

Funding Position of the Community Chest of Hong Kong

1. In recent years, the Community Chest has been able to generate sufficient donations to meet the needs of its 140 social welfare agencies with annual increases for inflation. Actual allocations were: 1995/96: \$178 million. 1996/97: \$199 million. 1997/98: \$195 million, 1998/99: \$202 million.
2. However, for the 1998/99 Campaign Year (i.e. July 98 - June 99), our latest estimate of donation income from regular fund-raising events held during the year is around \$127 million, representing a 36% drop when compared with that of the last year (excluding one-off events such as New Airport Walk & Charity Dinner, Route 3 Walk, etc.).
3. Donations received each year are used to fund welfare services in the following year. For 1999/2000, the funding required is approximately \$187 million, which has not included any salary increment or inflation adjustment for the welfare agencies concerned (i.e. zero growth). Compared with the 1998/99 events income estimate of \$127 million, there would likely be a gap of about \$60 million this year. Forecast of donation income for 1999/2000 is \$120 million.
4. Although the Chest, through prudent management of its funds, has been able to build up a reserve, this is required to generate income to support the cost of administration and fund-raising campaigns in order to fulfill its pledge that all donations received will be used for social welfare services without deduction for expenses. Any substantial depletion of the reserve would therefore have serious adverse effects on future fund-raising efforts.
5. The Chest therefore needs to explore urgently other sources of income to alleviate this critical situation. One possible opportunity is the charity auction of lucky numbers for mobile phone users. The Chest will be exploring this possibility. The Chest is also exploring ways to maintain the impact of its contributions to social welfare services even during these difficult times.
6. At the same time, the Chest is formulating a new set of Allocation Guidelines for implementation in the funding year 2000/2001. The proposed new allocation system is intended to enhance efficiency and productivity by requesting welfare agencies to compile annual project plans, and by focusing on the accomplishment of these plans. In return, welfare agencies would be given full flexibility in the use of funds provided by the Chest. Agencies would be encouraged through an incentive scheme to re-deploy resources from existing services which may be outdated to new service area or to improve existing services so as to better serve the interest of the needy and disadvantaged.