



本署檔號 Our Ref.: SWD/S/102/1 (2008) pt. 2

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20 March 2008

Chairperson/Agency Head
Non-governmental Organisation
operating subvented welfare services

Dear Sir/Madam,

Social Welfare Subventions for 2008-09

I am writing to inform you the subventions allocation to your organisation for operating existing welfare services for 2008-09.

Subventions Allocation

The allocation to your organisation and subventions related matters are contained in the following enclosed documents:-

Enclosure I : Subventions allocation for 2008-09 for your organisation with

- Attachment A on adjustment factors for this allocation exercise; and
- Attachment B on notes and conditions for individual service units, where applicable.

Enclosure II : A list of subvented welfare services as at 1 April 2008 operated by your organisation under Funding and Service Agreement (FSA), and the Supporting Services, where applicable.

For those NGOs operating under Lump Sum Grant (LSG) and their applications for Special One-off Grant (SOG) have been approved, a separate account to be kept for recording the receipt of SOG and the expenses charged against

it is required. NGOs concerned have been given a separate notification of the necessary arrangement.

The subventions allocation to individual NGOs has been taken into account the full-year effect of upward adjustment of mid-point salaries arising from the 2007 starting salaries adjustments of certain civil service grades and 2007-08 civil service pay adjustments. Subventions to the affected grades of new service projects commissioned to NGOs since 1 April 2000 have been upward adjusted so as to bring their levels in line with the adjusted starting salaries of the civil service. In accordance with the LSG Manual Edition 2, Other Charges (OC) will be adjusted basing on the Government-wide Price Adjustment Factor. After making reference to the average increase in price level in the Government's other purchases of goods and services in 2007, the Department will adjust the OC upward at 1.4% in 2008-09.

The Administration has approved the request of NGOs operating under LSG to increase their subventions baseline through allocating additional recurrent funding by \$200 million to strengthening their central administrative capacity for greater accountability and effective delivery of welfare services. In regard of this, the Department has included the additional subventions to the subventions allocation of these NGOs. For NGOs with annual subventions in 2007-08 at and less than \$1 million, the additional subventions is \$75,000; for NGOs with 2007-08 annual subventions more than \$1 million and not exceeding \$5 million, the additional subventions is \$150,000; and for NGOs with 2007-08 annual subventions more than \$5 million, the additional subventions is \$150,000 or about 3% of the 2007-08 annual subventions, whichever is the greater.

The 2008-09 subventions allocation has also included the effect of the coming-down from Snapshot Salary to Benchmark Salary by 2% annually starting from 2008-09 involving 71 NGOs operating under LSG. For those NGOs who have applied for deferring the coming-down for one year, we will restore the reduction amount to the NGOs concerned if we approve their applications.

The above subventions allocation should only be regarded as confirmed subject to the approval by the Legislative Council of the 2008 Appropriation Bill.

Other Facilitating Measures to Enhance Quality of Welfare Services

The Government is fully aware of the challenges and difficulties which the welfare sector has been facing over the past few years. We have helped NGOs resolve their financial difficulties in their transition to the LSG, through providing them with a time-limited Tide-over Grant and SOG, totalling about \$2.4 billion from the Lotteries Fund (LF). After considering the views and proposals put forth by the sector in the past few months, the Administrator has decided to implement the



following four facilitating measures to assist NGOs to enhance the quality of their welfare services:

- (a) starting from 1 January 2008, all new services to be implemented by subvented organizations will not be subject to the effect of Enhanced Productivity Programme and Efficiency Savings;
- (b) new services implemented since April 2000 with personal emolument of some grades set below the mid-point will be adjusted upward to the mid-point salary starting from 1 April 2008;
- (c) individual subvented organisations which have financial difficulties in implementing the coming down of the Snapshot Salary by 2% each year to the Benchmark Salary in 2008-09, can apply for a deferment for one year; and
- (d) an one-off subsidy of \$200 million from the LF will be allocated to NGOs in need in 2008-09 to enhance the quality of their subvented services subject to approval of the Financial Services and the Treasury Bureau.

For the measures (b) and (d) above, we will inform the NGOs concerned their respective additional subventions to be allocated in separate letters.

Acceptance of Subventions Allocation

Roles, responsibilities and performance standards of service providers have been laid down in the relevant FSAs/SAs/notification letters and relevant correspondence in force. (Respective FSAs for services concerned can be located in the Department's Homepage <http://www.swd.gov.hk>). Accepting the subventions allocation means that your organisation agrees to shoulder the stipulated responsibilities and maintain the performance standards as required. In such circumstances, you are therefore requested to indicate the acceptance of subventions allocation by **completing the reply form at Enclosure III on or before 3 April 2008**. This is an important document, please accord priority in returning the completed Enclosure III to the Department on time. Otherwise, the Department will consider exercising its right to withhold the subventions for 2008-09 to your organisation.

Subvention Rules

Since subventions are public monies, organisations concerned are subject to the same degree of public accountability as government departments. It is the responsibility of NGO management bodies to ensure that the NGOs have abided by the LSG Manual Edition 2 and the Guide to Social Welfare Subventions (October

**2008-2009 SOCIAL WELFARE SUBVENTIONS
SUBVENTION ALLOCATION SUMMARY**

NGO:

<u>Unconditional/ Conditional</u>	<u>Description</u>	<u>Approved Allocation</u>
Unit:	ADDITIONAL SUBVENTIONS TO STRENGTHENING CENTRAL ADMINISTRATIVE CAPA	
	<u>New Project</u>	
Unconditional	Lump Sum Grant	
Unconditional	Provident Fund - 6.8% Post and Others	
	Total for Unit	