

# Report No. 43 of the Director of Audit — Chapter 8

## PROVISION AND MANAGEMENT OF INDOOR RECREATIONAL AND SPORTS FACILITIES

### Summary

1. The Leisure and Cultural Services Department (LCSD) is responsible for promoting and developing recreation and sports at the community level. The LCSD manages 83 sports centres and 17 squash centres.

#### Provision of indoor recreational and sports facilities

2. *Provision of sports centres.* The Audit Commission (Audit) noted that the provision of sports centres among the 18 districts was uneven. *Audit has recommended that the Director of Leisure and Cultural Services should, in consultation with the Director of Planning, review the provision of sports centres in the territory and, in planning for the provision of new sports centres, take into account the uneven distribution of sports centres among the districts.*

3. *Updating of the Hong Kong Planning Standards and Guidelines.* The standards for the provision of sports centres and indoor core facilities are laid down in Chapter 4 of the Hong Kong Planning Standards and Guidelines (HKPSG). In view of the lapse of time since the last updating of Chapter 4 of the HKPSG in 1998, and in the light of the latest surveys of sports participation and facilities, Audit considers that a review should be undertaken to see if revisions are required. *Audit has recommended that the Director of Leisure and Cultural Services should, in consultation with the Director of Planning, conduct periodic surveys to find out the sporting population, the provision of recreational and sports facilities by the private and public sectors other than those provided by the LCSD, and the local demand for new facilities. Audit has also recommended that the Director of Planning should regularly update the HKPSG standards for the provision of sports centres, and recreational and sports facilities.*

#### Usage of indoor recreational and sports facilities

4. *Usage of sports centres.* Audit conducted a study of the usage of eight sports centres in Kwun Tong District. The study revealed that there were surplus facilities in the sports centres. Audit considers that there is still room for improving the usage of the surplus facilities. *Audit has recommended that the Director of Leisure and Cultural Services should consider implementing measures to improve the usage of the surplus facilities, conduct a study of the usage of sports centres of other districts and evaluate*

*whether some centres can be released for other more gainful uses, and consider the feasibility of handing over the management of some surplus sports centres to subvented non-governmental organisations (NGOs), National Sports Associations (NSAs) and District Sports Associations (DSAs).*

5. ***Usage of fitness rooms.*** The overall usage rate of fitness rooms was 18.2% in April 2004. A fitness room monthly ticket scheme was launched in October 2001. Under this scheme, a Fitness Gold Card holder can purchase a fitness room monthly ticket which entitles him to unlimited use of the designated fitness rooms. However, on average, only 3.8% of all Fitness Gold Card holders joined the monthly ticket scheme during the period from October 2001 to October 2003. Audit considers that the fitness room monthly ticket scheme has not been effective. *Audit has recommended that the Director of Leisure and Cultural Services should modify the fitness room monthly ticket scheme to make it more attractive to the public and consider converting the surplus fitness rooms into other facilities if their usage remains low.*

6. ***Instructors stationed at designated fitness rooms.*** Instructors are employed to station at the 19 designated fitness rooms from 6:30 p.m. to 8:30 p.m. from Mondays to Fridays including public holidays. Audit considers that it is not cost-effective to provide instructors at the 19 designated fitness rooms at a cost of \$1.2 million a year. *Audit has recommended that the Director of Leisure and Cultural Services should critically assess the need for the provision of instructors at the 19 designated fitness rooms.*

7. ***Usage of squash centres.*** The usage of squash courts has been low. The LCSD has spent much efforts in promoting the usage of squash courts. In March 2004, the LCSD planned to convert eight stand-alone squash centres into other facilities. Audit noted that the LCSD had no plan to convert five squash centres notwithstanding that their usage rates were below 10% in 2002-03. *Audit has recommended that the Director of Leisure and Cultural Services should consider converting the under-utilised squash centres into other facilities.*

#### **Hire charges and promotion of usage**

8. ***Alignment of fees and charges.*** In late 2001, the Chief Secretary for Administration asked the LCSD to produce a rational basis for aligning the fees and charges in the urban area and in the NT. Audit notes that there is no price differential between hire charges for peak hours and for non-peak hours in the urban area, and hire charges in the NT are generally lower than those in the urban area. *Audit has recommended that, in the fees and charges alignment exercise, the Director of Leisure and Cultural Services should consider introducing peak hours charges and non-peak hours charges in the urban area, and establishing a rational basis for determining the hire charges of facilities in the urban area and in the NT.*

9. ***The free use scheme.*** The free use scheme allows schools, NGOs, NSAs and DSAs to apply for the free use of some available sports facilities during non-peak hours. Audit has noted that the usage of the free use scheme was 103,658 hours in 2002-03, representing only 6.2% of the total available non-peak hours, and that fitness rooms are not available for free use. *Audit has recommended that the Director of Leisure and Cultural*

*Services should conduct a user opinion survey on the free use scheme to explore ways of further promoting the usage of the scheme, and consider including fitness rooms in the free use scheme so as to improve their usage during non-peak hours.*

10. ***Annual business plans of sports centres.*** In May 2003, the LCSD required the venue managers to draw up the Annual Business Plans of the 83 sports centres for 2004-05. Audit noted that these Annual Business Plans lacked financial targets and performance indicators. *Audit has recommended that the Director of Leisure and Cultural Services should set more financial targets and set target usage rates for both peak hours and non-peak hours for the individual types of facilities in the Annual Business Plan of each sports centre.*

### **Recreation and sports programmes**

11. ***Training courses fees.*** Audit notes that the revenues of many training courses are lower than the instructors' fees. Audit has estimated that, if the fees of all the individual training courses had been fixed at a level to recover at least the course instructor's fees in 2002-03, additional potential revenue of \$1.8 million could have been received. Audit also notes that the same course fees are charged on training courses conducted during peak hours and non-peak hours. In order to relieve the relatively high demand during peak hours at sports centres, Audit considers that there should be price differential between training courses conducted during peak hours and non-peak hours. If the fees of the major training courses conducted during peak hours in 2002-03 had been adjusted in line with the ratio of peak to non-peak hours hire charges in the NT, additional potential revenue of \$0.9 million could have been received. *Audit has recommended that the Director of Leisure and Cultural Services should recover at least the instructor's fees incurred on training courses and consider introducing peak hours charges for training courses conducted during peak hours.*

12. ***Programme expenditure.*** Audit noted that there were significant variances in the expenditure incurred for the same type of training courses or recreation activities across districts, and within the same district. The LCSD did not compile management information on such expenditure. For management control purpose, Audit considers that the LCSD needs to compare and control the programme expenditure incurred within and across districts. *Audit has recommended that the Director of Leisure and Cultural Services should issue departmental guidelines on the segregation of direct and indirect expenses in the compilation of management information on the costs of recreation and sports programmes, and consider the need to review and monitor such expenditure within and across districts.*

### **Response from the Administration**

13. The Administration generally agrees with the audit recommendations.

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