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民政事務局

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Ms Mary So
Clerk
Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

18 December 2013

Dear Ms So,

Public Accounts Committee
Consideration of Chapter 1 of the Director of Audit's report No. 61
Direct land grants to private sports clubs at nil or nominal premium

In your letter of 28 November 2013 you asked for our response in writing to clarify 22 issues related to this subject. Further to our letter of 3 December, I am authorised to respond. Please note that we require more time to source information from the private sports clubs and to clarify with you the nature of the information required before we can provide a substantial reply to all of the questions that you have raised. This therefore serves as an interim reply to your letter.

Private recreational leases ("PRL") policy

- (a) **Criteria adopted by the Home Affairs Bureau ("HAB") when granting and renewing the allocation of land to private sports clubs under PRL at nil or nominal premium**

Under the current policy, the Lands department renews PRLs at nil or nominal premium on the basis of policy support given by HAB for a 15-year term. When considering whether or not to give policy support for the renewal of a PRL, HAB adopts the following basic criteria —

- (a) Whether or not the site is required for a public purpose;
 - (b) Whether or not there has been any significant breach of lease conditions; and
 - (c) Whether or not the lessee has a non-discriminatory membership policy.
- (b) Confirmation as to whether the results of the comprehensive review of the PRL policy, aimed for completion by end 2014, will not cover the renewal of the remaining 13 PRLs to private sports clubs that expired in 2011 and 2012, but will cover the renewal of the PRLs to private sports clubs as well as to uniformed groups, welfare organizations, national sports associations and civil servants' associations that will expire after 2014**

The comprehensive review of the PRL policy will *not* cover the renewal of the remaining 13 PRLs that expired in 2011 and 2012, but may impact on the renewal of PRLs that expire after 2014.

- (c) Names of the policy bureau/departments participating in the comprehensive review of the PRL policy referred to in (b) above, and the issues that would be covered/addressed in the review**

The Home Affairs Bureau will lead the review referred to in (b) above and the Development Bureau and the Lands, Planning and Rating and Valuation Departments will also take part in the review. Issues to be considered will include: long-term policy objectives for sport; other potential uses for the concerned lots; financial considerations; the interests of the lessees, their members and staff; and the wider public interest.

- (d) Information to substantiate that the PRL policy serves the policy objectives for sports development, i.e. promoting sports in the community; promoting elite sports development; and promoting Hong Kong as a centre for international sports events**

We need to source updated information from the sports clubs concerned before we can give a fully substantiated reply on this issue. We will provide the requested information as soon as we have the information available.

- (e) **Comparison between private sports clubs' sports facilities and those operated by the relevant government department(s) in meeting the policy objectives for sports development referred to in (d) above**

We need to source updated information from the sports clubs concerned before we can give a fully substantiated reply on this issue. We will provide the requested information as soon as we have the information available.

- (f) **Information to substantiate that the sports and recreational facilities operated by the private sports clubs helped to significantly relieve the pressure on public facilities**

A comparison of sports facilities provided by private sports clubs with public sports facilities operated by the Leisure and Cultural Services Department (LCSD) is shown in the following table.

Sports facilities	Number of facilities provided by private sports clubs	Number of facilities operated by LCSD	Shortage of facilities according to the Hong Kong Planning Standards and Guidelines
Tennis court	97	256	255
Billiard table	17	22	No standard
Bowling alley	78	0	No standard
Squash court	40	295	No standard
Badminton court	61	597	361
Basketball court	32	492	274
Artificial / natural turf pitch	11	311	294
Fitness centre	13	71	No standard
Golf course	6	0	No standard
Hockey pitch	1	2	No standard
Shooting range	5	1	No standard

There is a strong public demand for sports and recreational facilities. By providing sports facilities for over 140 000 members, their families and friends, private sports clubs help to relieve the pressure on public facilities.

Under the new PRL lease conditions, the clubs are required to “open up” their sports facilities to eligible outside bodies, including: schools registered under

the Education Ordinance; non-governmental organisations receiving subvention from the Social Welfare Department; uniformed groups and youth organisations receiving subvention from HAB; and “national sports associations” (NSAs) recognised by the Sports Federation & Olympic Committee of Hong Kong, China and their affiliate member organisations.

- (g) Information to substantiate that the sports and recreational facilities operated by the private sports clubs helped to attract overseas executives and professionals to work in Hong Kong and maintain Hong Kong’s status as an international metropolis**

In response to our enquiry on 3 December as to the precise nature of the information required, you orally advised that the question was raised on the basis of the relevant reference in the Director of Audit’s report. We will provide the requested information as soon as this is available.

- (h) Information on the number and percentage of overseas executives and professionals working in Hong Kong who are members of private sports clubs**

See response to (g) above.

- (i) Statistics on the international sporting events held in the private sports clubs since 1997**

We need to source updated information from the sports clubs concerned before we can give a fully substantiated reply on this issue. We will provide the requested information as soon as we have the information available.

“Opening up” schemes

- (j) Information required to be provided by private sports clubs in their quarterly reports to the HAB as well as that required to be provided by the competent authorities**

We require private sports clubs and competent authorities to provide the information set out at **Annex 1** on a quarterly basis.

- (k) Timing on issuing detailed guidelines to help private sports clubs report the “opening up” scheme usage in their quarterly reports submitted to the HAB**

We issued initial guidelines on reporting on “opening up” schemes to private sports clubs in October 2012. We have since received feedback from private sports clubs and we plan to issue revised guidelines by mid-2014.

- (l) Timing on putting in place a mechanism for the HAB to verify the usage reported**

We have started verifying the reported usage. The first renewal of a PRL by a private sports club took effect from March 2013, and we are gathering experience in recording the reported usage. We aim to put in place a systematic approach to verifying reported usage by mid-2014.

- (m) Penalty, if any, should a private sports club fail to submit quarterly reports on the usage of its sports facilities under the approved “opening up” scheme or provide inaccurate information in the quarterly report**

If a lessee fails to submit quarterly reports in an accurate and timely manner, we shall in the first instance issue a warning letter. In cases of repeated or intentional failure to comply with the reporting requirement, we will consider the case for enforcement action under the lease conditions. We will consider in more detail the issues of penalties for breaching lease conditions in the context of the comprehensive PRL policy review.

- (n) The number of advertisements placed in the print media to publicize the availability of sports facilities on premises operated under the PRLs; the names of the print media and the dates on which such advertisements were placed; the size of the advertisements; the page of the print media on which each of these advertisements was placed; and samples of these advertisements**

Details of the advertisements are at **Annex 2**.

- (o) Information on the usage of the sports facility by organisations which do not fall within the “Outside Bodies” referred to in paragraph 3.4 of the Director of Audit’s report (“Audit Report”)**

We require more time to gather and process information on this issue. We will provide a substantial reply on this point as soon as possible.

(p) Background of the monthly “Opening-up” facility-hours committed by clubs and their reported usages (Table 2 of the Audit report refers);

Table 2 of the Audit report refers to information available to HAB as at March 2013. The first PRL renewal for a private sports club took effect in March 2013 therefore no club was obliged by the lease to implement the new “opening up” scheme, publicise such a scheme or file quarterly reports before that time. The information in Table 2 is extracted from returns provided between October 2012 and March 2013 on a voluntary basis.

Compliance with lease conditions

(q) Reasons why the submission of quarterly report on facility usage by private sports clubs could ensure compliance with the current greater access requirement

The quarterly reports contain information on sports facilities provided by the lessees, overall usage of such facilities, usage of such facilities by Outside Bodies, and the number of cases where booking requests by Outside Bodies are rejected. By analysing the returns, HAB can identify cases of low utilisation and follow up with lessees accordingly to strengthen publicity and reach out more effectively to schools and welfare and organisations.

(r) Additional conditions under the renewed PRL

The Director of Lands has provided the relevant information in the Annex to her letter of 9 December 2013.

(s) Plan on conducting more regular/rigorous on-site inspection to private sports clubs to ensure compliance with lease conditions

As a policy bureau, HAB is not equipped to conduct regular inspections to identify unauthorised building works or verify compliance with works orders issued by other authorities. We work with Lands and other government departments to ensure that PRL sites are used in accordance with lease conditions.

We will however closely monitor the usage of sports facilities on PRL sites, in particular with regard to the requirement to give greater access to Outside Bodies in accordance with the approved new opening up schemes. Using the quarterly returns as a key monitoring tool, we shall follow up with lessees in cases of low utilisation and we will conduct random checks on the accuracy of the quarterly reports as appropriate.

Way forward

(t) Timetable for taking forward the audit recommendations set out in paragraphs 5.8 and 5.9 of the Audit Report

Our current timetable for taking forward the recommendations of the report is at **Annex 3**.

Others

(u) Government rent paid by each private sports club each year since 1997

The Rating and Valuation Department is now compiling the requested information. We will provide the requested information as soon as we have the information available.

(v) Estimated cost of the Government taking over the sports and recreational facilities operated by the private sports clubs on PRL sites

The private sports clubs' facilities have been built and operated in a manner different from publicly built and funded facilities. Furthermore, many clubs contain types of facility that are not currently operated by the LCSD. For these reasons, it is not currently possible for us to provide a robust estimate of the cost of taking over the operation of such facilities. We plan to address this issue in the course of the comprehensive policy review.



(Miss Petty LAI)
for Secretary for Home Affairs

c.c. Secretary for Development
Director of Lands

****Note by Clerk, PAC: Please see Appendices 15 and 16 of this Report for Annexes 2 and 3 of this letter.***

Information to be provided by Private Sports Clubs and Competent Authorities in Quarterly Returns

Information to be provided by private sports clubs in quarterly returns is as follows -

- use of facilities by eligible outside bodies, members of lessees and organisations other than eligible outside bodies;
- nature and details of use, e.g., date of use, name of user, nature of use and fee charged or waived; and
- information on cases where applications from outside bodies to use the facilities have been rejected and relevant details.

Information to be provided by Competent Authorities in quarterly returns is as follows -

- use of facilities by eligible outside bodies;
- nature and details of use, e.g., date of use and name of user; and
- information on results of applications.