

**Minutes of 26<sup>th</sup> Meeting of  
Lump Sum Grant Steering Committee (LSGSC)**

Date : 3 March 2008 (Monday)  
Time : 10:00 a.m. – 12:15 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

Dr Lam Ching-choi, JP  
Chief Executive Officer, Haven of Hope Christian Service

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

Ms Yu Sau-chu, Jessie, MH, JP  
Chief Executive, HK Single Parent Association

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 Officer, Asian Foundation for Prevention of Blindness

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

both LWB and SWD had made great efforts to achieve the present proposal.

23. Miss Ann Hon supplemented that while the additional LSG was not meant to compensate the EPP and ES savings, it was worth noting that the total amount of saving achieved during 2000-01 – 2005-06 was only \$452 million, which was much less than the amount claimed by the sector.

24. Mrs Grace Chan enquired whether NGOs could flexibly deploy the additional LSG, which was designated for strengthening the administrative competence of NGOs. Moreover, she said that the turnover rate of nursing staff was alarming in recent years and she hoped that SWD could help NGOs in this aspect.

25. The Chairman said that along the spirit of LSG, NGOs subvented on LSG were given autonomy and flexibility on deploying the additional resources as long as they were spent on enhancing the administrative capacity and/or enhancing the service quality within the Funding and Service Agreement. As regards the retention problem of nursing staff, SWD would continue to work closely with related parties to work out solutions, e.g. to increase the number of training courses. As the subject was outside the scope of LSG, it would be deliberated in a separate forum.

26. Dr Timothy Chan recognised the efforts of LWB and SWD in drawing more resources for subvented NGOs. As regards the current policy of delinking NGOs' salary structures from the master pay scale (MPS) of the civil service, he worried that the pay scale of NGOs would become inferior to that of MPS.

27. The Chairman said that the delinking was a core principle of LSG stipulated in the LSG Manual. While NGOs should exercise their corporate governance and determine on their own human resources and financial policies, the pay scale of NGOs would not necessarily be inferior to that of the civil service.

28. Mr Yu Chi-ming enquired if SWD would consider granting more additional LSG to NGOs opting for Scheme A of Special One-off Grant.

29. The Chairman said that, during the consultation carried out in 2007, NGO representatives had expressed an explicit wish to have a fair allocation of the additional resources, regardless the financial conditions of individual NGOs. The present allocation mode had addressed to such a wish.

30. Mrs Julie Lee appreciated the Government's efforts in securing the additional resources. She would like to know how NGOs would use the additional LSG as well as the resources given through the four facilitating measures for enhancing their services.

31. Dr Miranda Chan also appreciated the achievements made by LWB and SWD. She echoed Mrs Julie Lee that NGOs should pragmatically plan ahead how to enhance service quality with the additional resources. While Dr Miranda Chan was happy that the importance of central administration was recognised by the Government, she enquired if NGOs were required to account for the usage of the additional LSG.

32. The Chairman said that the existing financial monitoring mechanism would still apply and NGOs would not be required to account for the usage of the additional LSG separately under the LSG spirit. He understood that some NGOs, in the past, had deployed some of the resources designated to service delivery for establishing or strengthening their central administration. In this regard, SWD had no objection for these NGOs to invest back the additional LSG on the direct service delivery to enhance the service quality.

33. Mr Ng Shui-lai was glad to learn the flexibility offered in utilising the additional LSG. He however expressed that the Finance Branch of SWD was sometimes rigid in monitoring the usage of the LSG.

34. The Chairman said that as long as NGOs were observing the basic principles and rules laid down in the LSG Manual and Circulars, NGOs were given flexibility on using the LSG. He said that NGOs were welcome to make suggestions to the LSGIRC on further enhancing the financial monitoring system of LSG. As regards the usage of the additional LSG, he had already shared the said flexibility with officers concerned in the Finance Branch.

35. Dr Lam Ching-choi considered that the initiatives put forth by the Government, with both additional recurrent and interim financial resources allocated to NGOs, were good proposals. He valued much the joint efforts of the Government, NGOs and staff unions, and hoped that the three parties could maintain a close partnership in mobilising necessary resources for the welfare sector.

36. Mr Peter Kwan appreciated the Government's efforts. He however foresaw that NGOs would still face a number of challenges ahead given the competitive labour market and acute inflation in recent years.

37. The Chairman said that NGO management and staff unions might share their challenges on financial and human resource management with the LSGIRC to facilitate the latter to conduct a comprehensive review on LSG.

38. In response to the enquiry of Mr Joseph Wong, the Chairman said that the additional LSG would be put under the personal emoluments, which would be adjusted in accordance with the Civil Service Pay Adjustment.