

Remarks by SLW on Productivity Enhancement Programme

Following are the remarks by the Secretary for Labour and Welfare, Mr Chris Sun, on the Productivity Enhancement Programme at a media session after attending a radio programme this morning (March 5):

Reporter: Good morning, Mr Sun. Will the 7 per cent funding cut to social welfare organisations affect their services? And also, you had a meeting with the representatives on Monday, did they propose any suggestions to share their financial burden with the Government?

Secretary for Labour and Welfare: Thank you. Under the Productivity Enhancement Programme just announced by the Financial Secretary in his Budget, all envelope holders, including me, have to deliver by the year 2027-28 a cumulative reduction of 7 per cent. That means I have to work together and discuss with the 170-odd NGOs (non-governmental organisations) to make sure that we can deliver that target. In coming up with our proposal, I have tried my very best to absorb the farthest possible reduction through the Social Welfare Department.

But given the magnitude of the reduction, it is just not possible for the department itself to absorb all the reduction, so we have to come up with a proposal. In coming up with the proposal, again we are guided by the principle that we should provide hope as far as possible to the small and medium NGOs, so that the cut is much moderate. Instead of a 7 per cent cumulative cut, we have absorbed 4 per cent. Altogether, for the small and medium NGOs, they will face a cut of 3 per cent by the year 2027-28.

However, for large NGOs, there is not much we can help. They have to reduce their budget by 2027-28 by 7 per cent. But at the same time, we are trying our very best to, first of all, provide a much longer period for them to manage and hold their reserve, so firstly, they can make better use of that reserve to get through the more difficult years. And secondly, over cost apportionment, we are providing more flexibility. The first round of relaxation has just been announced.

And also, we are going to review each and every Funding and Service Agreement (FSA). The purpose is to provide more flexibility to reduce reporting and supervision, but of course, this is subject to the principle that it is not going to affect the benefits of their users. So I am pretty confident after the meeting on Monday that we are more or less on the same page. We are working together. We are facing a budget cut, but at the same time, because of the more flexible use of reserve and also the efforts we are making to provide more room for them to make better use of their resources, we should be able to deal with that together. Thank you.

(Please also refer to the Chinese portion of the remarks.)