to paragraph 2.17(a)(i), property market downturn for a number of years rendered sale of properties at market value difficult, thus hindered the expeditious disposal of landed properties. Of the outstanding landed properties, how many could be classified under such situation?**

The OR's Response

According to the private domestic property price index maintained by the Rating and Valuation Department, property prices started to drop from 1998 and the market only returned to the pre-1998 level by the end of 2009. With the market conditions during this period, sale of landed properties was challenging. Of the 1 996 cases with outstanding landed properties, there are around 1 873 cases (93.8%) with bankruptcy order made within the period from 1998-2009.

- 5) According to paragraph 2.17(a)(iii), solvent co-owner refused to sell the properties in open market or to purchase the bankrupt's share in the properties. According to 2.17(a)(iv), the solvent co-owner was financially unable to purchase the bankrupt's share. Therefore, it was very complicated in dealing with the land properties. In the concluding remark in paragraph 2.17(d), it was stated that "[f]or joint properties, if amicable agreement cannot be reached with the co-owners, it may require an application to court under the Partition Ordinance [Cap. 352] for an order for sale and distribution of the net sale proceeds". Please inform this Committee:**

- (a) **in the past, bankrupts pointed out that ORO had forced them to sell joint properties or requested the co-owner of the property to purchase the bankrupt's share in accordance with the Partition Ordinance. According to past and current policies, would ORO force the bankrupt to sell joint property;**

The OR's Response

Upon the making of the bankruptcy order, the property of the bankrupt vests in the trustee and the trustee has a duty to realise the property of the bankrupt in so far as is possible for the benefit of the creditors. In the case of a joint property the bankruptcy order will sever the joint tenancy and the trustee will become a tenant in common with the solvent co-owner. The OR as trustee in bankruptcy will try to realise the share of the property which has vested in OR as trustee. The OR will use different strategies to realise the interest. If the solvent co-owner agrees to proceed with a joint sale of the property that can be done. If the co-owner is able to purchase the interest vested in the trustee that is also an option. In some cases, the bankrupt will take steps to negotiate with creditors and settle outstanding debts and apply for annulment of the bankruptcy order, in which case the interest will be vested back in the bankrupt. As a last resort, and in an appropriate case, the OR, as trustee, will consider taking legal action under the Partition Ordinance to apply to court for the sale of the joint-property. If the court grants the order for sale and the property is sold, the sale proceeds will be shared between the bankruptcy estate and the co-owner in accordance with their respective entitlement.

- (b) **if yes, under what circumstances would ORO/trustees take action under the Partition Ordinance to sell the bankrupt's property; and**

The OR's Response

An application under the Partition Ordinance is a last resort after all other attempts to realise have failed. Furthermore, the courts have set down principles determining when they will not grant an order for sale of the property under the Ordinance. If there is likely to be hardship, the court will refuse to order a sale. According to the jurisprudence there are no hard and fast rules as to what constitutes hardship and it is necessarily a fact sensitive question. Examples

from decided cases include, the inability to purchase alternative private accommodation or to apply for public housing, and the age, medical condition and personal circumstances of the occupiers. As such the OR acts cautiously, and only in cases considered appropriate. Any application to court may well result in fully contested litigation with cost implications for the OR and / or the bankruptcy estate in the event that the application does not succeed. The OR will only proceed under the Partition Ordinance where all other avenues have been exhausted and the case is considered suitable by reference to the jurisprudence, and there is sufficient funding either from the estate or the creditors. Funding includes funding to cover the possibility of adverse costs.

- (c) **the number of cases in which ORO requested and successfully forced bankrupts to sell joint properties respectively in the past 20 years.**

The OR's Response

The different strategies that the OR will use and relevant background information have been set out in our answer to questions 5(a) and (b) above. As mentioned, the OR will only consider taking legal action under the Partition Ordinance where all other avenues have been exhausted, amongst other factors. Since the setting up of the Project Work Section ("PWS") in December 2014, 1 375 landed properties have been successfully disposed of, of which 1 274 are joint properties. We do not have the figures for sale of joint properties prior to the setting up of the PWS.

- 6) **According to paragraph 2.17(a)(vi): "lack of funding for ORO to take action to facilitate sale under the Partition Ordinance or recover possession or resolve ownership issues". Please inform this Committee:**
- (a) **the meaning of "lack of funding";**

The OR's Response

There may be complicated issues requiring the advice of outside counsel, or legal advice may be required as to the likelihood of success of an application under the Partition Ordinance. In these

circumstances, if there are no funds in the bankruptcy estate, the OR will seek funding from the creditors to see whether or not they will fund such legal costs. Further, where legal proceedings are required to be taken for the recovery of assets but there are not sufficient funds in the bankruptcy estate, the OR will seek funding from creditors for the cost of the proceedings and for an indemnity for the possibility of any adverse legal costs that may be awarded in the event the legal action does not succeed. If the creditors are not willing to fund the action no further action will be taken. Pursuant to Rule 158A of the Bankruptcy Rules, where a debtor against whom a bankruptcy order has been made has no available assets, the OR shall not be required to incur any expense in relation to the estate unless the court otherwise directs.

- (b) **how much was the average legal expenditure for ORO/trustees to take actions under the Partition Ordinance in the past 20 years; and**

The OR's Response

Each case depends upon its own facts and circumstances. For a straightforward application in a relatively simple case where the contesting party acts in person and OR is successful and only one substantive court hearing is required, costs may be relatively low. It is difficult to give an average cost of proceedings. In contested cases the costs are likely to be much higher and before acting, the OR would require to have a sufficient amount to guard against an adverse costs order. It is unlikely that action would be taken, even in the most straightforward case unless there was at least HK\$100,000 available for funding.

- (c) **how many times had ORO used the Partition Ordinance to deal with outstanding landed properties?**

The OR's Response

According to our records, the ORO has applied for and successfully obtained an order for sale under the Partition Ordinance in 14 joint property cases.

- 7) **According to paragraph 2.20, up to 31 December 2019; there were ten referrals of legal matters made in the period from June 2013 to September 2019 by the Case Management Division to the Legal Services Division 1 for legal advice but remained outstanding. In particular, some referrals involving specific legal issues relating to the handling of bankrupts' benefits in retirement schemes in bankruptcy cases had not been resolved since 2013. Had these cases been resolved now?**

The OR's Response

Of the ten outstanding matters, two have been resolved. The majority of the remaining issues will be resolved in stages by the end of August 2020. In relation to the specific legal issues relating to the handling of retirement benefits, Senior Counsel has been instructed on two occasions in the past to advise, and further instructions to Senior Counsel have recently been issued. It is anticipated that this issue can be resolved by December 2020, although we have not ruled out the need for an application to the court for directions in that particular matter.

- 8) **According to paragraphs 2.23 and 2.24, as at 30 November 2019, ORO had placed monies recovered from 21 winding-up cases (amounting to \$4.7 million) and 207 bankruptcy cases (amounting to \$40.2 million) in the suspense accounts, and 8 (38%) of the 21 winding-up cases were released cases and 29 (14%) of the 207 bankruptcy cases were released/rescinded/withdrawn cases. What were the latest positions of those monies placed in the suspense accounts? Had ORO conducted regular reviews to ensure that monies placed in the suspense accounts were transferred to the Companies Liquidation Account and the Bankruptcy Account where appropriate in a timely manner?**

The OR's Response

For the monies in the suspense account for the cases which have already been released or where the bankruptcy order has been rescinded or withdrawn, the funds do not belong to the bankruptcy or liquidation estate but should be returned to the Petitioner, the debtor or some third parties. The major problem is locating the person entitled to the funds. In many of the cases the details which the OR has for the person are not updated, and attempts to locate the parties entitled have failed. There is no

mechanism under the Ordinance to dispose of such funds, unlike the mechanism for unclaimed assets or undistributed dividends, where there is a clear provision for them to be remitted to general revenue after five years. These cases are problematic, but there is no question of any loss of Government revenue.

The cases with monies in the suspense account are regularly brought up to case officers for review. To help proper and timely disposal of the monies, the ORO has also monitored the funds in the suspense account in the Bankruptcy Account Meeting.

As at 25 May 2020, the amount retained in the suspense account in respect of winding up cases has been reduced by HK\$2,586,755 and amounts to HK\$2,079,753 in respect of 19 cases. For bankruptcy cases, the amount has been reduced by HK\$2,154,308 and amounts to HK\$38,046,595 in 190 cases. Case officers will continue to work on clarification of entitlement. The amounts in the suspense account will also be reviewed regularly at Bankruptcy Accounts Meeting and also the Case Administration Meeting to ensure that where possible, entitlement to the funds is resolved, and where appropriate, the funds are transferred back to the estate for distribution to creditors.

- 9) **In paragraph 2.28(a), in responding to the Audit Commission (“Audit”) regarding the large balance in suspense accounts, ORO stated that it “will continue to develop effective strategies for progressing cases with difficult issues involved in possible asset realisation, through discussion in the Case Administration Meetings and Bankruptcy Account Meetings and will, where possible, issue additional guidelines for case officers to help progress such cases”. Please inform this Committee:**
- (a) **changes in the establishment of the Case Management Division responsible for direct participation in Case Administration Meetings and Bankruptcy Account Meetings in the past 10 years;**

The OR’s Response

These meetings have been established for the specific purpose of dealing with backlog. The first Bankruptcy Account Meeting was held on 8 February 2018 and is conducted on a quarterly basis. It

comprises OR, Assistant Official Receiver (Case Management) (“AOR(CM)”), CIO(Information Technology & Technical), CIO(Compliance and Regulatory), Chief Treasury Accountant (“CTA”) and Treasury Accountant (Financial Management and Systems). The membership has been the same since inception. The first Case Administration Meeting was held on 6 August 2018 and to date 18 meetings have been held. Four cases are usually considered at each meeting. It comprises OR, AOR(CM), Assistant Official Receiver (Legal Services)1, Assistant Official Receiver (Legal Services)2, CTA and one CIO (on a rotational basis) plus each CIO of the case team presenting their case for consideration of the meeting, and a Senior Insolvency Officer who acts as the Secretary to record the discussion, and prepare notes for information accessible by officers. The membership has been the same since inception.

- (b) **in view of the continuous existence of “difficult issues involved in possible asset realisation”, had ORO implemented any measures in the past to expedite the handling of these cases and “develop effective strategies” at the case level; and**

The OR’s Response

Individual cases have unique circumstances and the difficult issues involved therein are usually fact sensitive. As mentioned in the response to Q1 above and in the Audit Report, the ORO had introduced different measures to help progress cases involving assets investigation and realisation and also set up Case Administration Meeting to review and develop strategies to resolve the specific issues at the case level.

- (c) **what was the content of additional guidelines to be provided to case officers? In the past, had ORO discovered common problems among difficult cases, so ORO had issued additional guidelines apart from the general guidelines to improve the processing of cases?**

The OR’s Response

The ORO has been continuously reviewing the common difficult issues involved in the administration of cases and where and when appropriate would issue guidelines/advice on the appropriate topics.

In the past, apart from the internal circulars mentioned above, guidelines or advice on handling common issues or difficulties in case administration, such as the proper way of handling cases with surplus after full settlement of the debts and interest of all proved creditors as well as all costs and expenses of the bankruptcy proceedings, and cases with balance for dividend to known creditors who have not proved their debts, have been issued. Given the nature of the work involved, however, it is not possible to do away with the need for consideration of complex documentation, pension fund trust deeds, contracts, evidence of specific claims and such like.

Part 3: Monitoring of private insolvency practitioners

- 10) According to paragraph 3.6, no quality audits had been conducted on the winding-up cases allocated to private insolvency practitioners (“PIPs”) under the Panel T scheme (i.e. an open tender system for appointing provisional liquidators/liquidators in summary winding-up cases). According to paragraph 3.19(a), ORO would take steps to conduct quality audits from the next tender commencing from April 2020. What steps had ORO taken in this regard?**

The OR’s Response

The ORO is now in the process of designing the detailed procedures and logistics for the quality audits to be conducted, which include the checklist and questionnaire to be used in the audit, and the processes are scheduled to be completed by September 2020. The ORO will then make other necessary arrangements such as notification to the relevant PIPs and conduct of internal and external briefings for conduct of the audit commencing from April 2021.

- 11) In paragraph 3.13, ORO responded to the Audit that although there were eight incidents of PIPs failing to submit preliminary examination questionnaires within seven working days of the interview with the bankrupts, the PIPs had subsequently submitted the preliminary examination questionnaires within a reasonable period of time, and the issue of warning letters was not required. In this regard, please inform this Committee:**
- (a) how many PIPs were involved in the eight incidents; and**

The OR's Response

There are two PIPs involved in the eight incidents.

- (b) **did the current Code of Conduct or guidelines allow ORO a discretion in not issuing warning letters to PIPs under the above circumstances?**

The OR's Response

There is discretion where the reasons for non-compliance are reasonable, for example, the bankrupt could not be located or despite attempts by the PIP the bankrupt did not attend interview. In these circumstances the delay in compliance is considered being outside the control of the PIP. The ORO has internal guidelines on what is considered acceptable and when warning letters should be issued. The eight cases were dealt with in accordance with the internal guidelines.

- 12) According to paragraph 3.17, a notable number of liquidator's accounts and trustee's accounts outstanding from PIPs as at 31 December 2019 and six substantiated or partially substantiated complaints against PIPs received in the period from 2015 to 2019 were not recorded in the registers of unsatisfactory conduct of PIPs. According to paragraph 3.19(c), ORO would review and enhance the existing reporting and recording of unsatisfactory conduct or performance of PIPs, and ensure that the registers of unsatisfactory conduct of PIPs were maintained more comprehensively and in a more timely manner. Please inform the Committee:**

- (a) **what was the progress of ORO's review?**

The OR's Response

The ORO is in the process of reviewing the existing reporting and recording of unsatisfactory conduct or performance of PIPs with a view to ensuring that the registers are maintained in a more comprehensive and timely manner. The initial plan is to consolidate the registers and refine the relevant reporting and

recording procedures and processes to achieve the purpose. The review is expected to be completed by July 2020.

- (b) **what was the current complaint handling mechanism? Which division of ORO was responsible for receiving and handling complaints;**

The OR's Response

According to the established complaint handling mechanism of the ORO, complaints to the ORO are coordinated by the Departmental Secretary ("DS"), the Departmental Complaint Officer. After recording and acknowledging the receipt of a complaint, DS or his deputy will pass the case file to the relevant division head to assign a responsible officer for investigation into the complaint. To monitor the progress of the follow-up actions on the complaints received, a summary of complaints together with the outcome of investigation will be prepared by the deputy of DS on a quarterly basis for circulation to OR and Division Heads for information and monitoring purposes. For complaints against PIPs in case-related matters, CMD is responsible for taking follow-up action to investigate in accordance with the complaint handling mechanism.

- (c) **how many complaints had ORO received in the past five years? How many complaints had been classified as substantiated; and**

The OR's Response

There were a total of 66 complaints against PIPs received in the past five years from 2015 to 2019. Among them, six complaints (9%) were found to be substantiated or partly substantiated after investigation.

- (d) **as the registers of unsatisfactory conduct of PIPs were the only means to assess the past performance of PIPs for tender evaluation, would ORO make reference to the complaint registers during the tender evaluation? If no, why not.**

The OR's Response

Whether conduct or performance of PIPs should be regarded as unsatisfactory depends on the facts and circumstances of each individual case and whether the complaint is substantiated. Complaints received against PIPs do not necessarily mean that there has been misconduct or unsatisfactory performance unless and until the complaints are found substantiated after investigation. Accordingly, under the prevailing mechanism, only substantiated complaints are required to be reported and recorded in the registers of unsatisfactory conduct of PIPs and this information will be referenced during the tender evaluation. To ensure recording of all substantiated complaints in the registers of unsatisfactory conduct of PIPs, the ORO will build in new mechanism in the existing complaint procedures to refer such complaint cases to CIO(Compliance and Regulatory) for follow-up in future.

- 13) According to paragraph 3.21, as at 31 December 2019, there were 763 liquidator's accounts and 15 355 trustee's accounts overdue but not yet submitted by PIPs. Of them, 302 (40%) liquidator's accounts and 146 (1%) trustee's accounts had been overdue for more than five years. According to paragraph 3.22, besides issuing reminder letters, no other follow-up actions had been taken by ORO. According to paragraphs 3.26 and 3.27, ORO had agreed to review and enhance the follow-up actions taken on long overdue accounts from PIPs. Had ORO completed the review? What enhanced measures would be implemented?**

The OR's Response

The ORO is in the process of reviewing the current mechanism for submission of accounts from PIPs and considering measures to enhance the same. The processes are expected to be completed by September 2020.

- 14) Given that creditors or debtors were parties in bankruptcy/winding-up procedures, they generally had a good knowledge of PIPs' conduct. Did ORO have any mechanism to collect their views? Or were there any channels for them to reflect their comments on PIPs for ORO's reference when assessing future bids?**

The OR's Response

In bankruptcy and winding-up proceedings, PIPs as the trustees or liquidators are officers of the court and subject to the court's control and supervision. Any parties including creditors or the bankrupt may apply to the court in respect of any act or decision of the trustee or liquidator if they are aggrieved by that act or conduct and the court may reverse, modify or confirm the decision of the liquidator or trustee. Creditors may also form a creditors committee to superintend the trusteeship or liquidator. That said, if creditors or the bankrupt have any complaint on conduct or performance of the PIPs in administration of the bankruptcy or compulsory winding-up cases, they can refer the same to the ORO. Upon receiving the complaint, the ORO will carry out investigations as appropriate, and require the PIPs to rectify the mistakes if necessary. If the case is serious, the ORO may consider taking more stringent regulatory actions including making application to court for their removal. The ORO will also consider the past conduct or performance of the PIPs in future tender exercises.

Part 4: Way forward

- 15) According to paragraphs 4.9 and 4.13, the Financial Services and the Treasury Bureau ("FSTB") and ORO had not carried out the substantive legislative procedures on the introduction of domestic legislation relating to cross-border insolvency. Had FSTB and/or ORO formed any dedicated teams responsible for studying cross-border insolvency legislation? Had FSTB and ORO started relevant research or legislative drafting work in partnership with the Department of Justice?**

The OR's Response

Please refer to the reply to question 21 which is a consolidated response by the SFST and the OR.

- 16) According to paragraph 4.18, the usage rate of individual voluntary arrangements ("IVA") was low, ranging from 6% to 8% from 2014 to 2018, as a percentage of total bankruptcy and IVA cases. The usage of IVAs as a percentage of total individual insolvencies was**

obviously lower than that of England and Wales of the United Kingdom. Had ORO evaluated the reasons behind the low usage? Apart from the above, please inform this Committee:

The OR's Response

There has been on-going review and monitoring of the position of IVA in the ORO Service Advisory Committee. As a matter of fact, the regime for personal insolvency in England and Wales is different from that in Hong Kong and there are more options for debtors in England and Wales, for example there is the option of a debt relief order, which is an administrative process for consumer debts up to GBP 20,000. The profile of debtors using the bankruptcy process and IVA is likely to be quite different. In Hong Kong, our bankrupts are older, unemployed and with no income and as such bankruptcy is a more attractive option for them to get relief from the debts quickly to enable them to make a fresh start. Given the profile of Hong Kong bankrupts it seems that most are not concerned by the change of status and prefer the immediate relief given by bankruptcy as oppose to the ongoing process and commitment required to adhere to the payment process in IVA, which may last longer than the normal four-year bankruptcy period. In addition, alternatives to IVA such as informal debt restructuring or inter-bank debt relief schemes offered by banking sector are also available and can be accessed by debtors.

- (a) was there any connection between the low usage rate and the three “passive” promotion methods mentioned in paragraph 4.20(h);**

The OR's Response

As explained above and in the Audit Report, choice of IVA or bankruptcy is quite dependent on which one will best suit or fit the circumstances/requirements of individual debtors. The ORO thus does not consider there to be connection between the low usage rate of IVA and the promotion methods undertaken by the ORO to inform debtors of their right to enter into an IVA. After discussing the low usage rate with stakeholders, it seems that bankruptcy is the preferred option for most debtors. That said the ORO will continue to take steps to make sure that debtors are aware of the option of IVA as an alternative to bankruptcy. Once the social distancing restrictions are removed, officers from the ORO will

attend several of the debt counselling service providers and resume delivering talks in this regard, and explain further the effects of bankruptcy generally.

- (b) **did ORO have statistics or estimates on the cost for appointing an accountant or a solicitor as a nominee as required by the Bankruptcy Ordinance (paragraph 4.15 refers)? Under IVAs, how much should a debtor need to set aside as expenditure; and**

The OR's Response

The ORO does not keep statistics on the costs of appointing a nominee, which will be a matter for negotiation between the debtor and the nominee in each case. Each IVA case will depend upon its own facts and circumstances and the fee will vary depending upon the complexity of the case. According to our experience, the nominee and the debtor may agree a lump sum fee, and the total amount of the fee and expenses to be charged by the nominee will be set out in the proposal with an agreement to pay with an agreed number of instalments, which again will vary from case to case. The proposal for IVA put forward by the debtor to his creditors will have information on the amount proposed to be paid to the nominee by way of remuneration and expenses and this will be voted on by the creditors and in successful cases will be sanctioned by the court.

- (c) **would the debtors' expenses under IVAs be too high to make it unaffordable, resulting in a low usage rate?**

The OR's Response

The procedures for IVA are provided in the Bankruptcy Ordinance (Cap. 6). They include appointing a nominee, submitting proposal by the debtor, applying for interim order, convening creditors' meeting to consider the debtor's proposal and reporting the meeting result to court. As mentioned above, the costs and expenses of the nominee will be a matter for negotiation and agreement between the debtor, the nominee and the creditors and will vary from case to case depending on individual case circumstances. There is so far no evidence suggesting that the expenses for IVAs result in its low usage rate.

- 17) According to paragraph 4.25, over the years, while there had been more outsourcing of cases and the number of insolvency cases had generally been on a decreasing trend, no staff savings had been achieved by ORO and the establishment of ORO had increased by 49 (22%) from 224 as at 31 March 2010 to 273 as at 31 March 2019. Please provide the following information for the period from 31 March 2010 to 31 March 2019:**
- (a) the manpower changes in each division in ORO;**
 - (b) changes in the establishment of the Case Management Division; and**
 - (c) changes in the average number of cases each case officer was responsible for.**

The OR's Response

Although the number of bankruptcy and liquidation cases has stabilised after increasing from 1 616 in 1998 to a record high of 26 620 in 2002, it remains at a relatively high level at around 8 000 to 9 000 per year in recent years. The outsourcing schemes can reduce the ORO's workload of handling a large number of cases. However, with the substantial number of outsourced cases, the ORO has to deploy resources for monitoring to ensure that the PIPs discharge their duties in accordance with the statutory provisions and the requirements as specified in the tenders. Moreover, the ORO also has to directly handle a significant caseload including 75% of all debtor-petition bankruptcy cases which fall outside the outsourcing scheme, therefore ORO staff still have to deal with a significant caseload. As can be seen from the information shown below, the average caseload per case officer is on upward trend over the years and has increased from 363 in 2013 to 857 in 2019, i.e. an increase of 136%.

Due to the expansion of insolvency services to be delivered by the ORO after 1992 (e.g. the introduction of individual voluntary arrangement, section 12(1A) outsourcing under the Bankruptcy Ordinance, section 194(1A) outsourcing under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, etc.), the manpower resources of the ORO have been reshuffled to other work areas. Also, to enhance the insolvency provisions, the Bankruptcy Ordinance (Cap. 6) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

(Cap. 32) have been amended in 2016 to introduce a non-commencement regime and a disclosure statement requirement. The introduction of the aforesaid provisions has created additional work burden in the case management work of the ORO.

Notwithstanding the heavy workload as above-mentioned, the total manpower resource in the ORO has remained in the range of about 224 to 273 staff. The establishment for different divisions of the ORO from 31 March 2010 to 31 March 2019 as well as the average caseload per case officer are appended for reference.

Departmental Administration Division

Year	2010 - 2012	2013 - 2019
Establishment	54	56

Financial Services Division

The establishment remained the same at 29 from 2010 to 2019.

Legal Services Division

Year	2010	2011 - 2012	2013	2014	2015 - 2018	2019
Establishment	12	13	16	17	21	24

Case Management Division

Year	2010 - 2012	2013	2014	2015 - 2018	2019
Establishment	129	132	134	136	164

Average Caseload per Insolvency Officer as at Year End (2010 - 2019)

Year	Average Caseload
2010	363
2011	394
2012	451
2013	635

2014	683
2015	757
2016	851
2017	868
2018	825
2019	857

For information, the posts created since 2010 are to meet new operational needs of the ORO arising from new legislative requirements and new IT projects; to strengthen support for prosecution and case management work; and to enhance staff training needs to permanent posts. Also, of the established civil service (“CS”) posts as at 31 March 2019 (i.e. 273 in total), 16 CS posts are time-limited and due to expire in the financial year from 2020 to 2023.

18. According to paragraph 4.27, ORO commenced a Departmental Information Technology Plan (“Plan”) Study in 2018. The Study proposed to implement 22 information technology projects in the coming five years. In this respect:

(a) when was the Plan expected to be implemented or launched;

The OR’s Response

The Plan is being finalised. Among the 22 IT projects covered by the Plan, some projects have been planned before and have already commenced in Q1 of 2020 after obtaining funding approval. As for other projects, they will be implemented as per the Plan in due course.

(b) the budget for the new projects;

The OR’s Response

The estimated total non-recurrent and annual recurrent costs for all the new IT projects, including those projects with funding

applications having already been submitted, are HK\$61.51 Million and HK\$11.67 Million respectively.

- (c) **would ORO apply funding from the Finance Committee of the Legislative Council;**

The OR's Response

For IT projects with required funding exceeding \$10 Million, funding application is to be submitted to the Finance Committee of the Legislative Council. For example, in respect of IT project for implementation of an Electronic Submission System ("ESS"), the ORO is seeking a new funding commitment of HK\$37.986 Million under Head 710 from the Finance Committee of the Legislative Council. Given the Panel on Financial Affairs has supported in-principle the ESS, we will seek funding from the Finance Committee accordingly.

- (d) **how would the Plan enhance the efficiency of ORO; and**

The OR's Response

Given the rapid development of IT and the change in the business needs, workload, increasing demand for better customer services and other requirements, the Plan will help the ORO formulate and map out its short, medium and long term IT planning for support of its business in a systematic and strategic manner. The Plan will identify potential improvement opportunities with innovative use of information technology and form guidance for IT system development and IT-related resources planning for enhancing its overall capability and efficiency in the provision of insolvency service to meet the mission and vision of the ORO as well as to align with the next wave of e-Government initiatives.

Based on the preliminary findings of the Plan, a list of 22 projects have been proposed to attain the benefits from adoption of e-business solutions under prevailing IT technology; and improvements on the current mode of operation by developing new system as well as enhancing the existing systems. They include implementation of ESS and workflow sub-systems ("WFSS") projects. For the ESS, the ORO can enhance its efficiency in monitoring submissions from the PIPs by sending email notices,

reminders and warning letters generated automatically by the system in lieu of present manual workflow. Also, the ESS allows ORO staff and external parties to perform on-line enquiry of case details as well as case tracking via status checking functions of the system at any time convenient for them. As to the WFSS, the Plan has explored to develop satellite or sub-systems with tailor-made functionalities to facilitate more efficient operations by adoption of a workflow-driven methodology. For instance, a sub-system would be developed to handle processing of insolvency cases, e.g. generating standard letters by batch, bringing up cases to case officers for review at different stages of the case, etc. Another sub-system would be developed to help perform the compliance and regulatory work of the ORO on PIPs, which are also currently being handled by manual-driven process.

- (e) **would there be new indicators, such as effectiveness, cost savings and case processing time, set under the new projects to ensure that the expenditure spent was worthwhile and cost-effective?**

The OR's Response

The 22 IT projects identified in the Plan can be divided into three broad categories, namely, (i) upgrade of de-supported system/software (e.g. migration and adoption of Government Human Resources Management System); (ii) government initiatives (e.g. revamp of the ORO website); and (iii) business and operational needs of the ORO (e.g. implementation of electronic submission system). For all the projects, detailed cost and benefit analysis will be conducted beforehand and details will be included in the funding applications to substantiate that the IT projects to be developed and implemented shall meet the business and operational needs of the ORO. Expected benchmark and indicators such as processing time, cost savings, and any other business benefits and outcomes resulting from the projects will also be taken into account and set out where appropriate.

- 19) According to paragraph 4.29(a), ORO had agreed to conduct a strategic review on future manpower deployment, having regard to the increased regulatory role, the progress of clearing backlog cases**

and the anticipated increase of insolvency caseload in the coming period. Had ORO conducted the review? What were the results?

The OR's Response

The ORO reviews manpower needs and operation structure on a regular basis to ensure that there is an alignment of resources to maximise efficiency and the focus of the work being done is in line with the mission of the ORO. When necessary, changes will be made to re-deploy resources to specific areas of work as and when required. The ORO will methodically and critically examine its needs with a focus on new areas of work or service needs that have developed as a result of changes in legislation, policy or operational requirements. Based on the recommendations of the Departmental IT Plan, changes will be made to the IT Team structure to deploy additional resources to ensure the success of the upcoming projects. At the same time, the level of insolvencies fluctuates considerably depending upon many factors. For bankruptcy in particular, with increased unemployment there is likely to be a rise in bankruptcy applications. Considering the current economic environment, the ORO are anticipating an increase in new cases and will take steps to increase resources for case management and where necessary, modify team structures to assist with expected increased workload. A full review will be conducted and it is expected to be completed by March 2021.

- End -

Public Accounts Committee
Short Public Hearing on Chapter 6 (Management of Insolvency Services) of the Director of Audit’s Report No. 74
on 12 June 2020

Opening Remarks by
the Secretary for Financial Services and the Treasury

Mr Chairman,

We welcome this hearing convened by the Public Accounts Committee, which gives me and the Official Receiver the opportunity to respond to Chapter 6 of the Director of Audit’s Report No. 74 (“Report”). The Audit Commission has made a number of observations on the management of insolvency services and recommended the Government to modernise the insolvency provisions. The Financial Services and the Treasury Bureau (“FSTB”) and the Official Receiver’s Office (“ORO”) generally agree with the recommendations in the Report.

2. The ORO performs various statutory duties relating to insolvency in Hong Kong, which include enforcing the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) on the compulsory winding-up of companies and the Bankruptcy Ordinance (Cap. 6) on personal bankruptcy. We understand that with the severe impacts of the prolonged social incidents and the COVID-19 pandemic on our economy, the public is concerned about a potential increase in personal bankruptcy and company winding-up cases. The FSTB will monitor the situation and will, in any event, work closely with the ORO and provide assistance or resource support as required to ensure that the ORO will continue to provide quality and efficient insolvency services. We will also study carefully the Report’s observations and recommendations on certain key aspects of the ORO’s case handling and management practices, which we hope will not only expedite the clearance of outstanding cases, but also serve as useful reference for the ORO’s future work. The Official Receiver (“OR”) will give a specific response to the Report’s recommendations on the management of insolvency services shortly.

3. Regarding the insolvency provisions, the Report sets out recommendations on the legislative exercises on “statutory corporate rescue procedure” and “cross-border insolvency”. I would like to give a brief account of the latest developments in these areas.

4. Regarding introduction of a statutory corporate rescue procedure, drafting of the bill is now in an advanced stage. Given the complexity and technicalities of the bill from the angles of companies, creditors, employers, employees, directors' duties, etc., as well as the concerns expressed by various stakeholders previously, we will discuss with stakeholders the latest legislative proposals and the draft of relevant provisions in respect of specific areas of concern in the next few months with a view to addressing the concerns and finalising the bill for introduction into the Legislative Council in the 2020-21 legislative session.

5. In relation to the legislation for "cross-border insolvency", we are exploring the feasibility of introducing domestic legislation. We will consider adopting the Model Law on Cross-Border Insolvency of the United Nations Commission on International Trade Law as the basis of the domestic legislation with necessary modifications with regard to relevant local circumstances. We will study the consultant's recommendations and stakeholders' views in further planning for taking forward the domestic cross-border insolvency legislation.

6. Finally, I would like to thank the Audit Commission again for making a series of constructive recommendations. Mr Chairman, I will now hand over to the OR. After that, we will be happy to answer questions from Members. Thank you, Mr Chairman.

Public Accounts Committee
Short public hearing on Chapter 6 of the Director of Audit's Report No.74
Management of insolvency services

Opening Remarks by the Official Receiver

Chairman and Members,

Good morning. Thank you for this opportunity to address the Public Accounts Committee ("PAC") on the follow up action that the ORO has taken, and further intended to take to address the 20 recommendations set out in Chapter 6 of Report No. 74 of the Director of Audit, concerning the Management of Insolvency Services. I take this opportunity to thank the Director of Audit for these suggestions and recommendations. We agree with the recommendations of the Director of Audit. By way of our letter to PAC of 1 June 2020 ("our letter") we have provided a detailed response to the 21 further questions raised by this committee.

2. At the outset I would like to provide this committee with some context. The work and functions of the ORO are governed by Statute and the necessary procedures for the most part are required by legislation, and as such refinement of process has constraints. Since the Asian Financial Crisis in 1998, the number of insolvency cases has remained at a comparatively high level and given the accumulation of cases with the need to administer each bankruptcy case for at least four to eight years, the workload of the ORO continues to increase. The issues arising in each case are different and of varying degrees of complexity. Cooperation from bankrupts is not always readily forthcoming, and there is a considerable level of case administration required for the in-house bankruptcy cases even after they are put on release programme or at post-discharge stage. Refinement of process, re-engineering and simplification of procedures are ongoing, and we have employed temporary staff and made use of outsourcing schemes over the years to assist with the heavy workload.

3. The Director of Audit has made recommendations in respect of :-
- (a) Administration of in-house insolvency services;
 - (b) Monitoring of private insolvency practitioners (“PIPs”); and
 - (c) Way forward.

I will address each of these areas in turn.

(a) Administration of in-house insolvency services

4. In respect of the six recommendations for enhanced administration of in-house insolvency services, we have set out at some length in our letter the strategies that we already have in place to assist officers in the expeditious resolution of difficult issues arising in individual cases. Whilst we have explained that the cases under administration are varied, complex and do not always lend themselves readily to standard solutions; and resolution for the most part being dependent upon further investigation requiring the cooperation of third parties, we will continue working to develop and refine effective strategies that can be rolled out generally for realization of assets, including where the assets involved are landed properties.

5. We are in the process of again reviewing common difficulties that are holding up cases, and will promulgate further guidelines in addition to those already in place as necessary. We anticipate such review to be finalized by the end of this calendar year.

6. We intend to expand specific “No Further Action” thresholds in respect of additional categories of asset, continue to provide regular updates on common legal problems likely to arise, refine the in-house approval limits for specific actions so as to speed up case processing, continue our investment in staff training and experience sharing amongst teams at the top-level management meetings, and continue monitoring progress and giving case specific advice where necessary.

7. Apart from the general guidelines and refinement of the case management process, we will continue to provide bespoke guidance and assistance at case level at the monthly Case Administration Meeting (“CAM”) and will continue with the more general quarterly Bankruptcy Account Meeting. Both meetings, established since 2018 and comprising directorate officers, with the aim of identifying, progressing and monitoring long outstanding complex cases, particularly those with larger balances in the bankruptcy accounts, have proved successful.

8. We intend to expand the CAM to consider the issues holding up the long outstanding pre-2002 company liquidation cases identified by the Director of Audit, where other strategies to conclude them fail. The pre-2002 personal bankruptcy cases are already being considered in the CAM. A list of all cases has been compiled with directions for review by the end of July 2020, with the aim, where possible, of putting all such cases on release program by December 2020, and if this cannot be achieved, a direction that the case be referred to CAM.

9. The long outstanding cases identified by the Director of Audit are complex. For instance, one case involved a listed holding company with subsidiaries in insolvent liquidation in other jurisdictions, and closure of the Hong Kong liquidation is dependent upon dividend from these oversea subsidiary liquidations. These cases are still active. We have set out other difficulties faced in these cases in our letter. We will nevertheless use our best endeavors to complete these old complex cases as soon as possible.

10. We will move ahead robustly with renewed focus, and apart from the disposal of landed properties, which we anticipate will take a longer time to resolve, aim to implement the recommendations by the end of this year.

(b) Monitoring of private insolvency practitioners

11. In respect of the eight recommendations made for the monitoring of PIPs, steps are being taken to conduct quality audit of Panel T scheme PIPs. The detailed procedures and logistics are under consideration and will be ready by September 2020, with a view to commencing quality audit from April 2021.

12. Measures have been put in place internally to ensure that the target coverage for field audit by the ORO's Financial Services Division will be met.

13. We intend to review and enhance the reporting of unsatisfactory conduct of PIPs and review and enhance the existing reporting and keeping of the various complaint registers. The preliminary proposal is to consolidate the current four registers into one register. This recommendation will be implemented by July 2020.

14. According to our records, 92% of liquidator's accounts were submitted within six months of account end date, and those outstanding liquidators accounts identified by the Director of Audit represent around 3% of accounts submitted over the same period. We will review and enhance follow up action required.

15. In respect of submission and checking of PIP accounts, we have been in the process of reviewing the various practices. At the moment the issuance of warning letters in respect of outstanding accounts is centralized and followed up by individual case officers. We are considering a more efficient strategy for follow up of warning letters. Furthermore, with the in-principle support of the Panel on Financial Affairs, we are planning to seek the funding approval of the Finance Committee for introducing an Electronic Submission System ("ESS"). Once implemented, the system will allow e-submission of accounts by PIPs, and manual checking by the ORO will no longer be necessary. This will greatly enhance efficiency. In respect of the checking of accounts submitted, a review of our risk-based checking mechanism is underway and is expected to be finalized by the end of July 2020.

16. We anticipate having a more robust framework for monitoring the PIPs in place by September 2020. With implementation of our ESS, we anticipate further enhancement to our regulatory capabilities.

(c) Way forward

17. In respect of the six recommendations made on the way forward for the ORO, the Secretary has responded to the two recommendations on corporate

rescue procedure and insolvent trading provisions, as well as domestic cross-border insolvency legislation.

18. In relation to the perceived under-utilization of the individual voluntary arrangement process in the Hong Kong context, we will continue to engage with our stakeholders and explore opportunities to facilitate the use of such procedures where appropriate.

19. We will continue to review our manpower needs, resources and operation structures on a regular basis to ensure alignment and maximum efficiency in delivery of our service. We intend to complete a full strategic review by March 2021.

20. We will continue to review our Departmental Technology Implementation Plan and ensure the costs and benefits are aligned.

21. The review of fees structure is in fact at a relatively advanced stage, but there are challenges in devising an alternative fee structure to support a self-funding insolvency service of last resort. Given the widely fluctuating insolvency numbers, the ever-changing insolvency environment and the difficulty in predicting volume, rationalization of the fee structure is not easy. That said, we aim to finalize the review by the end of March 2021.

22. Chairman and Members, again I thank you for your time and I thank the Audit Commission for their recommendations, which undoubtedly provide fresh perspectives and guidance for us in the reviews that we will undertake in implementation of the recommendations. My colleague and I would be pleased to answer members' questions.

ENDS



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香港金鐘道六十六號金鐘道政府合署高座十樓至十二樓

來函請註明本署檔號

IN REPLY PLEASE QUOTE THIS REF: ORO GR/4-35/3/C

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19 June 2020

(By Email)

Mr Anthony Chu
Clerk to Public Accounts Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr Chu,

Public Accounts Committee
Consideration of Chapter 6 of the Director of Audit's Report No.74
Management of insolvency services

Thank you for your letter dated 12 June 2020. Herewith the action plan of the Official Receiver's Office with implementation timeline in response to Director of Audit's recommendations. Please note that comments of the Financial Services and the Treasury Bureau have been incorporated in respect of the recommendations at paragraph 4.12.

Yours sincerely,

(Mr Ronald Fu)
Assistant Official Receiver
for Official Receiver

c.c. Secretary for Financial Services and the Treasury (fax no. 2869 4195)
Director of Audit (fax no. 2583 9063)

CORRESPONDENCE SHOULD BE ADDRESSED TO THE OFFICIAL RECEIVER AND NOT TO INDIVIDUAL OFFICERS.

來函請書明「破產管理署署長」收

Director of Audit's Report No. 74
Chapter 6 Management of insolvency services

Official Receiver's Office's Action Plan and Implementation Timeline

Para.	Recommendations of Audit	Action Plan
2.27	<p>The Official Receiver ("OR")</p> <p>(a) to continue to closely monitor the achievement of the 18-month target for summary bankruptcy cases with no monthly contributions but with assets for distribution, and formulate effective strategies for dealing with cases with difficulties in asset realisation in order to meet the target processing time.</p> <p>(b) to specify more clearly in the Controlling Officer's Report the performance target for completion of procedures for distribution of dividends.</p> <p>(c) to formulate effective strategies for clearing the 200 pre-2002 long outstanding insolvency cases as soon as practicable.</p> <p>(d) to formulate effective strategies for handling bankruptcy cases involving landed properties.</p> <p>(e) to take measures to expedite the resolution of complex legal issues encountered in the</p>	<p>Completed/Ongoing and continuous</p> <ul style="list-style-type: none"> • The performance target has been revised and will be set out in the next Controlling Officer's Report to be released in 2021 to specify more clearly the starting point for counting the target processing time for completing the dividend distribution. • To continue close monitoring of the 18-month target achievement rate as well as further reviewing common problems / difficulties that are holding up cases and, if necessary, promulgate additional specific guidelines or internal circulars for case officers as may be appropriate to help progress the cases. • To continue to refine and develop effective strategies for handling the outstanding cases involving landed properties having regard to their unique circumstances. • To continue monitoring amounts kept in the suspense accounts in the regular Bankruptcy Account Meeting with a view to having the monies properly dealt with as soon as possible.

Para.	Recommendations of Audit	Action Plan
	<p>administration of insolvency cases.</p> <p>(f) to periodically review the balance kept in the suspense accounts, especially for released/rescinded/withdrawn cases, and take effective measures to ascertain the nature of the funds and transfer them back to the Companies Liquidation Account and the Bankruptcy Account where appropriate in a timely manner.</p>	<p>In progress</p> <ul style="list-style-type: none"> • A list of all remaining pre-2002 cases has been compiled with directions for review and conclusion of the cases by the end of 2020. For cases where this cannot be achieved, they will be referred to the Case Administration Meeting for review and development of focused strategies to conclude them as soon as possible. • A performance pledge for provision of timely legal advice in all cases referred to the Legal Services Division 1 has been set. Target to resolve the remaining complex legal issues in stages by the end of 2020¹.
3.18	<p>(a) to implement the procedures on conducting quality audits for the Panel T scheme as soon as practicable.</p> <p>(b) to remind the Financial Services Division to take measures to ensure that the target coverage of field audits is met.</p> <p>(c) to keep in view the need of issuing warning letters for Private Insolvency Practitioners' ("PIPs") unsatisfactory performance including any prolonged delay in the</p>	<p>Completed</p> <ul style="list-style-type: none"> • The process for selection of cases for field audit has been revised to ensure that the target coverage will be met. <p>In progress</p> <ul style="list-style-type: none"> • To complete reviewing and refining the whole process of regulating the PEQ firms in delivering their services under the tender and the process of the issue of warning letters to PIPs by the second half of 2020.

¹ Apart from one complex issue that may take longer to resolve and may require a court application.

Para.	Recommendations of Audit	Action Plan
	<p>submission of preliminary examination questionnaires (“PEQ”) in future.</p> <p>(d) to take measures to enhance the reporting and recording of unsatisfactory conduct or performance of PIPs.</p> <p>(e) to ensure that the registers of unsatisfactory conduct of PIPs are maintained properly.</p> <p>(f) to make continuous improvement in monitoring the performance of PIPs.</p>	<ul style="list-style-type: none"> • To complete reviewing and enhancing the reporting of unsatisfactory conduct or performance of PIPs with a view to consolidating the current four registers into one register by the second half of 2020. • To design the detailed procedures and logistics for the quality audits to be conducted, which include the checklist and questionnaire to be used in the audit. To make other necessary arrangements such as notification to the relevant PIPs and conduct internal and external briefings subsequently for commencing conduct of the audit from the first half of 2021. • To regularly review and seek continuous improvement on the monitoring and regulatory mechanism for PIPs. Subject to the Finance Committee’s approval, to introduce an electronic submission system to, inter alia, facilitate submission of various documents from PIPs and automate certain monitoring processes, thus enhance the corresponding monitoring and regulatory work of ORO.
3.26	<p>(a) to review and enhance the follow-up actions taken on long overdue accounts from PIPs.</p> <p>(b) to review and enhance the current procedures on the examination/checking of accounts from PIPs.</p>	<p>In progress</p> <ul style="list-style-type: none"> • To complete reviewing the current mechanism for submission of accounts from PIPs and revise the process of the issue of warning letters to PIPs for outstanding accounts by the second half of 2020. • To adopt a risk-based approach in selecting cases with substantial assets realised for detailed checking of the

Para.	Recommendations of Audit	Action Plan
4.12	<p>The Secretary for Financial Services and the Treasury, in collaboration with the OR,</p> <p>(a) to take action to introduce the bill on corporate rescue procedure and insolvent trading provisions into LegCo in a timely manner.</p> <p>(b) to continue to consider how to take forward the domestic cross-border insolvency legislation and conduct public consultation as appropriate.</p>	<p>accounts submitted by PIPs by the second half of 2020.</p> <p>In progress</p> <ul style="list-style-type: none"> • To further engage stakeholders and discuss with them specific areas of concern. To finalise the bill and introduce the bill into the Legislative Council in the 2020-21 legislative session. • To consider how to take forward the domestic cross-border insolvency legislation on the basis of the UNCITRAL Model Law in consultation with relevant parties.
4.22	<p>The OR</p> <p>- to further explore with stakeholders to determine what additional measures can be introduced to facilitate the use of individual voluntary arrangements (“IVAs”) in Hong Kong.</p>	<p>Completed/Ongoing and continuous</p> <ul style="list-style-type: none"> • Specific FAQs on the relevant aspects of IVAs have been posted on the ORO’s website. Posters and an information slideshow on IVA have also been produced. The ORO will continue to engage with stakeholders and explore any additional measures to facilitate the use of IVAs, and will take a more proactive approach (e.g. public seminars and talks) in reaching out to the public to explain the consequences of bankruptcy as well as possible alternatives to bankruptcy including IVAs.

Para.	Recommendations of Audit	Action Plan
4.28	<p>(a) to conduct a strategic review on future manpower deployment, having regard to the increased regulatory role, the progress of clearing backlog cases and the anticipated increase of insolvency caseload in coming period.</p> <p>(b) to conduct a cost-and-benefit analysis in planning the implementation of the information technology projects.</p>	<p>Ongoing and continuous</p> <ul style="list-style-type: none"> To continue to review the costs and benefits in the planning and implementation of the information technology projects. <p>In progress</p> <ul style="list-style-type: none"> To complete a strategic review on future manpower deployment by the first half of 2021 to cope with backlog cases and other anticipated needs, including the implementation of those projects proposed in the Departmental Information Technology Plan Study commenced in 2018.
4.36	<p>- to explore measures to minimise the impact of the fluctuating cost recovery rates on fee charging.</p>	<p>In progress</p> <ul style="list-style-type: none"> To complete review of fees structure and consider the best possible option by the first half of 2021.

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電話 Tel: 3509 8779
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By Post & Email

1 June 2020

Mr. Anthony Chu
Clerk
Public Accounts Committee
Legislative Council
1 Legislative Council Road
Hong Kong

Dear Mr. Chu,

Public Accounts Committee

**Consideration of Chapter 7 of the Director of Audit's Report No. 74
Management of short term tenancies by Lands Department**

Thank you for your letter of 22 May 2020.


We have issued, on 2 April 2020, to the Panel on Development an information note entitled "Progress Report on Funding Scheme to Support the Use of Vacant Government Sites by Non-government Organisations for the Financial Year 2019-20" (LC Paper No. CB(1)500/19-20(01) ¹, as enclosed). The paper contains detailed information about the eight approved applications, progress of individual projects, and overall management of the funding scheme. Subsequent to the issuance of the information note, we have approved three additional applications for the respective project proponents to initiate detailed design and site investigations in respect of their projects, and the total funding approved for these three projects amounts to about \$15 million.

***Note by Clerk, PAC:** LC Paper No. CB(1)500/19-20(01) not attached.

¹ <https://www.legco.gov.hk/yr19-20/english/panels/dev/papers/devcb1-500-1-e.pdf>

Government would brief the Panel on Development on the aforesaid progress report at its next meeting scheduled for 23 June 2020.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jackie Liu', is centered on the page. The signature is written in a cursive style with a large initial 'J'.

(Jackie Liu)
for Secretary for Development

c.c.

Secretary for Financial Services and the Treasury

Director of Audit

Director of Lands



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LANDS DEPARTMENT

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來函檔號 Your Ref. CB4/PAC/R74

我們矢志努力不懈，提供盡善盡美的土地行政服務。
We strive to achieve excellence in land administration.

香港北角渣華道三三三號北角政府合署二十二樓
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333 JAVA ROAD, NORTH POINT, HONG KONG

網址 Website : www.landsgov.hk

來函請註明本署檔號
Please quote our reference in your reply.

4 June 2020

By email ahychu@legco.gov.hk
and By despatch

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

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 7 of the Director of Audit's Report No. 74
Management of Short Term Tenancies

Thank you for your letter of 22 May 2020.

Please find attached our responses in English version to the matters as set out in Part(I) of the Appendix to your letter. Our responses in Chinese version will be provided in due course.

Yours sincerely,


(Ms. Angela CHAN)
for Director of Lands

Encl.

c.c. Secretary for Development (Fax No. : 2147 3691)
Secretary for Financial Services and the Treasury (Fax No. : 2147 5239)
Director of Audit (Fax No. : 2583 9063)
LD SD/GEN/133 Pt.13

**Public Accounts Committee
Consideration of Chapter 7 of the Director of Audit's Report No. 74
Management of Short Term Tenancies**

For the Lands Department

Part 1: Introduction

- (1) According to paragraph 1.6(b), please elaborate on the existing basis for determining nominal or concessionary rent charged for short term tenancies (STTs) by way of direct grant (for community, institutional or non-profit-making uses).

Reply:

In general, the Government would charge full market rent for STTs by direct grant unless with the policy support of the relevant policy bureau or department for charging concessionary or nominal rent. For example, subject to policy support, an STT for social welfare use may be granted at a nominal rent, while an STT for religious use may be granted at a concessionary rent.

Part 2: Granting and Renewal of Short Term Tenancies

- (2) According to paragraphs 2.5 and 2.6, Audit Commission (Audit) noted from its analysis of the 1 165 STTs approved by Lands Department (LandsD) from 2014-15 to 2018-19, that the processing time for 204 (18%) STT applications was longer than 3 years.
- (a) Please provide details about the uses of the above 204 STTs under application, reasons for the long processing time, in particular, the 8 STT applications that took more than 12 years to process (e.g. whether manpower shortage or mishandling was involved), and comment on whether or not the situation is desirable;

Reply:

Out of the 204 STTs with processing time longer than 3 years, most of them (195 STTs) were let by direct grant mainly for

private garden use (146 STTs, or 75%) and community, institutional or non-profit-making uses (23 STTs, or 12%). In respect of the 8 STTs with processing time longer than 12 years, 7 of them were let for private garden use and the remaining one was for storage purpose.

For the 8 STTs with processing time longer than 12 years, we observed that the reasons for long processing time were that District Lands Offices (DLOs) needed to take time to clarify the land title of the applicant (e.g. for private garden STTs, the applicant should be verified to be the owner or the occupant of the adjoining residential lot or ground floor of the adjoining residential building if it is in multiple ownership) and resolve associated local objections. Further, we found that the data in the Tenancy Information System (TIS) for some cases were mistakenly entered and the actual processing time is shorter than recorded in the TIS. Processing time for four of them indeed are within 3 to 8 years.

Regarding STTs for private garden use, another reason for the long duration between receipt and approval of the applications is the waiting time for commencement of processing by DLOs in view of the large number of applications in some districts. In respect of these cases, the actual processing time spent (counting from the juncture of commencement of processing) is actually shorter than that recorded in the TIS. As for STTs granted for community, institutional or non-profit-making uses, the procedures including consultation with relevant bureaux/departments for policy support and clarification with applicants about their proposed use may sometimes be lengthy.

To improve the situation, an internal working group convened by senior management with District Lands Officers has been formed to review the mechanism of handling STT applications and to identify improvements in various aspects for management of STTs, including data accuracy of TIS. Besides, LandsD is prepared to revamp the TIS or make use of other related IT systems to facilitate overall monitoring and management of STTs.

- (b) Policy support from the relevant policy bureaux/departments is one of the factors adopted by LandsD for considering STT applications. As the processing of STT applications takes time,

during which applications may be subject to policy changes and the applications may be affected, how will LandsD follow up on these applications (e.g. will LandsD take the initiative to inform applicants of the policy changes made by the relevant policy bureaux/departments, so that they can consider whether to withdraw or revise their applications)?

Reply:

Under the established practice, where an application for direct grant STT is approved on policy support by the relevant policy bureaux/departments and no objection from other bureaux/departments, the applicant will be provided with the provisional terms and conditions incorporating the comments of all consulted bureaux/departments (including those of the bureaux/departments giving policy support from the prevailing policy perspectives) and allowed to consider whether or not to accept them before execution. Moreover, LandsD Headquarters issued a memorandum to all DLOs on 27 May 2020 providing additional guidelines for handling STTs. In particular, to ensure that the decision of the policy bureaux/departments or any change of which will be conveyed timely to the applicants, where the relevant policy bureaux/departments refuse to provide policy support, the application should be rejected immediately for reasons of lack of policy support and the applicant should be further advised that they may contact the relevant bureaux/departments directly for further information if necessary.

- (c) LandsD indicated in paragraphs 2.17(a)(i) and (ii) that it would review the current instructions/guidelines and mechanisms, including for processing STT applications with a view to strengthening progress monitoring, and it would incorporate an appropriate time target for processing STT applications. Please advise us the standards for setting a time target for processing STT applications, the specific measures for achieving the target, as well as the progress and time schedule of the follow-up actions; and

Reply:

An internal working group convened by senior management with District Lands Officers has been formed to review the

mechanism of handling STT applications and to identify possible improvements in various aspects for management of STTs. In particular, the working group will consider setting an appropriate time target for processing different types of STT and relevant monitoring system etc., taking into account various relevant factors affecting the necessary processing time. The review is expected to be completed within 6 months for implementation.

- (d) (i) Applicant A wrote to the District Lands Office/Hong Kong West and South (DLO/HKW&S) to enquire about the status of his application in 2006, 2007 and 2014, but no reply was given. Please provide the reasons for no reply given to the Applicant and for not following up on the works progress with the Applicant in a timely and proactive manner (e.g. whether manpower shortage or mishandling was involved).

Reply:

(i)-(iii)

In 2017, having considered the departmental comments and the on-site situation that the landscaped garden and the gate over the Government land had been completed, DLO/HKW&S approved the application according to the prevailing regularization policy. Among others, to address the concerns of CEDD, a relevant tenancy condition has been imposed to require the applicant to complete the slope upgrading works at his own expense within a prescribed time after granting the proposed STT. To date, the slope upgrading works have not been completed.

Having reviewed the case, we agree that there is room for improvement in its handling. It was undesirable that DLO/HKW&S did not respond to the enquiries of the applicant during the application stage in a timely manner, and has not followed up with the tenant closely on the required slope upgrading works after granting the STT. Notwithstanding the competing priorities of the office, we acknowledge that better arrangements could have been made.

The tenant requested on 23 March 2020 for extension of time to complete the slope work and submitted the relevant information to DLO/HKW&S including a detailed works programme to justify the application for time extension. Amongst them is the time required for a topographic survey of the boundary and subsequent submissions to relevant departments (e.g. Buildings Department) for approval for implementation of slope upgrading works on site. The tenant advised that it would take around 36 weeks from site survey to completion of slope upgrading works. In general, LandsD would consider requests for time extension for outstanding works based on the justifications provided by the tenant. Each case will be considered on its own merits. For the subject case, having considered the justifications provided by the tenant, DLO gave approval for the time extension sought.

- (ii) The application was approved in March 2017. DLO/HKW&S required the tenant to complete the slope works within 1 year or such extended period as approved. However, the required slope works had yet to be completed as of February 2020. Why did DLO/HKW&S approve the above STT application before completion of the slope works by the tenant? Does LandsD consider it desirable that DLO/HKW&S imposed the requirement of implementing slope works under the tenancy agreement without following up with the tenant? What are LandsD's criteria for granting extension of time? Did LandsD approve the Applicant's time extension? If no, will LandsD take back the STT site in accordance with the tenancy conditions or take other follow-up actions? And

Reply:

Please refer to the reply in Q2(d)(i)

- (iii) Please advise us the latest progress regarding the slope works and the STT application.

Reply:

Please refer to the reply in Q2(d)(i)

- (3) Regarding Case 2 under paragraph 2.7,
- (a) Prior to its policy support given in granting the STT to Applicant B at nominal rent in July 2009, why was the relevant policy bureau unaware of the advice of Legal Advisory and Conveyancing Office (LACO)/Kowloon that Applicant B could not be regarded as a legal entity suitable to sign the tenancy agreement? How will LandsD refine the guidelines on handling cases of similar nature? For example, will there be any refinement of the procedures for seeking advice from LACO and the relevant bureaux? If yes, when will the refinement be made? If no, how will LandsD avoid the recurrence of the above?

Reply:

Under existing practice, in processing a direct grant STT, DLOs would seek the necessary policy support from the relevant bureaux/departments at the early stage in parallel with other procedures including departmental circulation. It was the practice that the case would not be passed to LACO for checking of the legal capacity until execution stage of the STT. To improve the situation, LandsD Headquarters issued a memorandum to all DLOs on 27 May 2020 providing additional guidelines for handling STTs. In respect of tenant's capacity to execute the STT, DLOs are advised to obtain information from the applicant on the capacity to sign the tenancy agreement for non-personal cases as early as possible.

- (b) District Lands Office/Kowloon East (DLO/KE) suspended the processing of Applicant B's application for 2 years (from May 2010 to May 2012) as the applicant claimed that it was undergoing the process of registering as a limited company in May 2010. The STT was finally approved in August 2014 (i.e. 5 years after Applicant B's application was received). During the period, an application for the site was received from another applicant but was rejected on the grounds that Applicant B's application was under processing. Why did LandsD neither reject Applicant B's application right away nor

allow others to submit an application? Are there any specific guidelines adopted by LandsD on handling situations as such to avoid keeping the site idle while the application is under processing?

Reply:

For the subject case, departmental circulation for the application was completed in 2009 and policy support from relevant policy bureau was also given in the same year. The legal capacity to sign the tenancy agreement was considered a technical problem which could be resolved either by the tenant taking up the STT under the name of the Chairman or to be incorporated as a limited company. The applicant eventually chose to set up a limited company as a more proper way to take up the STT. It was under this consideration that DLO/KE continued processing the STT application pending incorporation of a limited company by the applicant. With the additional guidelines issued by LandsD Headquarters on 27 May 2020 as explained in response in Q3(a) above, it is expected that similar technical problem could in future be identified at the start of application in order to shorten the processing time.

- (c) Does LandsD process STT applications on a first-come-first-process basis or by making reference to other criteria? If yes, please provide details about the criteria, and the ways of publicising such criteria. If a number of applications for the same STT site are concurrently made, what are the specific guidelines adopted by LandsD to ensure a fair application process?

Reply:

Before November 2018, LandsD adopted the “first-come-first-process” approach in handling STT applications. In November 2018, the approach was revised to allow a grace period for submission of competing applications. Under the revised approach which remains valid at present, upon receipt of a valid application for use of a vacant Government site (VGS) by STT, a remark would be shown against that site on GeoInfo Map indicating that a valid application has been received. Subsequent valid applications for

the same site would be accepted within the two-week grace period after publication of such remark on GeoInfo Map. Upon the lapse of the said two-week grace period, further applications for the site would not be accepted. All valid applications received would then be processed in parallel, and if more than one application receive the requisite policy support, LandsD would escalate the case to the Development Bureau (DEVB) for a steer.

- (4) According to paragraph 2.8, LandsD had no specific guidelines relating to the handling of STT applications with lack of policy support from the relevant policy bureaux/departments, including whether the applicant should be informed of the reason for lack of policy support, and whether the applicant could be allowed to modify its proposal in order to obtain policy support. In this connection,
- (a) From 2014-2015 to 2018-2019, what was the number of STT applications rejected due to lack of policy support from the policy bureaux/departments and the main reasons for their lack of policy support? Will LandsD disclose to the public the criteria for obtaining policy bureaux/departments' policy support? If no, what are the reasons?

Reply:

(a)–(c)

LandsD has no readily available information on the number of STT applications rejected due to lack of policy support, the compilation of which would require DLOs to divert significant resources for search of extensive file records. As for the criteria or rationale for a bureau or department to give policy support for an STT application, we believe that each bureau/department considers each STT application according to their relevant policy objectives.

Under the existing practice, it is not uncommon for the respective bureau or department to contact the applicant direct if considered necessary, especially for the consideration of granting policy support. To further enhance the efficiency and transparency, LandsD Headquarters issued a memorandum to all DLOs on 27 May 2020 on additional guidelines to process STTs. In respect of cases with lack of policy support, DLOs

have been instructed to reject the application immediately on reasons of lack of policy support and the applicant should be further advised that he or she may contact the relevant bureaux/departments directly for further information if necessary.

- (b) At present, it takes a long time to seek policy bureaux/departments' support. Will LandsD consider requesting the relevant policy bureaux/departments to contact the applicant direct, and allowing an applicant to modify its proposal in order to obtain the necessary policy support? If no, will the applicant be provided with policy bureaux/departments' contact details so that they can arrive at a solution directly, to expedite the processing of STT applications?

Reply:

Please refer to the reply in Q4(a)

- (c) As indicated in paragraph 2.17(a)(iii), LandsD will review the current instructions/guidelines and mechanisms, including the handling of STT applications with lack of policy support from the relevant policy bureaux/departments. Please advise us the review findings. If the review is yet to complete, what is the expected date of completion? And what measures are currently in place for informing STT applicants of the reasons why their applications are rejected?

Reply:

Please refer to the reply in Q4(a)

- (5) Regarding the handling of the case mentioned in Table 3 under paragraph 2.9, it took more than about 4 years for LandsD to get notification from the relevant bureau, what were the reasons? Whether manpower shortage or mishandling was involved?

Reply:

According to the file records, when Applicant C submitted the application in April 2013, District Lands Office/Sai Kung (DLO/SK) had been processing other applications for the same site, which were

submitted earlier than Applicant C. Based on the “first-come-first-process” processing approach which was prevailing at that time, the application was not processed. After DLO/SK had rejected the other earlier applications, Applicant C confirmed his intention to apply for STT of the site in September 2014. During the period from June 2015 to September 2015, Applicant C had made several amendments to the proposal. As such, DLO/SK processed the various amendments by engaging concerned departments and requested the applicant to address the departments’ comments during the same period of time.

In view of the various changes which might cause confusion to relevant departments, DLO/SK in December 2016 re-circulated the final proposal for relevant departments’ comments including seeking the advice from Home Affairs Department (HAD) for policy support. After receiving the requested supplementary information in February 2017 and June 2017, HAD advised in August 2017 that policy support would not be given for the application.

To improve the situation, an internal working group convened by senior management with District Lands Officers has been formed to review the mechanism of handling STT applications and to identify possible improvements in various aspect for management of STTs. The review is expected to be completed within 6 months for implementation.

- (6) According to paragraph 2.11, in July 2018, an STT was granted to Tenant A of Case 3 for the operation of a car park. The car park commenced operation in August 2018. However, it was not until April 2019 that District Lands Office/Hong Kong East (DLO/HKE) enquired with the Fire Services Department (FSD) whether Tenant A’s facilities at the site complied with the fire service requirements. While Tenant A’s fire service facilities installed at the site were considered unacceptable by FSD, Tenant A had continued to operate the car park for 1 year until the tenancy was terminated in September 2019 in accordance with a Notice to Quit. Please advise us of the following:
- (a) Why DLO/HKE did not ascertain Tenant A’s non-compliance with the tenancy agreement at an earlier stage? What were the reasons for DLO/HKE not to consult FSD until April 2019? Will LandsD pursue the further action against Tenant A? If yes, what are the details; if no, what are the reasons?

Reply:

According to the tenancy agreement, the tenant is obliged to observe and comply with the fire services requirements, including the construction of walls within one calendar month from the date of commencement of the tenancy (i.e. by 1 September 2018) or such extended period as may be approved by the District Lands Officer along the periphery of the Liquefied Petroleum Gas (LPG) Cylinder Wagons Parking Area as fire barriers (hereinafter referred to “FSI proposal”) to the satisfaction of FSD before parking of LPG Cylinder Wagons in the LPG Cylinder Wagons Parking Area.

During the period from August 2018 to May 2019, DLO/HKE closely liaised with the tenant, Electrical and Mechanical Services Department and FSD about the safety requirements for parking of LPG Cylinder Wagons. In August 2018 and September 2018, DLO/HKE sent reminders to the tenant to observe and comply with such submission requirement in respect of the FSI proposal. In November 2018, the tenant explained that the relevant work was delayed due to the strong typhoon and the electricity supply work of the power companies. The tenant stated that they would submit the plan to FSD for vetting and complete the project as soon as possible. At a site inspection in January 2019, DLO/HKE found parking of LPG vehicles and erection of fire barriers by a metal wall within the site.

Following the tenant's submission of FSI proposal to FSD with copy to DLO/HKE in April 2019, DLO/HKE enquired and FSD advised in May 2019 that the submitted FSI proposal at the subject site was considered not acceptable. Subsequent to the tenant's failure to obtain FSD's approval for the FSI proposal, the tenant served a 3-month Notice to Quit to terminate the tenancy, which took effect in September 2019. In respect of any further possible course of action against the ex-tenant, DLO/HKE is seeking legal advice.

- (b) Does LandsD consider it desirable to take a year to process an STT with fire safety concerns? In respect of this case, has LandsD reviewed and worked out any procedures and target time frames for handling tenancies with public safety concerns? If yes, please provide the details; if no, what are the reasons?

Furthermore, how can LandsD ensure that the STTs granted pose no threat to public safety?

Reply:

(b)-(c)

Notwithstanding that DLO/HKE had closely liaised with the concerned parties on the fire services requirements, the time taken in handling the matter is considered undesirable. To avoid re-occurrence of similar situation as far as possible, LandsD Headquarters issued a memorandum to all DLOs on 27 May 2020 providing additional guidelines for handling STTs. In relation to fulfilment of STT conditions related to public safety (e.g. scheme of security, Fire Safety Certificate, other safety requirements, etc.), DLOs should require the tenant to submit and obtain approval from the relevant department within the time period as specified in the tenancy agreement. The STT should be terminated if the tenant fails to comply with the requirement. District Lands Officer will only exercise his or her discretion to extend the deadline based on reasonable justifications (e.g. the submission is with the relevant department and has yet to be commented or approved) and subject to comments from other relevant departments.

- (c) LandsD stated that it would review and enhance the relevant guidelines so as to ensure that the tenant commences operation of its facilities after all the requirements set out in an STT agreement have been duly observed by the tenant. What are the review findings? If the review is still in progress, when will it be completed?

Reply:

Please refer to the reply in Q6(b)

- (7) Why did LandsD demand a deposit from Tenant C mentioned in paragraph 2.13? What was the number of cases in which deposits were demanded from non-profit-making or charitable organisations in the past 3 years and what were the reasons? Has LandsD examined why there are different practices in demanding deposits from STT tenants among various DLOs and how the situation can be improved? According to paragraph 2.17(b), LandsD will review the current

instructions/guidelines on demanding deposits from non-profit-making or charitable organisations for STTs involving erection of permitted structures. What are the review findings? If the review is still in progress, when will it be completed?

Reply:

According to the prevailing guidelines, LandsD in general would not demand deposit for nominal rent cases. Notwithstanding this, based on individual case circumstances, to safeguard Government's interest against incurring cost for demolition of structures, DLOs may exercise discretion to demand deposit. Based on the TIS records, there are 11 nominal rent STTs with deposit collected.

To improve the situation and maintain consistency, an internal working group convened by senior management with District Lands Officers has been formed to review the mechanism of handling STT applications and to identify possible improvements in various aspects for management of STTs. In particular, the working group will review the instruction/guidelines on demanding deposit from non-profit-making or charitable organisations for STTs involving erection of permitted structures. The review is expected to be completed within 6 months for implementation.

- (8) According to paragraphs 2.14, 2.15 and 2.17(c), please advise the following:
- (a) The programme for publishing information on the Government's GeoInfo Map and the contents of the information;

Reply:

Since December 2018, LandsD has been progressively uploading information on those STTs newly granted and those with rent reviewed in the period from January 2018 onwards, onto the GeoInfo Map, with updates on a quarterly basis.

The STT information available on the GeoInfo Map includes short term tenancy no., site area, commencement date, tenancy term, use and rent. The information provided is for general reference.

- (b) The manpower deployed by LandsD to handle such matters; and

Reply:

Uploading of STT information to the GeoInfo Map is being handled by 4 staff members of the Estate Management Section of LandsD. Since these officers are also responsible for other land administration duties and the uploading exercise is just part of their daily works, breakdown of staff resources solely for the purpose of uploading STT information to the GeoInfo Map is not available.

- (c) LandsD expects that only until 2023 will tenancy information of all STTs granted be published on GeoInfo Map. Why the department cannot accomplish the work sooner? With a view to enhancing the transparency of land information, will LandsD consider expediting the work mentioned above, or publishing the information in table form first for public access?

Reply:

Currently, there are over 5,000 STTs managed by LandsD. LandsD has since December 2018 been uploading STTs newly granted (either by open tender or direct grant) or those with rent reviewed in the period from 1 January 2018 onwards, based on a disclosure clause under the respective tenancy agreements. For existing STTs, the disclosure clause is progressively being incorporated in the tenancy agreement upon the regular rent review of STTs conducted at an interval of 3 to 5 years. Given the aforementioned review cycle of STTs, LandsD's current programme aims to publish information of all STTs on the GeoInfo Map by 2023.

- (9) According to para. 2.20, Audit noted from its analysis of 5 590 STTs managed by LandsD that the tenants of 4 565 (82%) STTs had remained the same for over 7 years, whereas those of 2 353 (42%) STTs had remained the same for more than 20 years (up to 55 years). In this regard, please provide the following details/inform Audit of:
- (a) The existing procedures for renewal, monitoring and enforcement of STTs granted for more than 7 years;

Reply:

According to the current guidelines, STTs are normally granted for a fixed term of not more than five years (in some cases where there are policy justifications, a longer term of up to seven years may be granted). In general, an STT may be allowed to continue beyond the fixed term on a periodic basis (generally monthly or quarterly) in the following circumstances:

- (i) For an STT granted by tender, upon expiry of the fixed term or the first 3 years (whichever is the later), if it is clearly established that the site will still be available for temporary use for a further 3 years or more (e.g. where it is certain that the site will not be put to its permanent use for at least the next 3 years), the site will be re-tendered. If it is foreseen that the site may be put to its permanent use or to another higher priority temporary use shortly, the STT will be allowed to continue on a periodic basis (usually monthly or quarterly).
- (ii) For an STT under direct grant for community, institutional or non-profit-making uses, when the initial term has expired, the STT will continue on a monthly or quarterly basis until the site is required for its permanent use or another temporary use, subject to rental review, the tenant's compliance with the tenancy conditions and policy support from relevant bureaux/departments for continuation of the STT.
- (iii) For an STT under direct grant for private use, when the initial term has expired, the STT will continue on a monthly or quarterly basis, until the site is required for its permanent use or another temporary use, subject to rental review, the tenant's compliance with the tenancy conditions, and the considerations of granting the STT in the first place remaining valid (e.g. the site cannot be separately alienated).

Under the prevailing practice, STTs granted at full market rent or concessionary rent will be brought up for rent review and site inspection every 3 years (for STTs other than private gardens) or every 5 years (for private garden STTs). For STTs

granted at nominal rent, cases will be brought up for site inspection every 3 years.

Where cases involving policy support are brought up for rent review/site inspection, the initial supporting bureau/department will be consulted on their policy support for continuation of the tenancy.

Upon completing the review, subject officers would update the TIS records including the latest effective rent and site inspection date for monitoring purposes.

- (b) The major land uses of the STTs continuously granted to the same tenants, by duration of “more than 7 years to 10 years”, “more than 10 years to 20 years”, “more than 20 years to 30 years”, “more than 30 years to 40 years” and “more than 40 years to 55 years”;

Reply:

(b) & (c)

The required information details are listed below:-

Cumulated Length of Tenancy	No. of STTs	Major Uses
7-10 years	618	Private garden, storage
10-20 years	1 594	Private garden, storage
20-30 years	1 021	Private garden, storage
30-40 years	1 006	Shops, private garden
40-55 years	326	Shops, workshops

In general, the reasons for continuously granting STTs to the same tenants include:-

- (i) For STTs granted by direct grant for private use, LandsD’s established practice, upon the expiry of the initial term, is to examine whether the considerations of granting the STT in the first place are still valid (e.g. the site could not be separately alienated, the presence of geographical problem rendering the site unsuitable for development such as the lack of vehicular access or shapes of the sites being

irregular with low marketability). If the considerations remain valid, the STT would be allowed to continue until the site is required for its permanent use or another higher priority temporary use. This accounts for the continuation of most STTs for private garden use and some STTs for storage use in the above table.

- (ii) There are also STTs with special historical backgrounds (e.g. STTs granted for repovisioning of commercial undertakings affected by public works). This accounts for the continuation of some of the STTs for storage use in the above table.
- (iii) For STTs converted from Government land licences (GLLs), it is the Government's policy to allow the tenants to continue as long as there is no permanent development programme of the site. These STTs are mainly used for shops and workshops purposes.
- (iv) Other STTs continuously granted to the same tenants are mainly those granted by direct grant for various community, institutional or non-profit-making uses for which policy support from relevant bureaux has been obtained for continuation of the STT upon regular reviews.

Under the statutory planning requirements, if a use in urban and new town areas is not permitted under the relevant town plan, it should be temporary with a duration of not more than five years. For rural areas, temporary uses (if not an always permitted use on Column 1 and provided that they are not uses permitted or prohibited under the Covering Notes of the Outline Zoning Plan) would generally require the Town Planning Board's permission. For both urban/new town and rural areas, uses which were in existence before the first publication of the relevant statutory plan need not be made to conform to the plan, provided that such use has continued since it came into existence and there has been no material change of use.

Before letting out a site by STT, LandsD will consult relevant bureaux/departments, including Planning Department, on the proposal including the term of the STT. This ensures compliance of the proposed STT with the requirements under different administrative and statutory regimes, including the

town planning requirements.

- (c) Whether LandsD has analysed the main reasons for continuously granting STTs to the same tenants, and whether it has ascertained that the statutory planning requirements regarding the uses are met. If yes, what are the results? If no, how will LandsD monitor the STTs granted for a long time?

Reply:

Please refer to the reply in Q9(b)

- (d) Whether LandsD has evaluated the appropriateness of the guideline on granting STTs for a fixed term of not over 7 years, given that the renewal of STTs granted for a term of more than 7 years is common?

Reply:

(d)&(e)

STT is a land instrument for disposing land for temporary or short-term uses under specified circumstances as mentioned above. Typically, they are granted where the site, for one reason or another, is not foreseen to be able to put to its permanent use in the immediate future. In such circumstances, the granting of STTs facilitates the gainful use of land resources without compromising any long-term planned use. Indeed, as soon as a site is ready for its permanent use, it will be put to such use through appropriate arrangements such as Government-led implementation, Government land sale or a long term grant to a suitable party.

The duration of the fixed term of an STT is generally not more than five years, and up to seven years where there are policy justifications. In fact, the majority of the fixed terms of STTs are within one to five years, depending on the individual natures and circumstances of the STTs. Such a limit on the duration of STT is considered to be reasonable for the said objectives of putting the sites to gainful use on the one hand, and providing sufficient flexibility without compromising any long term development plans on the other. Under the established mechanism, STTs can be allowed to continue on a monthly or quarterly after the fixed term subject to the fulfilment of certain circumstances as mentioned above. We

will keep this mechanism under review to examine if there is room for providing a higher degree of certainty to tenants without compromising the above-mentioned objectives of STTs.

There are cases where STTs are granted, with the support of the relevant bureaux/departments, as a tool to implement the long term use of the sites as set out in the relevant Outline Zoning Plans. This happens for examples in some sites zoned for logistics use. The use of STT as a tool to implement the use provides more flexibility to tenants and the Government and are considered suitable in the circumstances.

- (e) Whether LandsD will consider granting land by way of long-term tenancies or even through land sale, so as to increase land revenues and allow tenants to devise long-term development plans, having regard to the individual circumstances of each STT case?

Reply:

Please refer to the reply in Q9(d)

- (10) In paragraph 2.22(a), it is stated that District Lands Office/Sai Kung (DLO/SK) suspended site inspections in relation to garden STT cases owing to work priority arrangement. In this regard,

- (a) Please provide details of work priority and explain how the priority is set.

Reply:

(a)–(d)

In accordance with the prevailing guidelines, DLOs should, where practicable and staff resources permit, consider implementing a programme for STT site inspection at regular intervals. DLOs should classify STTs into four categories to facilitate formulating the inspection programme:

- (i) High priority cases: to be inspected annually, e.g. STTs with high risk of breach, all STTs granted by tender in the first year of the tenancy, all cases with breaches purged within last 12 months; and
- (ii) Medium priority cases: to be inspected randomly,

- with an inspection frequency higher than the low priority cases, subject to resources;
- (iii) Special cases: inspection to be carried out outside office hours might be required as the situation warrants; and
 - (iv) Low priority cases: for instance, STTs with no records of breaches. These cases could be inspected once every 3 years (or 5 years for private garden STTs).

LandsD Headquarters issued revised guidelines on 9 January 2020 regarding inspection for the transfer/cancellation and reissue of private garden STTs. According to the guidelines, if DLO is satisfied with the identity of the incoming tenant (e.g. he is the owner or the occupant of the adjoining residential lot or ground floor of the adjoining residential building if it is in multiple ownership) for the STT transfer, a private garden STT may be granted to the incoming tenant, without carrying out any site inspection.

DLO/SK had heavy backlog of applications of over 200 cases for cancel and reissue/transfer of STT in 2017. To assist DLO/SK in clearing the backlog, LandsD Headquarters deployed additional resources in 2019 to deal with the backlog so that the office can resume site inspections of STTs soon.

- (b) Has LandsD provided DLOs with any guidelines on the circumstances under which site inspections can be suspended? If yes, please provide the details. If no, please explain why?

Reply:

Please refer to the reply in Q10(a)

- (c) Regarding the suspension arrangement reviewed by DLO/SK in January 2020, what is the conclusion. And

Reply:

Please refer to the reply in Q10(a)

- (d) How will LandsD follow up on the situation in which DLO/SK did not conduct site inspections in accordance with the guidelines issued by LandsD?

Reply:

Please refer to the reply in Q10(a).

Part 3: Monitoring of Tenancy Conditions

- (11) With reference to Note 26 in paragraph 3.2, please illustrate with real cases how LandsD defines serious breaches, and explain the policy guidelines and enforcement procedures for handling serious breaches/complaints;

Reply:

Example of serious breaches are breach of user or unauthorized change of user, default in payment of rent, fueling activities, storage of dangerous goods. According to current guidelines, DLOs are required to tighten up enforcement action on those serious breaches that are actionable under a tenancy and closely monitor the rectification progress. If the tenant fails to rectify within a reasonable time frame, the tenancy shall be terminated. Further, the District Review Board (DRB) would monitor and review progress of STT enforcement including those difficult and highly sensitive cases.

- (12) Paragraph 3.3 states that as of October 2019, among the 5 590 STTs managed by LandsD, no site inspection has been conducted for 1 409 STTs; while site inspections for 1 057 non-private garden STTs and 481 private garden STTs have not been conducted in accordance with the mandatory requirements (i.e. once every 3 or 5 years respectively for these two types of STTs) with no reasons documented. In this connection:

- (a) Why LandsD did not conduct site inspections for the 1 409 STTs? When will site inspections be conducted for these STTs?

Reply:

(a) – (b)

According to LandsD's guidelines, all STTs have to be inspected once in 3 years (once in 5 years for private garden STTs) so as to prevent tenants from subletting the premises, erecting unauthorized structures or illegally extend the area of

occupation onto adjacent Government land. After DLOs' examination of the 1,409 STTs (as mentioned in paragraph 3.3(a)) as well as the 1,057 non-private garden STTs and 481 private garden STTs (as mentioned in paragraph 3.3(b)), it was found that inspections for some of the sites had been conducted in accordance with the prevailing guidelines but they were not properly recorded in the TIS. Relevant DLOs have been asked to duly update the relevant records and in case where inspection has not yet been conducted, to set up a plan for inspection and arrange the same as soon as possible.

- (b) Why LandsD did not conduct site inspections for the 1,057 non-private garden STTs and the 481 private garden STTs in accordance with the mandatory requirements? Why there was no record? When will site inspections be conducted for these STTs again?

Reply:

Please refer to the reply in Q12(a)

- (c) For the years between 2014-15 and 2018-19, what were the yearly numbers of STTs for which site inspections were conducted by LandsD?

Reply:

According to the TIS, the number of site inspection from 2014-15 to 2018-19 are as follows:

Year	No. of Site Inspection
2014-15	1 367
2015-16	1 092
2016-17	889
2017-18	875
2018-19	774

**Remarks: If more than one inspection were conducted for an STT during the 5-year period above, only the latest site inspection record is counted.*

- (d) Does LandsD have any information on whether regular site inspection programmes are formulated and implemented by DLOs based on inspection priorities? If no, how does LandsD monitor the work of DLOs?

Reply:

(d) & (f)

The TIS records contain data of the due date for inspection of respective STTs. From time to time, reminder for site inspection is sent by LandsD Headquarters to DLOs. As an enhancement measure, LandsD is prepared to revamp the TIS or make use of other related IT systems to enhance data accuracy of inspection dates and incorporate the information of inspection priorities to facilitate the overall monitoring and management of STTs. It is anticipated that more comprehensive data, including inspection priorities, nature of breaches and corresponding enforcement actions, and more monitoring functions will be incorporated in the upgraded system as far as possible.

- (e) How does LandsD define cases with high risk of breach? Will LandsD consider imposing more terms and conditions on STTs with high risk of breach for tenants to comply with? If no, what are the reasons? and

Reply:

According to the existing guidelines, DLOs are responsible for management of STTs including identification of STTs with high risk of breach, for which more frequent inspections would be conducted as far as possible. For cases where a previously rectified breach is discovered again within 12 months' time, District Lands Officer has the discretion to issue an immediate warning letter for rectification within 14 days. Inspection should be conducted within 7 days of expiry of the warning. If the tenant fails to purge the breach or respond with a pragmatic and reasonable rectification schedule, the tenancy should be terminated.

- (f) Has LandsD explored ways of using TIS for the coordination of enforcement work according to inspection priorities?

Reply:

Please refer to the reply in Q12(d)

(13) According to paragraph 3.4, DLOs would conduct site inspections upon receipt of complaints to monitor the uses of STTs. In respect of the years from 2014-15 to 2018-19, please provide the following:

(a) The yearly number of complaints received and site inspections conducted in response to such complaints;

Reply:

(a)-(d)

LandsD generally carries out inspection on receipt of complaints. The total number of all complaints (including complaints relating to STTs and otherwise) received by LandsD from 2014 to 2019 are tabled below:-

Year	No. of complaints received
2014	30,931
2015	34,280
2016	48,140
2017	47,246
2018	54,739
2019	69,509

There is no readily available breakdown on the number of complaints relating solely to the management of STTs.

The existing TIS only records the warning letters issued and date of inspection, hence, the required information is not readily available in the system. As mentioned above, LandsD is prepared to revamp the TIS or make use of other related IT systems to enhance the comprehensiveness of the information to facilitate the overall monitoring and management of STT.

(b) The number of complaints with breach of tenancy conditions substantiated;

Reply:

Please refer to the reply in Q13(a)

(c) The number of cases in which breaches of tenancy conditions were rectified after issuance of warning letters; and

Reply:

Please refer to the reply in Q13(a)

- (d) The number of cases with penalty imposed/tenancy terminated as a consequence of breaches of tenancy conditions.

Reply:

Please refer to the reply in Q13(a)

- (14) According to paragraph 3.8, LandsD had no readily available information regarding the enforcement actions taken against breaches of STT conditions. What were the reasons? Without the information, how could Lands D monitor and follow up on the enforcement actions against STTs? How will LandsD address the issue? For instance, will LandsD record and release the information in future for public's knowledge about the STT status?

Reply:

The existing TIS, which was designed and developed in 2009, is a simple system with basic functions serving the purpose of information recording. It could not fully cope with the current requirements for more robust monitoring and management of STTs. LandsD is prepared to revamp the TIS or make use of other related IT systems to enhance data accuracy and completeness of information to facilitate the overall monitoring and management of STTs. It is anticipated that more comprehensive data, including inspection priorities, nature of breaches and corresponding enforcement actions, and more monitoring functions will be incorporated in the upgraded system as far as possible.

- (15) Regarding Cases 6 and 7 under paragraph 3.9:

- (a) Why had LandsD not taken timely enforcement actions against breaches of STT conditions or terminated the tenancies?

Reply:

The relevant DLOs accorded a relatively lower priority among competing cases handled by the respective offices, as the breach did not involve danger or nuisance to the public.

Having said that, enforcement actions have been taken and the latest developments are as follows.

Regarding Case 6, after DLO/SK issued a warning letter requiring the tenant to purge all the breaches, the tenant submitted an application for regularization, which is now being processed in accordance with the established practice.

Regarding Case 7, after issuance of warning letters and verbal warnings by DLO/HKW&S on site requiring the tenant to rectify the breach within prescribed time frame, a recent re-inspection shows that the breach had been rectified.

- (b) For cases with breaches of STT conditions, apart from issuing warning letters and terminating the tenancies, did LandsD impose other penalties or pursue further action against the breaches in the past 3 years? and

Reply:

Under existing practice, upon identification of breaches, LandsD would issue warning letters to require rectification of the breaches within prescribed time frame; if the breaches are not rectified within the prescribed time frame or such extended time granted by LandsD on reasonable grounds, LandsD would terminate the tenancy as provided under the tenancy conditions. The said practice has been followed in the past 3 years.

- (c) Will LandsD consider imposing higher penalty when handling similar cases, or setting a time target for rectification of the breaches of STT conditions (say 3 months)?

Reply:

An internal working group convened by senior management with District Lands Officers has been formed to identify possible improvements in various aspects for management of STTs. In particular, the working group will review the instructions/guidelines with a view to strengthening enforcement actions, including the issuance of warning letters and work out monitoring measures on enforcement action taken. The review is expected to be completed within 6 months for implementation.

(16) According to paragraph 3.10, if the tenant fails to rectify the breaches within a reasonable time frame, the tenancy shall be terminated. Please provide the following information for the past 5 years:

- (a) The number of cases with breaches of STT conditions required to be rectified within 1 to 3 months, the irregularities involved in those cases, and the number of cases eventually rectified within the time frame.

Reply:

(a)-(b)

According to the current guidelines, upon issuance of the first warning letter, breach of STT conditions should normally be rectified in 1 to 3 months upon issuance of warning letter. Subject to agreement of Regional Assistant Director, a further extension of not more than 3 months can be given upon consideration of justifications. The STT should be terminated if the tenant fails to rectify the breach.

The existing TIS only records the warning letters issued and date of inspection, hence, the required information, is not readily available in the system. As mentioned above, LandsD is prepared to revamp the TIS or make use of other related IT systems to enhance the comprehensiveness of the information to facilitate the overall monitoring and management of STT.

- (b) The number of cases with tenancies terminated by LandsD due to the failure to rectify within the time frame, and the irregularities involved in those cases.

Reply:

Please refer to the reply in Q16(a)

(17) According to paragraph 3.13(a), LandsD will review the current instructions/guidelines with a view to strengthening enforcement actions (including the issuance of warning letters). LandsD will also work out monitoring measures on enforcement actions taken. What are the review findings? If the review has not been completed, what is the expected date of completion?

Reply:

An internal working group convened by senior management with District Lands Officers has been formed to review the mechanism of handling STT applications and to identify possible improvements in various aspects for management of STTs. In particular, the working group will review the current instructions/guidelines with a view to strengthening enforcement actions. The review is expected to be completed within 6 months for implementation.

- (18) Regarding paragraph 3.15, has LandsD investigated whether the data errors and omissions were caused by input errors by human or data errors in paper documents? At present, how many staff members are responsible for data inputting and how many cases are inputted each month?

Reply:

Upon investigation, it is noted that most of the data error was due to mistaken input or non-timely update by the officers. According to the records, on average about 17 new STT records were created per month in year 2019. Apart from creating records for newly granted STTs, responsible officers are also required to carry out routine updating of the existing STT records (e.g. rent review records, inspection records, warning letter records, etc.). LandsD Headquarters issued a memorandum to all DLOs on 27 May 2020 providing additional guidelines for handling STTs. DLOs are reminded to update any status change of STTs in the TIS in a timely manner.

As records updating is part of the overall duties of the officers involved, there is no separate breakdown on resources deployed solely for data updating.

- (19) Regarding paragraph 3.17, please explain why some important STT information, including inspection priorities and records of inspections conducted and enforcement actions taken against breaches of STT conditions identified, was not included in LandsD's TIS. Does LandsD keep records of such important information in some other ways (e.g. in hard copies)? If no, how does LandsD monitor the management of STTs without such important information?

Reply:

(19)–(20)

At present, DLOs rely on hard copies in the subject files for monitoring of the STTs. All the cases with breaches are recorded and discussed in the DRB held regularly by DLOs for monitoring and review of the progress of enforcement actions on STTs .

The existing TIS, which was designed and developed in 2009, is a simple system with basic functions serving the purpose of information recording. It could not fully cope with the current requirements for more robust monitoring and management of STTs. LandsD is prepared to revamp the TIS or make use of other related IT systems to enhance data accuracy and completeness of information to facilitate the overall monitoring and management of STTs. It is anticipated that the system will be developed taking into account the data storage, user interface, workflow management, analytic and reporting functions with a view to facilitating information analysis and monitoring and management of STT; and more comprehensive data, including inspection priorities, nature of breaches and corresponding enforcement actions, and more monitoring functions will be incorporated in the upgraded system as far as possible. It is expected to take 3 years' time to develop the system.

As an interim measure, the internal working group will also strengthen the relevant guidelines and investigate if the TIS can be modified with some improvements to be made in the short term so as to enhance its accuracy and completeness.

- (20) As stated in paragraph 3.20, LandsD will take steps to make use of information technology (including TIS or other related computer systems), to enhance the completeness and accuracy of STT information and management of STTs. Please report on the progress in this regard, and provide a schedule of future enhancement work. If the enhancement work does not include updating TIS to record the important STT information mentioned above, what are the reasons?

Reply:

Please refer to the reply in Q19.

Part 4: Management of Vacant Government Sites Suitable For Short Term Tenancy Use

- (21) How does the Government assess if VGSs are of general commercial interest to the public?

Reply:

DLOs will decide whether individual VGSs could be considered for short-term uses having regard to factors such as their physical conditions and programme for long-term development. As short-term uses have wide-ranging types and take different forms, DLOs will also carry out assessment based on the site conditions such as accessibility, site configuration, locations, market demand, local views, current zoning and departmental comments, etc.

- (22) Regarding paragraphs. 4.5 to 4.7, please explain /inform the following:

- (a) Why were 11 sites suitable for STT use by NGOs not included in the list? What is the progress of making those sites available to NGOs for STT use by LandsD? When will the information about the 11 sites be uploaded onto GeoInfo Map?

Reply:

All these 11 cases have already been uploaded onto the GeoInfo Map and included in the list of VGSs suitable for STT use and available for application by NGOs.

- (b) The mechanism and time target for the review of whether the sites are suitable for STT use, and the review result of the suitability of the 67 sites for STT use.

Reply:

According to the current guidelines, all VGSs are reported on a quarterly basis in the DRB of DLOs and the DRB will review the suitability of the sites for STT use, either for letting out for commercial uses through tender or application by NGOs for community, institutional or non-profit-making uses. DRB meetings are chaired by respective District Lands Officers personally. Regional Assistant Directors will attend the DRB

meeting for each of their respective districts at least once a year as appropriate.

Regarding the concerned 67 sites, 5 sites have been included in the list of VGSs suitable for STT use while the other 62 sites are considered not suitable for STT use after review due to lack of access or challenging site conditions etc.

- (c) The reason(s) why some VGSs not suitable for STT use were included on the list.

Reply:

With reference to the memorandum issued by LandsD Headquarters in January 2020, the relevant District Lands Officer has further reviewed the 7 cases concerned, which were originally included on the list and considered 6 of those sites not suitable for STT use due to slopes, safety concern, and challenging site conditions, and the remaining site not suitable due to its current zoning as “Conversation Area”.

- (d) As stated in paragraph 4.6(a), 3 sites had been allocated to or would be required by other bureaux/departments, or under disposal process for long-term development. What are the bureaux/departments involved?

Reply:

The relevant bureaux/departments involved are the Transport and Housing Bureau, the Leisure and Cultural Services Department and the Highways Department.

- (e) The mechanism and criteria (e.g. on a first-come-first-served basis or by other means) of LandsD for granting VGSs to bureaux/departments, and

Reply:

If any bureau/department applies for use of a VGS, LandsD will generally process such application on a first-come-first-process basis. However, if there are competing uses proposed by more than one bureau/ department applying for the same site, the involved bureaux/departments will generally liaise among

themselves with a view to resolving such competing proposals for use as far as possible, failing which LandsD may escalate the applications to DEVB for steer.

- (f) How does LandsD handle STT sites that are unused and left idle after having been allocated to bureaux/departments.

Reply:

Under the standard allocation conditions to bureaux/departments, LandsD has the right to terminate the allocation and retake possession of the whole or any part of the allocated site should it cease to be used for the designated purposes. Should LandsD be aware of such situation or upon receipt of complaint, LandsD will enquire the usage of the site with the allocatee and if the site is no longer required or used by the allocatee, LandsD will take follow up action including termination of the allocation as appropriate.

- (23) According to paragraph 4.8(a), each DLO has its own set of selection criteria endorsed by its District Review Board. Does LandsD accept the view that an applicant's lack of knowledge of the selection criteria and the existence of varying sets of selection criteria will cause confusion in internal administration, inconsistency in policy and unfairness to the applicant? Will LandsD review the selection criteria adopted by various DLOs? If yes, when will the review be completed? If no, what are the reasons?

Reply:

For the sake of reference and to enhance the consistency among DLOs, LandsD Headquarters issued a memorandum to all DLOs in January 2020 to fine-tune and elaborate on the existing guidelines regarding the overall management of VGSs and the assessment criteria for identifying sites suitable for STT use.

- (24) According to paragraph 4.8(b), please explain why some DLOs did not document minutes of meetings. When did this practice of no documented minutes of meetings begin? How does LandsD improve this situation?

Reply:

LandsD noted that decisions of DRBs are not properly documented by some DLOs. LandsD Headquarters issued a memorandum on 27 May 2020 to all DLOs providing additional guidelines for handling STTs. DLOs are reminded to hold DRB meeting on a regular basis and the discussion during the DRB meeting including categorizing the VGSs with reasons and justifications should be well documented in the minutes of DRB meeting.

- (25) According to paragraph 4.10, LandsD Headquarters did not regularly compile management information (e.g. executive summary or highlights) on VGSs suitable for STT use. Will LandsD consider collecting regular returns from DLOs on a quarterly basis and inputting the information into computer systems to achieve the policy objective of full implementation of electronic records management?

Reply:

LandsD will take steps to make use of information technology, including TIS or other related computer systems, to record relevant information of VGSs suitable for STT use and to enhance analysis and monitoring. Electronic keeping of relevant information in IT system will be one of the objectives in developing the system.

- (26) According to paragraph 4.12(b), please give a detailed account of how LandsD will make good use of information technology to monitor and ensure the completeness and accuracy of information on VGSs suitable for STT use. What is the estimated time required for completion of the associated improvement work?

Reply:

LandsD will take steps to make use of information technology, including TIS or other related computer systems, to record relevant information of VGSs suitable for STT use and to enhance analysis and monitoring. The system will be developed taking into account the data storage, user interface, workflow management, analytic and reporting functions with a view to facilitating information analysis and monitoring of VGSs. It is expected to take 3 years' time to develop the system.

(27) Regarding Case 9 under paragraph 4.13:

- (a) It is indicated in an Islands District Council Paper (Paper No. CACRC 5/2020) that the Phase Two development of North Lantau Hospital is expected to commence in the fourth quarter of 2020 for completion in 2024. However, with regard to the three STT applications submitted in July 2010, February 2013 and July 2016, if LandsD had maintained good communication with the Food and Health Bureau (FHB), it is believed that the sites concerned would have been made available for use by different organisations making optimal use of land. Why did not the DLO/Islands consult the FHB before rejecting the first application? What are the reasons for LandsD not fully consulting the relevant bureaux/departments on applications for temporary use of VGSs which have been reserved for development but suitable for STT use, in order to address their concerns when considering such applications?

Reply:

According to relevant file records, the case officer rejected the application due to the permanent development proposal for the site. We acknowledge that there is room for improvement by checking with the relevant bureau beforehand. To improve the situation, LandsD Headquarters issued a memorandum to all DLOs providing additional guidelines for handling STTs on 27 May 2020. In respect of application for sites with permanent development programme, DLOs are reminded to seek comments from the bureau/department responsible for the future project before considering further actions on the application.

- (b) In each of the years from 2014-2015 to 2018-2019, how many STT applications for use of VGSs with tenancies successfully granted by LandsD after discussion with the relevant bureaux/departments to address their concerns?

Reply:

The existing TIS does not record information on the discussion between LandsD and other bureaux/departments during the processing of STTs. Nevertheless, from 2015-16 to 2019-20 (up to December 2019), a total of 24 applications for use of

VGSs were approved by LandsD with the policy support from the relevant bureaux/departments.

- (c) In each of the years from 2014-2015 to 2018-2019, how many STTs were put to temporary use under the co-management arrangement? In respect of the co-management arrangement, has LandsD clearly set out any guidelines as well as authorities/responsibilities to avoid disputes and confusion over the use of the sites among bureaux/departments? If yes, please provide the details; if no, will the department consider doing so?

Reply:

According to LandsD records, there were 7 VGSs co-managed by departments within the specified period for temporary uses including horticultural works and recreational uses. There was no STT granted in the form of “co-management” during the period. LandsD will take steps to explore with relevant bureaux/departments on the co-management arrangement for VGSs when considering applications for temporary use of VGSs reserved for development under their respective purview with a view to putting those VGSs to beneficial use as and where appropriate.

- (28) Regarding the “Funding Scheme for supporting better use of VGSs by NGOs” mentioned in paragraph 4.16, please provide information on the following:
- (a) Progress of the 8 approved applications.
- (b) The numbers of applications received and approved since September 2019 up to present, and the approved funding involved, and
- (c) As mentioned in paragraph 4.19, the Government will keep under review the effectiveness of the Funding Scheme and enhance publicity as and when needed. Please advise us the timetable and progress of the said review, and elaborate on the enhanced publicity measures and their effectiveness.

Reply:

The funding scheme is under purview of DEVB who has provided answer for Q32 (which is the same as Q28)

- (29) In relation to paragraph 4.22, what is the manpower involved in site management provided under LandsD's term contracts? Does LandsD inspect site management on a regular basis? If yes, what is the staff establishment involved? If no, how does LandsD monitor site management?

Reply:

Up to May 2020, LandsD executed a total of 10 contracts in relation to management of Government land, including 2 for security guard services, 5 for vegetation maintenance and 3 for clearance and minor works. The contractors are deploying altogether about 330 staff for the management of vacant Government land and their performance is being regularly monitored by LandsD, for example, through site inspections to ascertain if the works have been properly completed by the contractors; surprise check against the performance of security guards stationed at land control sites and examination of the completion reports on vegetation maintenance work submitted by the contractors; etc. In FY2020-2021, LandsD has 236 full-time equivalent staff engaged in land control work. Apart from monitoring the performance of contractors, they are also required to perform other land control duties. As monitoring the performance of contractors is only part of the overall land control work and land administration duties of the staff concerned, there is no separate breakdown on resources deployed solely on the monitoring of the performance of the contractors.

- (30) According to paragraphs 4.23 to 4.28, Audit noted the inadequacies in site management of some VGSs suitable for STT use. In this connection,
- (a) How will LandsD follow up on and resolve the problem of Site B?

Reply:

On 14 April 2020, District Lands Office/Tuen Mun (DLO/TM) posted a notice at Site B, warning members of the public that

no unauthorized occupation of Government land would be allowed. A 24-hour security service has been arranged on site from 21 April 2020 onwards. DLO/TM's staff also inspected Site B several times during the period between 21 April 2020 and 7 May 2020 arranging repair of the fencing, removal of weeds and erection of pillars and Government land signs which were all completed on 7 May 2020. DLO/TM will continue the 24-hour security service and step up inspection so as to prevent any recurrence of illegal car parking and unauthorized occupation of Government land.

- (b) Please advise, since the submission of a report by DLO/TM to Audit in March 2020, whether the security guard term contractor has further strengthened its guard service in respect of Site C and whether inspections have been conducted by DLO/TM at Site C after March 2020 to find out the latest condition of the site. If yes, please advise us the number and outcome of inspections. If no, what are the reasons?

Reply:

DLO/TM inspected Site C on 6 March 2020, and had already instructed works contractor to repair the broken fencing, the entrance gate, and clear the weeds and various objects found on site. The relevant works were completed on the same day. DLO/TM also extended the security service at Site C to 24-hour from 21 April 2020 onwards. On 25 May 2020, DLO/TM inspected Site C and no unauthorized occupation of Government land was detected.

- (c) Apart from erection of a Government land notice board, what are the specific measures taken by LandsD to prevent VGSSs from unlawful occupation/unauthorized use?

Reply:

Apart from fencing up the land concerned, erection of notice boards and bollards/concrete blocks as barriers at locations where appropriate, LandsD will also arrange mobile patrol through out-sourced security companies and station security guards on site where considered necessary. Appropriate land control actions will be taken when unauthorized occupation of vacant Government land is identified and substantiated.

- (d) In view of the inadequacies of guard or patrol service provided to all VGSs, did LandsD identify some poorly-managed black spots during previous site inspections, and accordingly increase inspection manpower to such locations and impose higher penalties?

Reply:

LandsD has all along been closely monitoring the performance of the security companies including regular and surprise checking of black spots. If unsatisfactory performance is found, DLOs will issue warning letter to the security company concerned in accordance with provisions under respective contracts. Such will also be reflected in the overall performance assessment of the company which may be taken into account when assessing the company's future bids for contracts.

- (31) As reported in paragraph 4.33, LandsD will take measures to improve the site management of VGSs suitable for STT use, and enhance TIS or other related computer systems to improve the disclosure of information relating to VGSs suitable for STT use. Please advise us the latest development of the said improvement measures, as well as the timetable and roadmap for the full implementation of these measures.

Reply:

LandsD will take steps to make use of information technology, including TIS or other related computer systems, to enhance the accuracy and completeness of information for VGSs on the GeoInfo Map. The system will be developed taking into account the data storage, user interface, workflow management, analytic and reporting functions with a view to facilitating information analysis and monitoring of VGSs. It is expected to take 3 years' time to develop the system.

Legislative Council Public Accounts Committee
Public Hearing on 12 June 2020
Director of Audit's Report No. 74
Chapter 7: Management of Short Term Tenancies by the Lands Department

Opening Remarks by the Secretary for Development

Chairman,

I would like to thank the Audit Commission for its comprehensive review and invaluable recommendations on the management of short term tenancies (STTs) by the Lands Department (LandsD). I would also like to thank the Legislative Council Public Accounts Committee for inviting the Development Bureau (DEVB) and the LandsD to attend today's public hearing.

2. The DEVB and the LandsD have been constantly reviewing and improving their efforts in land administration to ensure the effective use of land resources. STT is one of the land instruments used by the LandsD. The grant of STT mainly serves to put sites pending long-term development into short-term gainful uses, including carparks, workshops, storage, community purposes, etc.; or to allocate vacant sites that are considered not suitable for development or with low development potential for temporary non-profit making purposes, such as recreation, plant nursery, etc.. In some cases, the Government may also grant sites by means of an STT for a use that is in line with the site's long-term planned use, due to certain policy considerations. In essence, the STT system is conducive to the optimised use of land resources. In fact, existing STT sites carry an array of gainful uses to meet the economic and social needs of our society.

3. To encourage non-profit-making organisations to make better use of vacant government sites, the DEVB launched a funding scheme in February 2019 to support the use of vacant government sites by non-profit-making organisations by way of STTs.

A total of 11 applications have been approved so far. We will continue to proactively promote this scheme in order to benefit more projects, and the endeavour ties in with the recommendation in the Audit Report. During the process, we will strengthen communication within the Government to ensure that views on and policy support for vacant site applications from the departments and bureaux concerned will be garnered and confirmed within a reasonable timeframe. As a matter of fact, the DEVB had invited the LandsD to bring up cases that require particular attention at the bureau level to facilitate discussion among relevant bureaux in a timely manner so as to deal with the problems at the earliest opportunity. This would expedite the application processing procedures, and allow us to give a definite reply to the applicant as soon as possible. Our work on this front is starting to bear fruits. We will continue to work along this direction, and conduct reviews as and when necessary.

4. The Audit Report pointed out the inadequacies of the LandsD in its management and operation of STTs in areas covering the processing procedures, monitoring, enforcement, operation guidelines, and information management. It also pointed out that some individual cases have not been handled satisfactorily. We fully agree to the recommendations raised in the report. The LandsD has already taken follow-up action on these individual cases, and will continue to monitor the progress closely until conclusion of the cases. As for the recommendations relating to the STT system, while improvements have been made immediately in light of some recommendations, some others will be acted upon shortly.

5. Now I would like to invite the acting Director of Lands to give a brief account of the LandsD's follow-up actions. My colleague and I will be happy to answer in detail any questions that Members may wish to raise. Thank you, Chairman.

Legislative Council Public Accounts Committee

Public Hearing on 12 June 2020

Director of Audit's Report No. 74

Chapter 7: Management of Short Term Tenancies by the Lands Department

Opening Remarks by the Acting Director of Lands

Chairman,

As mentioned by the Secretary, the Lands Department ("LandsD") is taking proactive steps to follow up on the recommendations raised in the Audit Report.

2. Having reviewed the current instructions, guidelines and mechanisms, the Headquarters issued additional guidelines to all District Lands Offices ("DLOs") in January and May, in order to address the inadequacies in various areas, including:

- (a) On the processing of short term tenancy ("STT") applications, the new guidelines require DLOs to verify as early as possible an applicant's legal status or capacity (e.g. whether the applicant is a registered company) to sign a tenancy agreement. In doing so, LandsD hopes to avoid delays in processing caused by the applicant's incapacity to sign a tenancy agreement (e.g. the applicant is in the process of registration as a company), and to forestall unnecessary idleness of land resources. For applications without policy support, DLOs are required to advise the applicants as soon as possible and to provide applicants with information for their direct contact with the relevant policy bureaux/departments for further information on the reasons for not granting policy support. These measures serve to prevent unnecessary delays in application handling and to improve efficiency in processing, so that land resources can be put to good use in a timely manner.

- (b) Regarding the monitoring of tenancy conditions, the new guidelines have tightened the enforcement arrangement for compliance with conditions related to public safety. Specifically, where the tenancy agreement requires that the tenant submit any necessary proof of safety (such as scheme of security, Fire Safety Certificate, etc.) to the relevant departments within a specified period for approval, the tenancy agreement should be terminated if the tenant fails to comply with the conditions in time. A District Lands Officer would consider exercising discretion to extend the deadline for compliance, only when there are reasonable justifications and support from relevant departments (say, the submission is pending comment or approval by the relevant department). While the current guidelines require DLOs to inspect STT sites for private garden purposes once every 5 years and all other STT sites once every 3 years, the additional guidelines request DLOs to review the implementation of regular inspections, and to formulate inspection programmes for uninspected STT sites to be implemented and completed timely.
- (c) On the management of vacant government sites (“VGSs”), LandsD has already revised and enhanced the existing guidelines on the overall management of VGSs, and has further provided the assessment criteria for identifying sites suitable for STT use. DLOs have been reminded to properly review on a regular basis whether these sites are suitable for STT use. In processing STT applications, DLOs are required to consult the policy bureaux/departments responsible for implementing the long-term development plans of these sites, so as to ensure accurate information in hand for considering the gainful use of these sites pending implementation of their long-term uses. This is to avoid any missed opportunity due to outdated information or failure to take into account their long-term development schedules. As for the list of VGSs available for application for community, institutional, or non-profit-making uses, our GeoInfo Map webpage sets out key site information, including site location, site area, available period, site condition and application status. The Audit Commission has pointed out the inconsistencies in the existing presentation of information on various VGSs. For instance, the information on site

topography and available of access is not provided in some cases. Noting the significance of these details to parties interested in applying for VGSs, LandsD will soon improve the disclosure of information in this regard by requiring that more comprehensive information on site conditions (e.g. topography, existence of vegetation and availability of vehicular/pedestrian access) should be provided for all VGSs, to facilitate the consideration by interested parties.

3. In addition, LandsD has set up an internal working group to follow up on each and every case mentioned in the Audit Report. The headquarters has requested District Lands Officers to continue monitoring the progress of these cases and to report on their follow-up status in the next few months until the cases are completed. Having conducted an in-depth review of the STT management system, the internal working group preliminarily consider that the following improvement measures should be implemented:

- (a) set a time target for processing STT applications, and request the escalation of outstanding cases beyond the time target to the directorate staff for review;
- (b) standardise the policy of waiving deposits from non-profit-making or charitable organisations, as opposed to the past practice of requesting deposits to cover the cost of removing structures upon termination of individual STTs; and
- (c) for STTs by direct grant with policy support from policy bureaux/departments, require DLOs to consult the relevant policy bureaux/departments on their need to regularly obtain operation information of the tenants or organisations. This measure would facilitate policy bureaux/departments' review of the operation of the tenants or organisations to decide whether to give support for continuation of tenancy.

The internal working group is expected to complete the review within 6 months for implementation.

4. Meanwhile, we will proceed to upgrade our Tenancy Information System to provide more comprehensive data storage, workflow management, as well as analytic and reporting functions, so as to make optimal use of information technology to strengthen our management of STTs and VGSs. Our initial direction is to incorporate more comprehensive data in the upgraded system as far as possible, especially in respect of enforcement, covering accurate records of inspection dates, breach records, nature of breaches and corresponding enforcement actions, together with more monitoring functions. We hope this measure will equip our colleagues with more comprehensive information for setting enforcement priorities, and improve the monitoring and management systems. The system upgrade is expected to complete within 3 years after securing relevant resources.

5. I would like to thank the Audit Commission once again for the invaluable recommendations for our management of STTs. Our colleagues will continue to take proactive steps to follow up on the recommended improvement measures for their proper implementation. Thank you, Chairman.



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來函請註明本署檔號
Please quote our reference in your reply.

19 June 2020

By Fax and By Despatch
(Fax: 2543 9197)

Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Mr. Anthony Chu)

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 7 of the Director of Audit's Report No.
74 Management of short term tenancies by the Lands Department

Thank you for your letter of 12 June 2020. As requested, I would like to reply and provide the information details as set out below :

- (a) **with reference to paragraphs 2.12 to 2.13 of the Audit Report, please advise whether the Lands Department (“LandsD”) would formulate any measures to regulate the temporary structures erected on short term tenancy (“STT”) sites granted to non-profit-making or charitable organizations if the tenants are exempted from the requirement to pay a deposit; if yes, the details; if not, how can LandsD ensure that the temporary structures would be promptly removed upon termination of the tenancy agreement;**

Reply:

An internal working group convened by LandsD's senior management with the twelve District Lands Officers ("the Working Group") has already been formed to review the mechanism of handling STT applications and to identify possible improvements in various aspects for monitoring and management of STTs. In particular, the Working Group has been reviewing the existing instructions/guidelines on demanding deposit from non-profit-making or charitable organisations for STTs involving erection of permitted structures, for considering whether to make it a standard practice to waive the deposit for non-profit-making or charitable organisations.

According to the prevailing practice, an STT tenant should remove all structures which he/she erected on the STT site at his/her own expense and in all respect to the satisfaction of the relevant District Lands Officer (DLO) upon termination of the STT (unless otherwise provided in the tenancy agreement or agreed by DLO). Having regard to the fact that the grants of STT sites to non-profit-making or charitable organisations are supported by the relevant policy Bureaux and/or Departments ("B/Ds") for promoting certain policy objectives, and the common practice nowadays that most temporary structures adopt the modular integrated construction method with which the costs of dismantle and removal may not be substantial, the Working Group has agreed to waive the requirement for deposit for all these STTs. That said, the requirement for removal of structures erected on the STT site at the tenant's own expense and in all respect to the satisfaction of the DLO will continue to be incorporated in the tenancy condition where appropriate. If the ex-tenant fails to remove the structures upon termination of the STT, the relevant DLO will take appropriate follow-up action, including legal actions where appropriate, in accordance with the tenancy agreement. Such track record of the ex-tenant will also be taken into account when processing future STT applications from the same organisation.

- (b) concerning about the long time taken by LandsD to seek advice from or consult different B/Ds when processing STT applications, please advise the measures to enhance LandsD’s communication with B/Ds, so that the processing time of STT applications could be expedited;**

Reply:

To enhance monitoring on the handling of STT applications including the communication with relevant B/Ds in the process, the Working Group has agreed to strengthen the monitoring of the processing of STT applications through the following arrangements: (a) to consider requiring STT applications not completed within a certain period of time from the date of receipt of applications to be submitted to directorate officers for consideration of whether and how to intervene; (b) to improve the Tenancy Information System (“TIS”) to facilitate generation of monitoring reports for supervisory purpose.

Separately, the Development Bureau has invited LandsD to bring up cases of STT applications which require attention at the policy bureaux’ level, including issues in relation to the granting of policy support, to facilitate timely review and resolution issues with relevant policy bureaux/departments for a decisive outcome. This arrangement was bearing fruits and will continue.

- (c) with reference to Case 9 of paragraph 4.13 of the Audit Report, please advise the measures to improve the LandsD’s consultation with B/Ds, so that the use of vacant government sites reserved for development could be optimized;**

Reply:

LandsD Headquarters issued a memorandum to all DLOs on 27 May 2020 providing additional guidelines for handling STTs, including consultation with relevant B/Ds. In respect of applications concerning sites with permanent development programme, DLOs are reminded to seek comments from the B/Ds responsible for the future development and the estimated timetable before considering further actions on the application.

- (d) according to LandsD's reply dated 4 June 2020, LandsD would revamp the Tenancy Information System or make use of other related IT systems to enhance data accuracy and completeness of information to facilitate the overall monitoring and management of STTs. Please advise the estimated expenditure on the revamp;

Reply:

LandsD is working out the estimated expenditure for the revamp of Tenancy Information System in consultation with relevant B/Ds.

- (e) and the action plan of LandsD with implementation timeline in response to Director of Audit's recommendations in a tabular form.

Reply:

Please refer to the table in the Annex.

Yours sincerely,



(Ms. Angela Chan)
for Director of Lands

Encl.

c.c.

Secretary for Development (Fax No. : 2147 3691)
Secretary for Financial Services and the Treasury (Fax No. : 2147 5239)
Director of Audit (Fax No. : 2583 9063)
LD SD/GEN/133 Pt.13

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
Part 2: Granting and Renewal of Short Term Tenancies 2.16 (a)	<p>Audit has recommended that the Director of Lands should strengthen measures to ensure that adequate and timely actions are taken by LandsD staff in following up the granting of short term tenancy (STT) sites, including the processing of STT applications and ensuring the fulfilment of the related tenancy conditions for granting the STT (including the case as identified by Audit in para. 2.6);</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will review the current instructions/guidelines and mechanisms for processing of STT applications with a view to strengthening progress monitoring.</p>	<p>➤ An internal working group convened by LandsD's senior management with twelve District Lands Officers (the WG) has been formed to review various aspects for management of STTs. In particular, the WG will review the current instructions/guidelines and mechanisms for processing of STT applications with a view to strengthening progress monitoring.</p> <p>➤ For para. 2.6 (Case 1), in the 1st WG meeting on 8.6.2020, the relevant District Lands Officer (DLO) reported that an approval for the time extension for outstanding slope works has been granted. DLO will continue to monitor and report the</p>	<p>➤ The review is expected to be completed within 6 months for implementation.</p> <p>➤ For Case 1, it is expected that the outstanding slope works will be completed within 9 months.</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
2.16 (b)	<p>Audit has recommended that the Director of Lands should consider setting a time target for processing STT applications;</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will review the current instructions/ guidelines and mechanisms to incorporate an appropriate time target for processing STT applications.</p>	<p>progress regularly to senior management until the case is completed.</p> <ul style="list-style-type: none"> ➤ The WG has been formed to review various aspects for management of STTs. ➤ In the 1st WG meeting on 8.6.2020, it was agreed to set a time target for processing STTs. Applications not completed within a period of time from the date of receipt of applications, they should be submitted to DLOs or regional Assistant Directors to review personally. The WG will formulate the time target in a reasonable and balanced manner, as one of the deliverables of the review underway to be completed in 6 months. 	<ul style="list-style-type: none"> ➤ The review is expected to be completed in 6 months for implementation.

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
2.16 (c)	<p>Audit has recommended that the Director of Lands should provide guidelines for processing applications involving applicants with no capacity to sign tenancy agreements and handling of STT applications with lack of policy support from the relevant policy bureaux/ departments;</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will review the current instructions/ guidelines and mechanisms for handling STT applications with no capacity to sign tenancy agreements or with lack of policy support from the relevant bureaux/ departments.</p>	<p>➤ LandsD Headquarters issued a memorandum to all DLOs on 27.5.2020 providing additional guidelines for handling STTs. DLOs are advised to obtain information from the applicant on the capacity to sign the tenancy agreement for non-personal cases as early as possible.</p>	<p>➤ Already implemented.</p>
2.16 (d)	<p>Audit has recommended that the Director of Lands should take measures to ensure that the tenant complies with tenancy requirements (including the related fire service requirements) before commencement of</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will review the current instructions/ guidelines and mechanisms for handling STT applications to ensure that the tenant complies with tenancy</p>	<p>➤ LandsD Headquarters issued a memorandum to all DLOs on 27.5.2020 providing additional guidelines for handling STTs. DLOs should require the tenant to submit and obtain approval in respect of the required proposal from the relevant department within the time</p>	<p>➤ Already implemented.</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
	operation;	requirements, where applicable, commencement of operation.	period as specified in the tenancy agreement. The STT should be terminated if the tenant fails to comply with the requirement. DLO will only exercise his or her discretion to extend the deadline based on reasonable justifications (e.g. the submission is with the relevant department and has yet to be commented or approved) and subject to comments from other relevant departments.	
2.16 (e)	Audit has recommended that the Director of Lands should consider providing further guidelines on demanding deposits from non-profit-making or charitable organisations for STTs involving erection of permitted	The Director of Lands accepts the audit recommendation and LandsD will review the current instructions/guidelines on demanding deposits from non-profit-making or charitable organisations for STTs involving	<ul style="list-style-type: none"> ➤ The WG has been formed to review various aspects for management of STTs ➤ In the 1st WG meeting on 8.6.2020, it was agreed to waive the requirement to pay a deposit for STTs granted to non-profit-making or charitable organisations. 	<ul style="list-style-type: none"> ➤ Already implemented.

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
2.16 (f)	<p>structures; and</p> <p>Audit has recommended that the Director of Lands should consider setting a time frame for publishing tenancy information of all STTs granted on GeoInfo Map.</p>	<p>erection of permitted structures.</p> <p>The Director of Lands accepts the audit recommendation and LandsD had uploaded information of 1,494 STTs onto GeoInfo Map as of December 2019, and will continue to update the information on a quarterly basis. LandsD's current programme aims to publish on GeoInfo Map tenancy information of all STTs granted by 2023.</p>	<p>➤ Currently, there are over 5,000 STTs managed by LandsD. LandsD has since December 2018 been uploading STTs newly granted (either by open tender or direct grant) or those with rent reviewed in the period from 1 January 2018 onwards, based on a disclosure clause under the respective tenancy agreements. For existing STTs, the disclosure clause is progressively being incorporated in the tenancy agreement upon the regular rent review of STTs conducted at an interval of 3 to 5 years. Given the aforementioned review cycle of STTs, LandsDs current programme aims to publish information of all</p>	<p>➤ To be completed by 2023.</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
2.25 (a)	<p>Audit has recommended that the Director of Lands should ensure that LandsD staff:</p> <p>(i) analyse the reasons for allowing the same tenants to continue their STTs for a long time;</p> <p>(ii) ascertain whether the statutory planning requirements regarding temporary or short-term uses of land are met; and</p> <p>(iii) do so regularly with results provided to senior management for</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will review the current instructions/ guidelines to ensure that the continuation of STTs meets the relevant requirements and LandsD will make use of information technology (IT), including TIS or other related computer systems, to record relevant data for regular analysis and monitoring including by supervisors and senior management.</p>	<p>STTs on the GeoInfo Map by 2023.</p> <p>➤ LandsD has analysed the reasons for continuation of STTs and set out the findings in the reply to PAC dated 4 June 2020. As explained in that reply, LandsD will consult relevant B/Ds, including PlanD, on the proposal including the term of the STT before letting, to ensure compliance with the requirement under different administrative and statutory regimes, including the town planning requirement.</p> <p>➤ LandsD is prepared to revamp the TIS or make use of other related IT systems to record relevant data for regular analysis and monitoring including by supervisors and senior</p>	<p>➤ On-going</p> <p>➤ It is expected to take 3 years' time to revamp the system.</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
2.25 (b)	<p>monitoring purpose;</p> <p>Audit has recommended that the Director of Lands should ensure that site inspections are conducted for rental review purpose in accordance with LandsD guidelines; and</p>	<p>The Director of Lands accepts the audit recommendation. Apart from reminding staff to conduct site inspections for rental review purpose in accordance with current instructions/guidelines, LandsD will also work out monitoring measures to ensure such.</p>	<p>management.</p> <p>➤ LandsD Headquarters issued a memorandum to all DLOs on 27.5.2020 providing additional guidelines for handling STTs. DLOs are required to immediately review all STT cases and update the latest site inspection date on the TIS. For those cases without carrying inspection on or before the scheduled inspection according to the prevailing guidelines, DLOs are required to set up a plan for site inspection and arrange the same as soon as possible.</p>	<p>➤ Already implemented.</p>
2.25 (c)	<p>Audit has recommended that the Director of Lands should consult the relevant policy bureaux/</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will review the</p>	<p>➤ The WG has been formed to review various aspects for management of STTs. ➤ For the next step, the WG</p>	<p>➤ On-going</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
	<p>departments on the need to obtain regular information about the tenants' operations and incorporate this as a tenancy requirement for STTs directly granted for non-profit-making purposes.</p>	<p>current instructions/guidelines to incorporate the requirement of consulting the relevant policy bureaux/departments on the need to obtain regular information about tenants' operations. Subject to the agreement of the relevant policy bureaux/departments to monitor the use of the STT site, LandsD will incorporate this as a tenancy requirement for each direct grant STT for non-profit-making purposes. LandsD will also take enforcement action in case of irregularities on the advice of the relevant policy bureaux/departments.</p>	<p>has agreed to compile a master list of all nominal rent STTs for seeking relevant B/Ds' views on whether there is a need for submission of operation report by NGOs. The practice of consulting B/Ds on this aspect will be implemented on an on-going basis.</p>	

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
Part 3: Monitoring of Tenancy Conditions				
3.5	<p>Audit has recommended that the Director of Lands should take measures to ensure that LandsD staff conduct site inspections as required and improve their effectiveness (e.g. conducting inspections outside office hours if situation warrants).</p>	<p>The Director of Lands accepts the audit recommendation. Apart from reminding LandsD staff to conduct site inspections in accordance with current instructions/guidelines and take measures to improve their effectiveness in accordance with the guidelines, LandsD will also work out monitoring measures to ensure such.</p>	<p>➤ The WG has been formed to review various aspects for management of STTs. In particular, the WG will consider monitoring measures to ensure site inspection being performed in accordance with current instructions/guidelines.</p>	<p>➤ The review is expected to be completed within 6 months for implementation.</p>
3.12 (a)	<p>Audit has recommended that the Director of Lands should strengthen enforcement actions against breaches of STT conditions (including the cases identified by Audit in para. 3.9); and</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will review the current instructions/guidelines with a view to strengthening enforcement actions including the issuance of warning letters. LandsD will also</p>	<p>➤ The WG has been formed to review various aspects for management of STTs. In particular, the WG will review the current instructions/guidelines with a view to strengthening enforcement. ➤ For Case 6 of para. 3.9, after the relevant DLO issued a</p>	<p>➤ The review is expected to be completed within 6 months for implementation. ➤ For Case 6, the rectification of</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
		<p>work out monitoring measures on enforcement actions taken. For Case 7 in paragraph 3.9, LandsD issued a warning letter to Tenant J on 21 February 2020.</p>	<p>warning letter requiring the tenant to purge all the breaches, the tenant submitted an application for regularisation, which was rejected on 10.6.2020. The tenant is therefore requested to purge the irregularities. DLO will continue to monitor and report the progress regularly to senior management until the case is completed.</p> <p>➤ For Case 7 of para. 3.9, after issuance of warning letters and verbal warnings by the relevant DLO on site requiring the tenant to rectify the breach within prescribed time frame, a recent re-inspection shows that the breach had been rectified.</p>	<p>irregularities is expected to be completed within 3 months.</p> <p>➤ Follow-up action for Case 7 is completed.</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
3.12 (b)	<p>Audit has recommended that the Director of Lands should take measures to ensure that applications for rectification of breaches of STT conditions are processed promptly and enforcement actions are taken in the event the applications are not approved (including the cases as identified by Audit in para. 3.11).</p>	<p>The Director of Lands accepts the audit recommendation. Apart from reminding DLOs to process applications for rectification of breach of STT conditions promptly and further review of enforcement action in accordance with the current instructions/guidelines, LandsD will also consider setting a time target for processing of applications for rectification of breaches of STT conditions.</p>	<p>➤ The WG has been formed to review various aspects for management of STTs, including measures to facilitate timely processing of applications for rectification of breaches of STT conditions, and ensure enforcement actions being taken if the applications are not approved.</p> <p>➤ For Case 8 of para. 3.11, the relevant DLO is actively processing the regularisation application and will continue to monitor and report the progress regularly to senior management until the case is completed.</p>	<p>➤ The review is expected to be completed within 6 months for implementation.</p> <p>➤ For Case 8, the processing of the regularisation application is expected to be completed within 9 months.</p>
3.19 (a)	<p>Audit has recommended that the Director of Lands should take measures to ensure the completeness and accuracy of STT</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will take steps to make use of information technology, including TIS</p>	<p>➤ LandsD is prepared to revamp the TIS or make use of other related IT systems to ensure the completeness and accuracy of STT information in TIS for</p>	<p>➤ It is expected to take 3 years' time to revamp the system.</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
3.19 (b)	<p>information in TIS; and</p> <p>Audit has recommended that the Director of Lands should take measures to make better use of information technology (e.g. TIS or other related computer systems) for providing management information for monitoring the management of STTs.</p>	<p>or other related computer systems, to enhance the completeness and accuracy of STT information and management of STTs.</p>	<p>providing management information for monitoring the management of STTs.</p>	
Part 4: Management of Vacant Government Sites (VGSs) suitable for short term tenancy use				
4.11 (a)	<p>Audit has recommended that the Director of Lands should make continued efforts to ensure the completeness and accuracy of lists of VGSs suitable for STT use;</p> <p>Audit has recommended that the Director of</p>	<p>The Director of Lands accepts the audit recommendations. LandsD will take steps to make use of information technology, including TIS or other related computer systems, to monitor and ensure the completeness and accuracy of</p>	<p>LandsD Headquarters issued a memorandum to all DLOs in January 2020 to fine-tune and elaborate on the existing guidelines regarding the overall management of VGSs and the assessment criteria for identifying sites suitable for STT use.</p> <p>LandsD has completed the</p>	<p>Review on matters in these areas has been completed. DLOs are following the relevant new instructions/guidelines.</p>
4.11 (b)	<p>Audit has recommended that the Director of</p>	<p>and accuracy of</p>	<p>LandsD has completed the</p>	

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
	<p>Lands should complete the reviews on suitability for STT use of the sites identified by Audit in paragraphs 4.5(b) and 4.6(c);</p>	<p>information and proper documentation of selection criteria and DRBs' decisions in respect of VGSSs suitable for STT use.</p>	<p>review on all the 67 sites which the Audit identified to be pending review on their suitability for STT use and the findings are as follows:</p> <ul style="list-style-type: none"> - 5 out of 67 sites included in the list of VGSSs suitable for STT use - the rest are not suitable due to lack of access or challenging site conditions etc. 	
4.11 (c)	<p>Audit has recommended that the Director of Lands should improve the documentation of:</p> <ul style="list-style-type: none"> (i) the selection criteria for VGSSs suitable for STT use as endorsed by the District Review Boards (DRBs); and (ii) the decisions of DRBs on the suitability of VGSSs for STT use; and 		<p>➤ LandsD Headquarters issued a memorandum to all DLOs on 27.5.2020 providing additional guidelines for handling STTs. DLOs are reminded to hold DRB meetings on a regular basis and the discussion during the DRB meetings including categorising the VGSSs with reasons and justifications should be well documented in the minutes of DRB meetings.</p>	

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
4.11 (d)	<p>Audit has recommended that the Director of Lands should make better use of information technology to record information of VGSSs suitable for STT use (e.g. exploring the feasibility to incorporate information relating to VGSSs suitable for STT use in TIS or other related computer systems) with a view to enhancing the provision of management information for monitoring purposes.</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will take steps to make use of information technology, including TIS or other related computer systems, to record relevant information of VGSSs suitable for STT use and to enhance analysis and monitoring.</p>	<p>LandsD is prepared to revamp the TIS or make use of other related IT systems to record relevant information of VGSSs suitable for STT use and to enhance analysis and monitoring.</p>	<p>It is expected to take 3 years' time to revamp the system.</p>
4.18 (a)	<p>Audit has recommended that the Director of Lands should, with a view to putting VGSSs suitable for STT use to beneficial use, consult the B/Ds concerned on</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will review the current instructions/guidelines and mechanisms to ensure that</p>	<p>LandsD Headquarters issued a memorandum to all DLOs on 27.5.2020 providing additional guidelines for handling STTs. In respect of application concerning sites with permanent</p>	<p>Already implemented.</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
4.18 (b)	<p>applications for temporary use of VGSs suitable for STT use and reserved for development;</p> <p>Audit has recommended that the Director of Lands should, with a view to putting VGSs suitable for STT use to beneficial use, fully explore with the B/Ds concerned possible ways of addressing their concerns in considering applications for temporary use of VGSs suitable for STT use and reserved for development; and</p>	<p>the relevant B/Ds are consulted on applications for temporary use of VGSs reserved for development under their respective purview.</p> <p>The Director of Lands accepts the audit recommendation and LandsD will take steps to explore with the relevant B/Ds possible ways of addressing their concerns when considering applications for temporary use of the VGSs reserved for development under their respective purview.</p>	<p>development programme, DLOs are reminded to seek comments from the bureau/department responsible for the future development before considering further actions on the application.</p>	
4.18 (c)	<p>Audit has recommended that the Director of Lands should, with a</p>	<p>The Director of Lands accepts the audit recommendation and</p>	<p>➤ The WG has been formed to review various aspects for management of STTs. In</p>	<p>➤ The review is expected to be completed within</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
	<p>view to putting VGSSs suitable for STT use to beneficial use, consider using the co-management arrangement to put VGSSs suitable for STT use to beneficial use as and when appropriate.</p>	<p>LandsD will take steps to explore with the concerned B/Ds on the co-management arrangement of VGSSs when considering applications for temporary use of the VGSSs reserved for development under their respective purview with a view to putting those VGS to beneficial use as and when appropriate.</p>	<p>particular, the WG will explore any possible arrangement in co-management of VGSSs with concerned B/Ds for consideration of future applications for temporary use of VGSSs reserved for development.</p>	<p>6 months for implementation.</p>
4.19	<p>Audit has recommended that the Secretary for Development should, in collaboration with the Director of Lands, keep under review the effectiveness of the Funding Scheme and enhance publicity as and when needed with a view to making better use of</p>	<p>LandsD will cooperate with DEVB in implementing the audit recommendation.</p>	<p>LandsD will continue cooperating with DEVB in implementing the audit recommendation.</p>	<p>➤ On-going</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
	<p>VGSSs suitable for STT use and of no general commercial interest to the public by NGOs.</p>			
4.32 (a)	<p>Audit has recommended that the Director of Lands should take measures to improve the site management of VGSSs suitable for STT use, including:</p> <p>(i) taking timely enforcement actions against unauthorised occupation of VGSSs suitable for STT use; and</p> <p>(ii) making continued efforts to ensure that the site management problems at Site C are timely resolved; and</p>	<p>The Director of Lands accepts the audit recommendation and LandsD will take measures to improve the site management of VGSSs suitable for STT use, including taking timely enforcement actions against unauthorised occupation of VGSSs suitable for STT use and making continued efforts to ensure that the site management problems at Site C are timely resolved, having regard to resources and priorities.</p>	<p>➤ The WG has been formed to review various aspects for management of STTs. In particular, the WG will consider measures to improve site management of VGSSs suitable for STT use.</p> <p>➤ The management problems of Site C has been resolved as follows:-</p> <ul style="list-style-type: none"> - Repair works and weeds cutting and removal of objects from site were completed on 6.3.2020. - A 24-hour security guard has been put in place since 21.4.2020 - Inspection on 25.5.2020 revealed that there was no unauthorised occupation of Government land 	<p>➤ The review is expected to be completed within 6 months for implementation.</p> <p>➤ Follow-up action for Site C is completed.</p>

Paragraph in Audit Report	Audit Recommendations	LandsD Responses in Audit Report	Actions Taken/to be Taken (as at 12.6.2020)	Implementation Timeline
4.32 (b)	<p>Audit has recommended that the Director of Lands should take measures to improve the disclosure of information relating to VGSs suitable for STT use on the Government's GeoInfo Map web page (e.g. providing more comprehensive site condition information) with a view to facilitating interested parties in making STT applications.</p>	<p>The Director of Lands accepts the audit recommendation and will take steps to make use of information technology, including TIS or other related computer systems, to improve the disclosure of information relating to VGSs suitable for STT use.</p>	<p>➤ LandsD is prepared to revamp the TIS or make use of other related IT systems to enhance completeness and accuracy of information VGS on the GeoInfo Map.</p>	<p>➤ It is expected to take 3 years' time to revamp the system.</p>

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29 May 2020

Mr. Anthony CHU
Clerk to the Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee
Consideration of Chapter 8 of the Director of Audit's Report No. 74
Provision and management of Community Green Stations

Thank you for your letter dated 20 May 2020 requesting response/information to facilitate the Public Accounts Committee's consideration of the above Chapter. Please find joint reply of the Environment Bureau and the Environmental Protection Department in the enclosure.

Yours sincerely,

(C F WONG)

for Director of Environmental Protection

c.c. Secretary for the Environment (fax no. 2537 7278)
Director of Environmental Protection (fax no. 2537 7278)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

Enclosure

Director of Audit's Report No. 74
Chapter 8: Provision and Management of Community Green Stations

EPD/ENB's Responses to Questions raised by Public Accounts Committee on 20 May 2020

Questions for EPD	
Q1	According to paragraph 1.5, each Community Green Station (“CGS”) should preferably have a site area of no less than 1 500m². But as mentioned in Note 2, there are significant deviations in actual site areas: from as small as 695m², to as large as 7090m². Why is it the case? What are the differences, in terms of design, facilities, and quantity of services provided, between the largest and smallest CGSs? Do you consider the recommendation of setting the site area of CGS at no less than 1 500m² appropriate? Will you provide a detailed guideline to standardize the setting up of CGSs in the future; if yes, the timetable; if not, why not.
A1	<p>The identification of suitable site for development of a CGS in each of the 18 districts has met with great practical challenges for reasons explained in paragraph 2.6(a) of the Audit Report. The preferred size of 1 500 m² for a CGS is set having regard to areas required for delivering its core functions set out in paragraph 1.5, plus additional open space and area for landscaping. Where there are practical difficulties in identifying a suitable site with the preferred area for the development of a particular CGS, as in the case of Sai Kung and Wan Chai CGSs, EPD will, based on ArchSD's technical advice, consider the available sites and made adjustments to the accommodation requirements, e.g. reducing the size of open area and landscape zone, to ensure that the CGS can deliver its core functions despite the reduced site area. For the special case of Yuen Long CGS which occupies a site area of 7 090 m², a substantial portion of the site area is an existing woodland which matches with the environment of a CGS. EPD had thus exercised flexibility to accept the maintenance responsibility of the woodland in taking over the site.</p> <p>In future development of CGSs, EPD will continue to aim at identifying sites with the preferred areas, but will exercise flexibility where necessary as long as the core functions of CGS can be delivered.</p>
Q2	According to paragraph 2.4(b), 7 (39%) CGSs were still at planning or site selection stage, and that the target date of completion by 2017 was not met. Do you consider the situation unsatisfactory? What is the progress to date? It is also explained in paragraph 2.6, that the Environmental Protection Department (“EPD”) has been facing great challenges in site identification for CGSs. What measures had been/will be taken to facilitate the progress of site identification?
A2	<p>While it remains the Government's objective to develop a CGS in each of the 18 districts, availability of suitable sites is a practical challenge that is affecting the overall development programme. Among the seven CGSs mentioned in paragraph 2.4(b), a suitable site has been</p>

	<p>identified for the Wong Tai Sin CGS, with the support of the Wong Tai Sin District Council. Site search is still being conducted for the other six CGSs. Key challenges in site identification include, among others, competing land uses and local objection. On the first challenge, EPD is exploring the possible co-location of community recycling facilities with other government facilities. On the second, EPD has been promoting the services and benefits of CGSs to the local community, with a view to enlisting their support to the community recycling facilities.</p>
Q3	<p>According to paragraph 2.6(b), EPD was exploring alternative ways to expedite the delivery of the core services of CGSs in six districts. What is the progress to date? When do you expect the development of these six CGSs will be completed?</p>
A3	<p>For the six districts with no available site at present for development of CGS, it is envisaged that the site search and subsequent planning process will take at least several years to complete. In light of the long lead time for site identification, EPD is exploring alternative ways to deliver the core CGS services, i.e. green living education and community recycling services.</p> <p>As a pilot arrangement, EPD is exploring the engagement of those CGSs adjacent to North District and Tsuen Wan District (i.e. Kwai Tsing, Tuen Mun, Yuen Long and Tai Po CGSs) to provide educational support to the two districts later this year. Subject to the outcome of the pilot, EPD would consider implementing similar arrangement for the remaining four districts (i.e. Southern, Central & Western, Kowloon City and Yau Tsim Mong).</p> <p>At the same time, EPD is planning to expand its network of Community Recycling Centres (CRCs), which currently covers 15 districts, to all 18 districts across the territory in 2nd half of 2020. Furthermore, the Government will regularize the funding for engaging non-profitmaking organisations to operate CRCs through contracts (the CRCs are currently funded by the Environment and Conservation Fund on project basis). The enhanced CRCs will play an important role in strengthening community recycling support in districts that do not yet have CGSs.</p>
Q4	<p>Regarding the 11 CGSs mentioned in Table 3 in paragraph 2.11, how did you monitor the work progress? What had been done to facilitate the concerned contractors to complete the works on time? Was EPD or the Architectural Services Department partly responsible for the delay? According to paragraph 2.13, there was still delay in completion of works for three CGSs after consideration of extensions time granted. Can you explain the details of each case (i.e. Sham Shui Po, Tuen Mun and Kwai Tsing CGSs)?</p>
A4	<p>ArchSD is the works agent for CGS projects, and is responsible for monitoring the works progress and site supervision. EPD, as the client department, provides input to ArchSD on user specifications and other requirements from time to time, to facilitate the timely development of the works projects. We would defer to ArchSD to explain the details of cases concerned.</p>

Q5	<p>According to paragraph 2.21, stagnant water problems were observed at Eastern CGS since its commencement in 2015. Why was this so? Besides, in the course of finding a solution, there was a misunderstanding between EPD and the concerned CGS operator about the installation of artificial grass mat, please advise the reasons for such occurrence of miscommunication? Do you consider verbal notification on important issues insufficient? What measures will you adopt to improve the communication with different parties?</p>
A5	<p>The original design of the roofs of Eastern CGS allows holding of a small amount of rainwater after raining, which is expected to dry up naturally within a short period of time. The design was not welcome by the neighboring estates for aesthetic and environmental hygiene reasons, and met with persistent complaints. The operator and EPD thus sought ArchSD’s assistance to provide long-term architectural solution to address the problem (Paragraph 2.21(c)).</p> <p>At the regular coordination meeting between ArchSD and EPD, it was agreed to install artificial mat to resolve the problem. EPD informed the operator of the solution during routine verbal site communication (Paragraph 2.21(d)). On the day of commencement of the enhancement works, EPD received written objection from the operator for reasons of maintenance concerns (Paragraph 2.21(e)).</p> <p>Looking forward, EPD will strengthen the communication with the CGS operators and ArchSD, especially in drawing up of improvement works. Additional measures include the establishing single line-of-contact with ArchSD on site improvement works, organizing formal meetings with operators and ArchSD when necessary in finalizing the specifications of improvement works, and require frontline staff to have written communication with operators in confirming the specifications of site improvement works.</p>
Q6	<p>According to paragraph 3.7, operators of Sha Tin and Tuen Mun CGSs both met unexpected difficulties in meeting new contract requirements, in particular the specific quantity for outreach regular educational events and the completion time of planned special community events. Please specify in details the difficulties encountered by the operators. What had been done to assist the operators in planning and promoting the events? It is also mentioned that EPD was reviewing the contract requirements for regular educational events, and would consider adopting an overall target for on-site and outreach educational events. If the reviews were completed, what are the results?</p>
A6	<p>In the early days of Tuen Mun and Shatin CGSs, when the operators contacted local organizations to enlist their participation in “outreach regular educational events” and ask for their suggestions on venues, many of them counter-proposed to hold the events at the CGSs so that they could take the opportunity to have guided tours of the new facilities. As a result, the number of “on-site regular education events” significantly exceeded the minimum quantity requirement whereas the number of outreach events fell short of the minimum quantity requirement.</p> <p>Regarding “special community events”, which involved the collection of usable unwanted</p>

	<p>items from the public, it was Tuen Mun CGS’s original plan to collect secondhand furniture in Q2 2019. However, due to anticipated shortage of storage area for the collected items, the operator had to re-plan the event to collect items of smaller size instead, and the commencement time of event was delayed. Besides, the operator also took much longer time than expected to complete another special community event during the first contract period, which involved collection of reusable items from a university. The collection activities were temporarily suspended due to unexpected school arrangement last year, and the operator is still in liaison with the university to resume the event.</p> <p>Shatin CGS planned two special community events, which involved the collection and reuse of some usable items (old banners and rehabilitation items) for the first time in contract year 2017/18. They subsequently found that longer time was needed to establish the collection and re-use channels, and both events were only completed in the following contract year.</p> <p>EPD has been encouraging the operators to try out the collection of different reusable items for environmental reasons. EPD has been liaising with various parties to facilitate the development of new initiatives, and providing technical advice to the operators as necessary.</p> <p>Practical experience of the operators over the past few years indicate that the demand for on-site and off-site educational activities varies over time and districts, and it would be more pragmatic to adopt an overall target for both ‘on-site’ and ‘off-site’ educational activities to allow sufficient flexibility for the operators to meet prevailing local demand. EPD is conducting a review in this regard, which is expected to complete in the 2nd half of 2020. Subject to the outcome of the review, EPD will update the contract requirement in the next batch of operating contracts. EPD is also consolidating the practical experience (e.g. programming considerations) of the cases concerned with a view to sharing it with other CGS operators.</p>
<p>Q7</p>	<p>According to paragraph 3.10, different methodologies were used by EPD in counting the number of regular educational events qualified for payment for three CGSs. Were you aware of the problem before the Audit Commission (“Audit”) raised the matter? If yes, what have been done to rectify the situation; If not, why not. When would the review on counting method (paragraph 3.16(c) refers) be counted?</p>
<p>A7</p>	<p>As indicated in paragraph 3.11, EPD was aware of the adoption of a special counting method for regular educational events organized by two of the CGSs (i.e. Shatin and Kwun Tong CGSs) back in July 2016 to ensure a more balanced effort in the delivery of different education and recyclable collection services in the two CGSs, and had followed up with the CGSs concerned. EPD had been closely monitoring the situation of other CGSs and did not consider it necessary for them to adopt similar special arrangement because a more balanced effort had been observed in the delivery of different services in other CGSs.</p> <p>While EPD agrees in principle to adopt a consistent counting method for all CGSs, we have to ensure that the updated counting method would not adversely affect the capability of</p>

	CGS operators in organizing various education events. EPD will discuss with all CGS operators after education events have completely resumed their normal mode of operation having regard to the latest situation of the COVID-19 pandemic.
Q8	According to 3.17, CGSs serve an important role in supplementing the existing services of local private recyclers, by focusing their services on the collection of low economic value recyclables. But ever since the Mainland Government imposed more stringent control on waste imports, recyclables become unprofitable which hindered waste recycling activities in private market. Will you consider stepping up efforts to strengthen and improve recyclables collection services of CGSs through provision of additional resources or other measures?
A8	<p>Apart from CGS operators, there are other parties such as commercial recyclers taking part in provision of recyclable collection services to housing estates. The role of CGS operators is to complement local recyclers, local recycling shops and existing recycling programmes run by NGOs, green groups, etc., rather than competing with them.</p> <p>The sluggish global recycling market in recent years has certain impact on the operation of the local recycling trade. In view of this, the EPD will invest more resources to support local recycling, including the introduction of waste paper collection and recycling services in the second half of 2020 and a 2-year “Pilot Scheme on Collection and Recycling Services of Plastic Recyclable Materials” in three different districts (i.e. Eastern District, Kwun Tong and Sha Tin). Contractors are engaged under service contracts to implement the central collection services to enhance the cost-effectiveness of processing of the recyclables and to raise public confidence in the waste separation and recycling system. Other than providing support to the recycling industry, we believe these measures will also benefit the CGSs to collect more recyclables.</p>
Q9	According to paragraph 3.28(b)(iii), EPD was exploring a suitable approach for provision of mobile collection points at public places for adoption in future CGS operating contracts. What is the progress so far? What are the outcomes?
A9	EPD is studying the effectiveness of providing recyclable collection points at specific time and locations (定時定點回收站). The study is expected to complete by end 2020. Subject to the outcome of the study, EPD will request CGS operators to set up more such mobile collection points under the CGS contracts, thereby enhancing the community recycling support at district level.
Q10	According to paragraph 3.38(a), EPD explained that resources were diverted to provide outreach regular educational events in addition to on-site regular educational events. Please tabulate as Table 11, the numbers of persons served by outreach activities of the five CGSs concerned from May 2015 to June 2019. Can you explain why expected number of persons served by the new outreach activities had not been set (paragraph 3.39 refers)? Have you completed the review on the current reporting requirement (paragraph 3.45(b) refers) so as to better access both on-site and off-site

	services provided by CGSs? If yes, what are the review results? If not, when will the review be completed?																																															
A10	<p>The number of persons served by outreaching activities are tabulated below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="5">No. of persons served by outreach activities^[note]</th> </tr> <tr> <th>Sha Tin CGS</th> <th>Eastern CGS</th> <th>Kwun Tong CGS</th> <th>Yuen Long CGS</th> <th>Sham Shui Po CGS</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>668</td> <td>1154</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>2016</td> <td>6640</td> <td>7338</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>2017</td> <td>6677</td> <td>10912</td> <td>3711</td> <td>5254</td> <td>4309</td> </tr> <tr> <td>2018</td> <td>6264</td> <td>14316</td> <td>5034</td> <td>1378</td> <td>4024</td> </tr> <tr> <td>2019 (up to June)</td> <td>5008</td> <td>4424</td> <td>1751</td> <td>3582</td> <td>800</td> </tr> <tr> <td>Operation commencement date</td> <td>May 2015</td> <td>August 2015</td> <td>January 2017</td> <td>January 2017</td> <td>October 2017</td> </tr> </tbody> </table> <p>Note: Outreach activities include regular educational events, featured educational events and special community events (if applicable) held outside CGS venues.</p> <p>Under the CGS operating contacts, targets are only set for the total number of educational events to be organized, rather than the total number of participants as the latter is beyond the control of the CGS operators. However, to encourage CGS operators to reach out to organizations / schools etc. in the respective districts in providing educational services, which we believe can attract more participants, separate targets have been set for ‘on-site’ and ‘outreach’ educational events since November 2017.</p> <p>As mentioned in the reply to 6) above, EPD will complete a review on the suitability of adopting an overall target for both ‘on-site’ and ‘off-site’ educational activities in 2nd half of 2020 and, subject to the outcome, update the contract requirement in the next batch of operating contracts.</p>	Year	No. of persons served by outreach activities ^[note]					Sha Tin CGS	Eastern CGS	Kwun Tong CGS	Yuen Long CGS	Sham Shui Po CGS	2015	668	1154	N/A	N/A	N/A	2016	6640	7338	N/A	N/A	N/A	2017	6677	10912	3711	5254	4309	2018	6264	14316	5034	1378	4024	2019 (up to June)	5008	4424	1751	3582	800	Operation commencement date	May 2015	August 2015	January 2017	January 2017	October 2017
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Q11	According to paragraph 3.42, EPD would review and revise the relevant contract specifications as there had been notable changes in the community’s demand for visitors reception services. What were the changes? Have you completed the review? What are the results?																																															
A11	Based on our review of visit reception service in different CGSs, we note that the demand has been generally less than expected, especially after the CGS has been set up for some time and the residents nearby are familiar with the facility. Besides, under the current practice, general reception service is provided at CGSs when they handle service enquiries at the counters; brief introduction of CGS facilities is also provided to participants of regular onsite educational events. As such, the demand for solely visitor reception services has been consistently low.																																															

	Subject to further exchange with CGS operators, EPD would update the contract specifications relevant to visitor reception services in the next batch of operating contracts.
Q12	According to paragraph 4.10, EPD will take forward three audit recommendations with regards to the inspection of CGSs. In this regard, have you set out timetables on the implementation of these new practices? What progress has been made so far?
A12	Taking into account of Audit's recommendations, EPD plans to update the existing operating guidelines and develop electronic inspection form for routine inspection of CGS activities. We aim to complete the above tasks by Q4 2020.
Q13	According to paragraph 4.17, Audit noted that there was delay in submission of monthly reports, annual summaries of monthly reports and audited financial statements. Were you aware of the late submission before Audit raised the matter? If yes, what have been done to rectify the issue? As stated in paragraph 4.18(a), the existing arrangements on report submission will be reviewed. Has the review been conducted? What are the results? What other measures would you take to ensure CGS operators' compliance with the reporting requirements?
A13	EPD is aware of the delay of report submission by CGS operators. However, for reasons explained in paragraph 4.18(a), we agree that they may have practical difficulties in adhering to the submission deadlines. In view of the practical difficulties, EPD is considering adopting a phased submission approach to address the situation and will further discuss the issue with CGS operators at the regular liaison meetings. Subject to the outcome of the discussion, EPD would consider making suitable adjustments to the standard contract requirements, having regard to both the need for timely monitoring by EPD and practical constraints faced by the operators.
Q14	According to paragraph 4.24, Audit noted that there was no documentation for experience sharing meetings chaired by EPD and held with CGS operators. Why is it the case? Please provide details and number of sharing meetings that have been held in the past five years. Will you consider, as Audit suggested, promulgating a practice guide to CGS operators? If yes, the details; if not, why not.
A14	<p>Since 2017 when more CGSs commenced operation, two meetings have been held every year with all CGS operators. Also, there have been informal sharing of operational practices among different CGS operators from time to time, especially in the introduction of new services. As these sharing sessions were conducted on informal basis, no record of the discussion was prepared in the past.</p> <p>Now with nine CGSs in operation, EPD sees the need to establish a more formal platform for all CGS operators to exchange their operational experience. EPD would also consolidate and disseminate the good practices of individual CGS operators, with a view to improving the services of CGSs.</p>

Q15 According to paragraph 4.28, the quantities stated in Bills of Quantities for both educational and recyclables collection services of nine CGSs exceeded the minimum service requirements. Do you consider such deviations unsatisfactory? Concerning the nine CGSs, what were the rates of the recyclables collection services and environmental educational services, the actual quantity of services provided during contract periods, and amounts of actual payment to the operators? Do you have any plan to review the specification of the quantities stated in Bills of Quantities and the minimum service requirements for CGS services? If yes, the details and timetable. If not, why not.

A15 For the reasons explained in paragraph 4.29, we consider it justifiable to build in a higher level of difference between Bills of Quantities (BQ) (ie maximum service quantity) and minimum service quantity required in the first contracts of the first five CGSs to allow the operators to organize more activities having regard to local community’s acceptance of the initial operation of the CGSs. With the availability of operation track records of the first five CGSs, the level of difference between the BQ and minimum service quantity has been substantially reduced in subsequent contracts. EPD will continue to keep under review the specification of quantities in BQ and the minimum service requirements in future CGS operating contract.

As each of the operation contracts of CGSs have been awarded through tendering process, the rate of recyclable collection services and environmental educational services varies from CGS to CGS. The actual quantity of services provided during contract periods are detailed in the monthly reports of the CGS operators, with consolidated summary tabulated below:

CGSs with first operating contract completed	No of environmental education events organized under the first contract	Total payment for environmental educational services under the first contract (thousands)	Quantity of recyclables collected under the first contract (tonnes)	Total payment for recyclable collection services under the first contact (thousands)
Shatin CGS	1 284	2 158	771	1 759
Eastern CGS	927	130	828	294
Kwun Tong CGS	499	345	981	820
Yuen Long CGS	482	1 274	1 009	1 214

Question for ENB

Q20 According to 3.17, Community Green Stations (“CGSs”) serve an important role in supplementing the existing services of local private recyclers, by focusing their services on the collection of low economic value recyclables. But ever since the Mainland Government imposed more stringent control on waste imports, recyclables become unprofitable which hindered waste recycling activities in private market. Will you consider stepping up efforts to strengthen and improve recyclables collection services of CGSs through provision of additional resources or other measures?

A20	<p>The sluggish global recycling market in recent years has certain impact on the operation of the local recycling trade. In view of this, the EPD will invest more resources to support local recycling, including the introduction of waste paper collection and recycling services in the second half of 2020 and a 2-year “Pilot Scheme on Collection and Recycling Services of Plastic Recyclable Materials” in three different districts (i.e. Eastern District, Kwun Tong and Sha Tin). Contractors are engaged under service contracts to implement the central collection services to enhance the cost-effectiveness of processing of the recyclables and to raise public confidence in the waste separation and recycling system. Other than providing support to the recycling industry, we believe these measures will also benefit the CGSs to collect more recyclables.</p>
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3 June 2020

Mr. Anthony CHU
 Clerk to the Public Accounts Committee
 Legislative Council
 Legislative Council Complex
 1 Legislative Council Road
 Central, Hong Kong

Dear Mr. CHU,

Public Accounts Committee

Consideration of Chapter 8 of the Director of Audit's Report No. 74 Provision and management of Community Green Stations

Thank you for your letter dated 20 May 2020 requesting response/information to facilitate the Public Accounts Committee's consideration of the above Chapter. Please find our reply below:

Part 2 – Provision of Community Green Stations

- 16) Regarding the 11 Community Green Stations (“CGSs”) mentioned in Table 3 in paragraph 2.11, how did you monitor the works progress? What had been done to facilitate the concerned contractors to complete the works on time? Was EPD or ArchSD partly responsible for the delay? According to paragraph 2.13, there was still delay in completion of works for three CGSs after consideration of extensions of time granted. Can you explain the details of each case (Sham Shui Po, Tuen Mun and Kwai Tsing CGSs)?

When carrying out construction works for CGSs, the contractors had encountered different difficulties which could not be anticipated or which were not under its control. For example, unforeseen underground public utilities had been encountered during underground drainage connection works to the

connecting point outside the project site. The project team was thus required to revise the original design or to arrange diversion of the public utilities obstructing the works; some of the works even involved excavation at busy roads requiring application for excavation permits involving complex coordination work, including repeated discussions with relevant government departments on temporary traffic management. Despite that ArchSD had proactively provided assistance to the contractors, the works could not proceed according to the original programme and delays occurred. Owing to the above, the contractors had applied for extensions of time in accordance with the contract conditions, and had been granted extensions of 1.5 to 14 months for completing the works.

Notwithstanding the extensions of time granted, due to deficiencies in the contractors' planning and coordination, the CGSs in Sham Shui Po, Tuen Mun and Kwai Tsing were still completed with delays of 1 to 3 months. The works progress was still unsatisfactory although ArchSD had closely monitored the works progress on site, discussed about measures to speed up the works with the contractor at regular site meetings and issued warning letters to the contractor. In this regard, ArchSD had imposed liquidated damages on the contractor timely in accordance with the contract conditions and had duly reflected its unsatisfactory performance in its performance reports.

- 17) According to paragraph 2.14, construction works of two CGSs were carried out before the approval of the related drawings and not in accordance with the approved drawings. As a result, the sorting areas in the storage blocks were built with floor areas less than those specified by EPD. What were the reasons for Contractor A to delay submission of structural drawings, jump the gun in starting the concerned works before approval, and then ignore contract requirement? Please advise whether any sanctions were imposed on Contractor A; if yes, the details; if not, why not. In this regard, what measures have been and will be taken to strengthen the monitoring of contractors?

Although Contractor A had been repeatedly reminded during site meetings to submit the required structural drawings before commencement of the relevant works on site, ArchSD noted that the erection of the relevant structural steel frame had been completed before the approval of all the related structural drawings. Warning letter was immediately issued to Contractor A, who was required to forthwith submit a remedial proposal for the inadequate space within the sorting area. An interview was conducted by the Project Director to urge Contractor A for prompt follow-up actions. Contractor A's unsatisfactory performance was also reflected in its performance report.

Thereafter, the project team implemented a series of monitoring actions on the contractor, including closer scrutiny of the contractor's document submissions and scheduling for site works, more clearly identification of major critical

building and structural elements, and constant review with the contractor on the short-term programme for construction of critical items. The contractor was also required by ArchSD to agree earlier with ArchSD's site representatives on the site inspection processes especially on the critical elements.

- 18) According to paragraph 2.19, water leakage was observed at various facilities in Sha Tin CGS since its commencement in May 2015, and the repair and water proofing / enhancement works cost about \$327,000 in total. Have you conducted any review to ascertain the reasons and responsibilities for the repeated water leakage? If yes, the details; if not, why not. What lessons have you learnt from this case for future planning and monitoring of construction works?

In order to reduce construction time and considering the temporary nature of the buildings, simple roof systems were adopted for Sha Tin CGS including the use of recycled freight containers as the building envelope or aluminium panels mounted on steel sub-frames with the joints between panels sealed by sealant. Water leakage mainly occurred at junctions between containers or between aluminium panels.

In order to resolve the water leakage, enhancement works were carried out by applying a layer of elastic waterproof membrane on the roofs. ArchSD has made reference to the experience learned from this case. In the implementation of subsequent CGS projects, roof systems of higher grade have been adopted instead of simple roof systems to enhance their reliability especially in waterproofing performance.

- 19) According to paragraph 2.20, toilet flushing problems were repeatedly observed at Sha Tin CGS for more than three years. What were the reasons for taking such a long time to resolve the problems? How are you going to ensure that no similar case will happen again in the future?

The flushing problem was due to the malfunction of different parts of the flushing system, including defective flushing water cistern, defective electronic operated flushing valves and blocked flushing water pipes etc. at different times during the period from December 2016 to May 2018, making the flushing system not functioning properly. Upon receipt of each flushing problem repair request, remedial repairs were arranged by ArchSD or the CGS operator according to their respective maintenance responsibilities. In order to resolve the flushing problem, ArchSD closely coordinated with EPD and the operator, and completed the installation of additional booster pumps in February 2020 so that the flushing system could function properly.

In handling future repair requests which might involve enhancement works at CGSs, ArchSD will coordinate with EPD in liaising closely with CGS operators for early proposal and completion of the enhancement works required.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Allen Leung', written in a cursive style.

(Allen LEUNG)

for Director of Architectural Services

c.c. Secretary for the Environment (fax no. 2537 7278)
Director of Environmental Protection (fax no. 2537 7278)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit (fax no. 2583 9063)

ACRONYMS AND ABBREVIATIONS

ArchSD	Architectural Services Department
ASDF	Arts and Sport Development Fund (Sports Portion)
Audit	Audit Commission
Audit Report	Director of Audit's Report
B/Ds	Bureaux/departments
BPR	Best Practice Reference for Governance of National Sports Associations - Towards Excellence in Sports Professional Development
CGSs	Community Green Stations
DCOs	Doping Control Officers
DFFS	District Football Funding Scheme
DFTs	District Football Teams
DLO	District Lands Office
DOs	District Offices
EffO	Efficiency Office
EIM	Electronic Information Management
ENB	Environment Bureau
EPD	Environmental Protection Department
ERB	Employees Retraining Board
ERKS	Electronic recordkeeping system
ERO	Employees Retraining Ordinance (Cap. 423)
FTF	Football Task Force
FYSP	Five-Year Strategic Plan
GovHRMS	Government Human Resources Management Service
GRS	Government Records Service
HAB	Home Affairs Bureau
HKACEP	Hong Kong Athletes Career and Education Programme

ACRONYMS AND ABBREVIATIONS

HKADC	Hong Kong Anti-Doping Committee
HKFA	Hong Kong Football Association
HKPL	Hong Kong Premier League
HKSI	Hong Kong Sports Institute
IOC	International Olympic Committee
IP	Intellectual property
IPD	Intellectual Property Department
IVA	Individual voluntary arrangement
LandsD	Lands Department
LCSD	Leisure and Cultural Services Department
LegCo	Legislative Council
LIEs	Local International Events
m	Metres
m ²	Square metres
MCOHL	Management Company of Olympic House Limited
MD	Marine Department
MLIEs	Major Local International Events
MME	"M" Mark event
MSEC	Major Sports Events Committee
NFP	No Fakes Pledge
NSAs	National Sports Associations
OGCIO	Office of the Government Chief Information Officer
ORO	Official Receiver's Office
PIPs	Private insolvency practitioners
SC	Sports Commission
SDTFR	Sir David Trench Fund for Recreation

ACRONYMS AND ABBREVIATIONS

SF&OC	Sports Federation & Olympic Committee of Hong Kong, China
SLCL	Sports Legacy Company Limited
STTs	Short term tenancies
VGSs	Vacant government sites