

LCQ7: Arts and Sport Development Fund

Following is a question by the Hon Timothy Fok and a written reply by the Secretary for Home Affairs, Mr Tsang Tak-sing, in the Legislative Council today (March 17):

Question:

The Financial Secretary has proposed in the 2010-2011 Budget to inject \$3 billion into the Arts and Sport Development Fund as seed money and use the annual investment return of the Fund to subsidise the long-term development of sports, culture and arts. In this connection, will the Government inform this Council:

- (a) of the persons to be responsible for managing the aforesaid seed money;
- (b) how the items of investment of the seed money will be decided; and
- (c) whether the Legislative Council and the relevant sectors will participate in monitoring the operation of the seed money; if they will, of the mode of monitoring to be adopted as well as the scope of powers and responsibilities; if not, the reasons for that?

Reply:

President,

(a) The Arts and Sport Development Fund (ASDF) is a sub-fund under the Sir David Trench Fund for Recreation (set up under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128) (the Ordinance)). The Secretary for Home Affairs has been delegated by the Chief Executive to manage the use of the Fund. The Director of Accounting Services, as the statutory trustee of the Fund, is responsible for managing the investment and accounting work. As required by the Ordinance, the Government has set up the Sir David Trench Fund for Recreation Investment Advisory Committee (the Committee) which comprises non-official members. The Committee sets the investment strategies for the Fund and its various sub-funds and advises on matters in relation to investment.

(b) The investment guideline of the Fund is based on a prudent and conservative

principle. The current investments of the ASDF include fixed deposits and bonds. The proposed injection of \$3 billion by the Government will be used as seed money. Through the annual investment return, the seed money will provide the ASDF with additional and sustainable resources to subsidise the long-term development of sports, culture and arts. Based on the forecast of the annual funding requirements after the injection prepared by the Home Affairs Bureau, the Director of Accounting Services will work out the required target rate of return and consult the Committee on the investment strategies and portfolio.

(c) As mentioned in (a) above, the Committee has the participation of non-official members. Besides, under Section 9 of the Ordinance, the Director of Accounting Services is required to submit a statement of accounts of the Fund together with the auditor's report to the Legislative Council each year.

Ends/Wednesday, March 17, 2010

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