

**Principles on Allocation of Sports Subvention to
National Sports Association and Sports Organizations**

Purpose

This paper serves to inform Members and seek advice on the current principles for allocation of sports subvention to National Sports Associations (NSAs) and Sports Organizations by Leisure and Cultural Services Department (LCSD) in pursuit of Government's policy to encourage the development and promotion of sports.

Policy Objectives

2. The Government is committed to promoting and developing sports on the following objectives -
 - (a) to arouse public awareness of the benefits of sports towards physical health by providing opportunities for public participation and enjoyment;
 - (b) to raise sports standards thereby fostering a strong community interest in sports; and
 - (c) to enrich the quality of life towards better social cohesion in the community.

Role of Leisure and Cultural Services Department (LCSD)

3. Prior to 1 April 2004, LCSD and the Hong Kong Sports Development Board (SDB) jointly disbursed the sports subvention, with the latter accounting for two thirds of the overall provision. Resources under Development Vote Funding Allocation of SDB were subsequently transferred to LCSD on 1 April 2004 with the implementation of the

recommendation of the Sports Policy Review. To further implement the above objectives, LCSD serving as the single funding agent disburses the subvention centrally to NSAs and sports organizations which are non-profit making registered societies or companies dedicated to the promotion of specific type(s) of sports in Hong Kong. For the year 2004/05, the provision of sports subvention stands at \$128.18 million for a total of 85 eligible NSAs and sports organizations. This is similar to the total provision in 2003/04 before the centralization.

Scope of Sports Subvention

4. Sports subvention covers three categories, namely 'Personnel Expenses' for staff salaries and related expenses, 'Office Expenses' to meet administrative expenses of NSAs offices and 'Programme Expenses' as subsidy for organizing sports events. They represent 24.72%, 2.54% and 72.74% of the 2004/05 overall provision at \$31.69 million, \$3.25 million and \$93.24 million respectively.

Subvention Principles

5. Programme expenses dominate the subvention towards the development and promotion of sports in the community. In disbursing the subvention, LCSD is conscious to meet different community aspirations and needs of sports of various appeal. Sports development takes precedence over the promotional aspect, with parallel support being given to the development of Focus sports within the sports subvention. In principle, and subject to resources available, payment of Personnel Expenses, Office Expenses and Programme Expenses is governed as follows -

- (a) Personnel Expenses is payable for salaries, pension and medical benefits for posts and other manpower requirements related to the scale and scope of sports activities to be organized in that year;
- (b) Office Expenses, on a subsidy basis, is payable for running a NSA office and includes, where applicable, rent and rates, public liability insurance premium in sports events and

annual audit fee for professional auditors;

- (c) Programme Expenses is payable, also on a subsidy basis, for sports events to be organized. It takes into account numbers, scale and scope of sports events and reflects, where necessary, any changes proposed to those sports events that year. Given limited resources, more funding emphasis is placed on sports development than sports promotion and maximum subvention is therefore prescribed for different types of sports events. To illustrate, international events held locally or overseas qualify for a subvention ranging from 50% to 70% of a budget, while regional or national squad training may qualify for a subvention ranging from 70% to 100% of a budget.

Profile of Programmes Expenses in 2004/05

6. Primary emphasis is placed on sports development through organizing national/regional squad training, school sports programmes and various training schemes at \$45.1 million (or 48.37%) of the Programmes Expenses. \$25.81 million (or 27.68%) is provided to stage local international events and local competition towards stimulating sports interest and increasing exposure of spectators/enthusiasts to international standards. To elevate competitive skills of players, \$15.99 million (or 17.15%) is put to support local players meeting international admission standards to compete in overseas sports events.

7. On development of Community Sports Clubs at the local community level, LCSD partners with NSAs and sports organizations by providing sports venues and events for different age groups and varying proficiency levels at \$4.01 million (or 4.3%) of the Programme Expenses. Professional training to keep up with developments and attendance in sports conference aims at enhancing Hong Kong in the international sports community and accounts for the remaining \$2.33 million (or 2.5%).

8. Focus sports and Non-focus sports share \$58.64 million (or 45.75%) and \$69.54 million (or 54.25%) of the overall subvention

respectively. In respect of Programme Expenses, Focus sports draws \$38.87 million (or 41.7%) against \$54.37 million (or 58.3%) for Non-focus sports.

Subvention Cycle

9. Around September LCSD invites NSAs and sports organizations to apply with full details on sports development and/or promotional events for consideration of sports subvention for the following year. Meetings with NSAs and sports organizations are then arranged to exchange views and resolve differences before reaching an agreement-in-principle on the individual sum eligible for sports subvention in the next financial year. Upon the final voting of funds for the Government by the Legislative Council, each NSA/sport organization will sign a formal Agreement before LCSD proceeds to disburse the subvention in advance by quarterly installments in April, July, October and January.

10. It is expected that the provision of sports subvention for the 2005/06 will roughly be the same as that in 2004/05.

Advice Sought

11. Members are invited to note the current subvention principles governing sports subvention for the promotion and development of sports and to advise whether any changes to the principles are deemed necessary for the provision of subvention in 2005/06.

Leisure and Cultural Services Department
October 2004