

## Press Releases

---

Independent committee submits lump sum grant review report (with photos/video)

\*\*\*\*\*

The following is issued on behalf of the Lump Sum Grant Independent Review Committee:

The Lump Sum Grant Independent Review Committee (IRC) today (December 16) submitted to the Secretary for Labour and Welfare its report on the review of the Lump Sum Grant Subvention System (LSGSS), with 36 recommendations on ways to improve the system.

The review committee chairman, Mr Wilfred Wong Ying-wai, said, "Having analysed the views collected, we consider that the principles of LSGSS, such as flexible deployment of resources, streamlining administrative processes as well as enhanced accountability and corporate governance, are sound. Therefore, the system is worth retaining, and every effort should be made to improve it."

"Notwithstanding our recommendations to retain LSGSS, we appreciate stakeholders' concerns, such as non-Government organisations' (NGOs') financial issues, corporate governance, relationship between snapshot and non-snapshot staff, increase in workload, salaries, support for training, service development and overseeing of LSGSS implementation."

"Our recommendations are aimed at addressing these concerns. We sincerely hope that our recommendations can help perfect the system and can motivate all stakeholders to work closer together to enhance service quality."

Since the inception of LSGSS, the provision for subvented NGOs under the system had risen by 36% from \$5.9 billion in 2001-02 to \$8 billion in 2008-09.

"The funding for the welfare sector has increased. However, with more complex social problems and rising public expectation, LSGSS must evolve continuously in order to meet these new challenges. We believe that both the Government and the welfare sector have to adopt an objective and positive approach to introduce multi-pronged measures to improve the situation," Mr Wong said.

"To assist LSGSS in its continuous development, the review committee has suggested six guiding principles which are enhanced partnership among stakeholders, flexible deployment of financial and human resources, adequate monitoring of NGOs, enhanced accountability of NGOs, closer communication among stakeholders (especially between the management of NGOs and staff), and above all, a mindset for change."

"We believe that if all the stakeholders are willing to work together, their concerted efforts can make LSGSS a success," Mr Wong said.

During the review, the committee received 133 written submissions, met 112 stakeholder groups and commissioned a consultancy study on five overseas welfare funding models. The review report as well as the written submissions and the

consultancy study report have been uploaded onto the IRC website ([www.lsgir.hk](http://www.lsgir.hk)).

The major recommendations of Lump Sum Grant Independent Review Committee are as follows:

\* Financial issues

- Providing actuarial service and encouraging effective deployment of reserves

The Government should make available an actuarial service for NGOs to assess their ability to meet their commitments to snapshot staff. NGOs are encouraged to make effective deployment of their reserves, for instance, to enhance the remuneration package for staff and support staff development initiatives.

\* Effective monitoring and enhancing flexibility

- Reviewing audit procedures and streamlining financial reporting requirements

The Social Welfare Department should conduct a thorough review of its audit procedures to ensure that they are effective in monitoring the use of public funds and do not compromise NGOs' flexibility under LSGSS. The department should also streamline its financial reporting requirements.

\* Staff training

- Provision of \$1 billion to set up Social Welfare Development Fund

The Government should set up a \$1 billion Social Welfare Development Fund to support training and capacity enhancement initiatives as well as studies aimed at enhancing NGOs' service delivery.

\* Corporate governance

- Development of Best Practice Manual

A Best Practice Manual for NGOs on various management issues should be developed by the welfare sector, with professional input from management experts if necessary. The Lump Sum Grant Steering Committee (LSGSC) should work with the sector in drawing up this manual.

\* Staff salaries

- Additional funding for salary adjustments should be spent on staff

NGOs should spend the additional funding provided in line with civil service salary adjustments solely on staff in subvented services, and fully deploy the Provident Fund provisions and reserves for non-snapshot staff on Provident Fund contributions.

\* Quality of welfare services

- Systematic service review and service planning

The Government should institute a review mechanism to oversee the systematic review of welfare services and ensure that stakeholders' views are taken into account in the review process.

\* Overseeing of LSGSS implementation

- Setting up of Independent Complaints Handling Committee

An Independent Complaints Handling Committee should be set up to

determine on LSG-related complaints that cannot be satisfactorily addressed at the NGO level and recommend improvements to LSGSS.

- Reconstitution of LSGSC

LSGSC should be reconstituted to strengthen its role and composition, so that it can lead the sector in the continuous development of LSGSS. LSGSC should comprise not only the existing stakeholders, but also independent members of the community.

\* Support for small NGOs

- Strengthening administrative and professional support for sustainable development

The Social Welfare Department should set up a help desk to provide management advice for small NGOs and to facilitate their collaborative efforts. It should also make available additional resources for them to strengthen their administrative and professional support.

\* Retention of talent

- Provision of additional resources in accordance with the labour market

The Social Welfare Department should, in response to the labour market situation, provide additional resources for three years to NGOs which need to employ paramedical staff or hire their services, so that they may offer more competitive salaries to recruit and retain these staff.

Ends/Tuesday, December 16, 2008

Issued at HKT 16:48

NNNN