

**For information on
30 March 2006**

LEGISLATIVE COUNCIL PANEL ON WELFARE SERVICES

Support after the Tide-Over Grant (TOG) Period to Non-governmental Organisations (NGOs) Currently Receiving TOG - Special One-off Grant (SOG)

PURPOSE

This paper updates Members on the latest position regarding SOG applications from NGOs currently receiving TOG.

BACKGROUND

2. We last updated Members on the progress of NGOs' applications for SOG on 8 November 2005 via Paper CB(2)296/05-06(01). In processing the applications of SOG, the Social Welfare Department (the Department) has taken into account the concerns raised by Members.

PROGRESS OF THE SOG APPLICATIONS

3. The Department issued the invitation to 125 NGOs eligible for applying SOG to be allocated from the Lotteries Fund on 10 August 2005. 124 of these NGOs submitted their applications, with one NGO declined due to religious reasons. Among these 124 applications, 46 are for Scheme A and 78 are for Scheme B. All 124 NGOs have undertaken to honour contractual commitment with their Snapshot Staff with the provision of SOG as agreed with the Department and will not require further financial assistance from the Government on this aspect.

4. To date, the Department has completed processing a total of 116 applications, including 38 Scheme A and 78 Scheme B applications. Amongst these 116 applications, the Lotteries Fund Advisory Committee (LFAC) has approved 30 Scheme A and all the 78 Scheme B applications at an amount of SOG within the ceiling of two-times of their respective 2005-06 TOG. Of the 38 Scheme A applications, eight involved additional financial assistance on top of the two-times ceiling. The Department has critically examined their applications and discussed with the management boards of respective NGOs their long-term financial planning, and hence resulting in our agreement with the

NGOs on the amount of financial assistance. In the process, we have taken into account in totality all relevant factors including whether NGOs, during the preceding TOG period, have already made full efforts in service re-engineering and organization restructuring, have been unable to obtain new services, have little or no staff turnover and have accumulated little reserves. LFAC had given its approval after close examination on individual merits.

5. The applications of the remaining eight NGOs, all under Scheme A, are still under processing and are expected to be completed very shortly.

FINANCIAL IMPLICATION

6. The SOG approved for the 116 NGOs as mentioned in paragraph 4 above amounts to \$757.2 million, including \$18.3 million as further financial assistance on top of the ceiling for eight applications. After taking into account the estimate for the remaining eight NGOs, the total budget for the SOG package will exceed the original estimate of two-times of 2005-06 TOG at \$826 million.

MONITORING OF THE SOG

7. The use of SOG will be monitored through the Annual Progress Report to be submitted by the NGOs each year till the exhaustion of the SOG allocated. The NGOs will be required to substantiate the use of the SOG allocated, in particular the Personal Emolument expenditure of the Snapshot Staff, voluntary retirement scheme of individual staff, etc. in the Annual Progress Report, for monitoring and assessment by the Department. The NGOs will also be required to report the amount of the SOG used and the unspent balance each year in their Annual Financial Statement for the Department's scrutiny. If the SOG is not used in accordance with the approved purposes, it will be subject to clawing back by the Department.

THE WAY FORWARD

8. With the provision of the SOG, the re-engineering and restructuring measures undertaken by the NGOs, the Department is confident that the NGOs will be capable to complete a smooth transition into the Lump Sum Grant subventions mode. The Department will continue to maintain partnership with the NGO sector in providing quality welfare services to people in need in the community.

Health, Welfare and Food Bureau/Social Welfare Department
March 2006