

To: The Secretariat of the Legislative Council Panel on Welfare Services
From: The Concerned Group of Small Welfare Agencies
Date: 4th February 2009

Review Report on the Lump Sum Grant Subvention System

This paper does not aim at exhausting comments on all the recommendations. It means to highlight only those viewpoints that our Concerned Group of Small Welfare Agencies would like to share with the Legislative Council our views on the Review Report on the Lump Sum Grant Subvention System.

1. A Vote of Thanks

Our Concerned Group would like to express our gratitude towards the Lump Sum Independent Review Committee (IRC) for their dedicated effort paid not only to understand the impact of Lump Sum Grant upon small NGOs but also actively propose measures to resolve the problems. The recommendations about allocating additional resources and formation of a help desk to render support to small NGOs are greatly welcomed. Moreover, we would like to thank the IRC for adopting our views of respecting individual agencies' decision in forming consortium. We also find it greatly encouraging to have small NGOs' contributions to the welfare sector being explicitly recognized.

2. Definition of Small NGOs

We are concerned about the definition of "small NGOs" specified in Recommendation 22 and its implication upon future government resource allocation to welfare agencies. We would like to point out that those NGOs with an annual LSG of more than \$5 million but without funding provision for the position of agency head are also shouldering tremendous pressure. The LSG subvention system generates ample demands on NGOs, especially in the aspects of administrative and human resource management. Such requirements cannot be effectively coped with by current subventions. In one sense, the proposed definition will unintentionally place the aforesaid NGOs in awkward situation. On the other hand, a classification that is not related to the subvention level may more accurately reflect these NGOs' real conditions. Therefore, we would like to appeal to the government to seriously reconsider our suggestion of defining "small NGOs" as follows:

“A subvented NGO without a full-time subvented post for Service-coordinator at the rank of Social Work Officer (SWO) when the snapshot was taken in 2000 is regarded as a small NGO.”

3. Best Practice (Recommendation 1)

It is appreciated that the introduction of Best Practice Manual as stated in Recommendation 1 is of good intention. We also support IRC’s advocacy for fair pay policies. Nevertheless, it is received by reservation. One main reason is the anticipation of an increase in administrative pressure after its implementation. As small welfare agencies with stringent manpower and resources, we are worried about our capabilities of meeting the additional demands. Moreover, it is a prevailing trend in the welfare sector to require equal pay and equal work. NGOs, as a predominant stakeholder in the field, cannot evade such requests. Agencies will be in a very difficult situation when the financial resources are inadequate to satisfy the demands. Besides, we recognize the tremendous hard work done by the SWD staff to our service recipients. Their great contribution made to the welfare sector is undeniable. Nonetheless, we also hope that the effort paid by NGO staff will be properly acknowledged. Thus, we would like to sincerely urge the government to review the subvention level to NGOs so that the remuneration package can be comparable to at least that of the conventional subvention mode. That means the subsidies are sufficient for supporting the salaries of all subvented staff at the maximum MPS Points of respective ranks. In sum, we can support Best Practice if we are under Best Support.

On the other hand, there is apprehension about its influence upon NGOs’ autonomy in allocating resources. This is especially so when management issues of human resource policies and corporate governance are highlighted. Hence, we would like to propose that the Best Practice Manual is regarded as reference only. It will not violate the principles of flexibility and corporate governance under the LSG.

4. \$1 Billion Social Welfare Development Fund (Recommendation 6)

Our Concerned Group supports the setting up of a \$1 billion Social Welfare Development Fund (SWDF) (Recommendations 6). It is regarded as a helpful measure to improve our service provision. However, there are worries about

small NGOs being unable to benefit much from the SWDF if allocation of fund is set at individual agencies' subvention levels, like that of Block Grant. Therefore, we would like to suggest to the government to consider following that of BIP. That is each agency receives a standardized amount of subsidies, regardless of agency size.

5. Review Mechanism for changing service needs (Recommendation 7)

The establishment of a review mechanism to catering for changing service needs (Recommendation 7) is greatly welcomed. This measure is facilitative to the welfare planning. Nonetheless, as stated in Part 3 above, we would like to propose to the government to consider taking a more proactive approach. That is to reassess the subvention level when re-examine the service needs.

6. Reconstitution of the LSGSC (Recommendation 13)

We would like to propose to the government to consider incorporating views from small NGOs who play an important role in the welfare sector. In this regard, it will be our Concerned Group's greatest pleasure to nominate a representative to participate in the Lump Sum Grant Steering Committee after its restructuring.

7. 10% additional resources to small NGOs (Recommendation 21)

Our Concerned Group greatly supports the grant of 10% additional resources to small NGOs. Some of our member agencies admit that their administrative and professional support can indeed be strengthened by these extra subsidies. Although they are pleased to receive this grant, they are apprehensive of the workload created by applying for the subvention. Hence, we would like to recommend to the government to simplify the application procedures so as to facilitate small agencies' utilization of the funds.

8. Establishment of ICHC (Recommendation 33)

Our Concerned Group welcomed the formation of an Independent Complaints Handling Committee. Nevertheless, we would like to recommend the government to consider including the handling of disputes about LSG between

NGOs and SWD into its orbit. It is because the conflicts may not be of such severity to involve Ombudsman's intervention.

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