

**Minutes of 24<sup>th</sup> Meeting of  
Lump Sum Grant Steering Committee (LSGSC)**

Date : 2 November 2007 (Friday)  
Time : 3:00 p.m. – 6:30 p.m.  
Place : Room 918, 9/F, Wu Chung House, 213 Queen's Road East,  
Wanchai, Hong Kong

**Present**

Mr Stephen Fisher, JP (Chairman)  
Director of Social Welfare

Mr Ng Shui-lai, BBS, JP  
Chief Executive, Hong Kong Christian Service

Ms Christine Fang, JP  
Chief Executive, Hong Kong Council of Social Service

Mrs Justina Leung, JP  
Representative, Hong Kong Social Workers Association

Mr Cheung Kwok-che  
President, Hong Kong Social Workers' General Union

Mrs Grace Chan, JP  
Chief Executive, Hong Kong Society for the Blind

Mr Kwan Kin-shing, Peter  
Director, Hong Kong Student Aid Society

Dr Miranda Chan  
Chief Executive, Hong Kong Young Women's Christian Association

Mrs Julie Lee, JP  
Chairperson, Parents' Association of Pre-school Handicapped Children

Dr Timothy Chan  
Director, Richmond Fellowship of Hong Kong

Mr Cheung Chi-wai,  
Representative, The Fight for Social Welfare Alliance

Mr Ng Man-sui  
Representative, The Fight for Social Welfare Alliance

11. Ms Christine Fang said that there was a large discrepancy between the adjustment factors of salary and Other Charges (OC) in 2007-08, i.e. 1.3% vs 4.6%. To align the salary adjustment rate of staff employed with the dementia supplement and infirmity care supplement to that of the ordinary subvented staff, most NGOs had to bear the difference with their own resources.

12. Dr Miranda Chan proposed and Mr Cheung Kwok-che agreed to convert the dementia supplement and infirmity care supplement into a personal emoluments (PE) item.

13. Miss Ann Hon said that different NGOs spent the two supplements in different ways. Some NGOs would use the supplements to employ additional staff whereas some would use them as allowances for their ordinary staff. Ms Lily Ng pointed out that both the salary adjustment and price level factors would be taken into account in deciding the 2008-09 level of the dementia supplement and infirmity care supplement.

14. The Chairman said that the Administration would consider the two proposals made by Members.

Purposes and usages of the LSG Reserve and the LSG Reserve Holding Account (para 11)

15. The Chairman informed Members that SWD had issued a letter to NGOs explaining the purposes and usages of the LSG Reserve and the LSG Reserve Holding Account.

16. Ms Lily Ng highlighted the following arrangements as stated in the letter:

- When NGOs applied for SOG in 2005, one of the facilitating measures in the SOG package was to withhold the clawback of LSG Reserve above the 25% cap for the three financial years from 2004-2005 to 2006-2007, i.e. the cumulative LSG reserves as at 31 March 2005, 31 March 2006 and 31 March 2007 were not subject to clawback above the 25% cap.
- In preparing the Annual Financial Report (AFR), the cumulative LSG Reserve for the three years could continuously be carried forward to the next year.

- For the financial year 2007-08, the brought forward balance of the LSG Reserve as at 1 April 2007 would be taken as zero and the clawback arrangement would be resumed by adopting again the 25% cap.
- The LSG Reserve should be used on Funding and Service Agreement activities and the related support services.

17. In response to the requests of Mr Ng Man-sui, the Secretariat would send a copy of the letter to Members who were not executives of subvented NGOs. (Post-meeting note: The copy of letter had been sent to Members concerned on 27 December 2007.)

Profile of LSG Reserve of 164 NGOs subvented on LSG mode (para. 13)

18. The Chairman informed that in response to Members' request in last meeting, SWD had prepared a profile of the LSG Reserve of NGOs.

19. Ms Lily Ng highlighted the following information:

- As at 31 March 2006, there were 164 NGOs operating under LSG subvention mode. The total cumulative LSG Reserve was \$1.82 billion representing 28% of the operating expenditure of the 164 NGOs for the year.
- Percentage of LSG Reserve held by NGOs were:

| <b>% of cumulative LSG Reserve</b> | <b>No. of NGOs</b> |
|------------------------------------|--------------------|
| >25%                               | 76                 |
| >10% to 25%                        | 42                 |
| >0% to 10%                         | 22                 |
| 0%                                 | 24                 |
| <b>Total</b>                       | <b>164</b>         |

- In 2005-06, the 10 NGOs with the largest amount of cumulative LSG Reserve had a total LSG Reserve amounted to about \$809 million, which was about 45% of the total cumulative LSG Reserve of the year.
- It was estimated that the cumulative LSG Reserve of NGOs in 2006-07 would be over \$2 billion.

20. Mr Ng Man-sui requested SWD to send a copy of the profile to LSGSC Members for reference. The Chairman agreed. (Post-meeting note: The copy of profile had been sent to Members on 27 December 2007.)