



SOME THOUGHTS ON FINANCIAL MANAGEMENT UNDER LSG



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18 November 2015



Challenges of LSG Subvention Mode

Temptation to leverage

VS

Fear of structural deficit



Challenges of LSG Subvention Mode



**Pressure to
contain
staff shortage**

VS

**Pressure to
contain
salary increase**

Challenges of LSG Subvention Mode

One Organization Two Remuneration Systems

Remuneration system

Seniority-
based



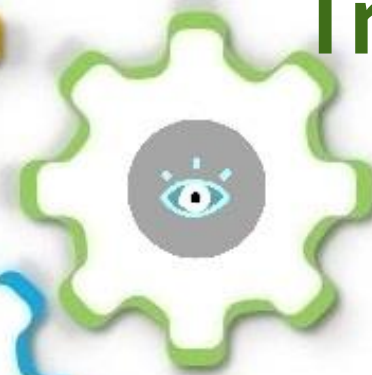
Performance-
based

Best Practice Principles in Financial Management

Sustainability



Transparency



Predictability



MPF Enhancement

1. Staff consultation on improvement options



3. Equity issue deliberated by management



5. Board approval of contribution enhancement



2. Actuarial projection parameters

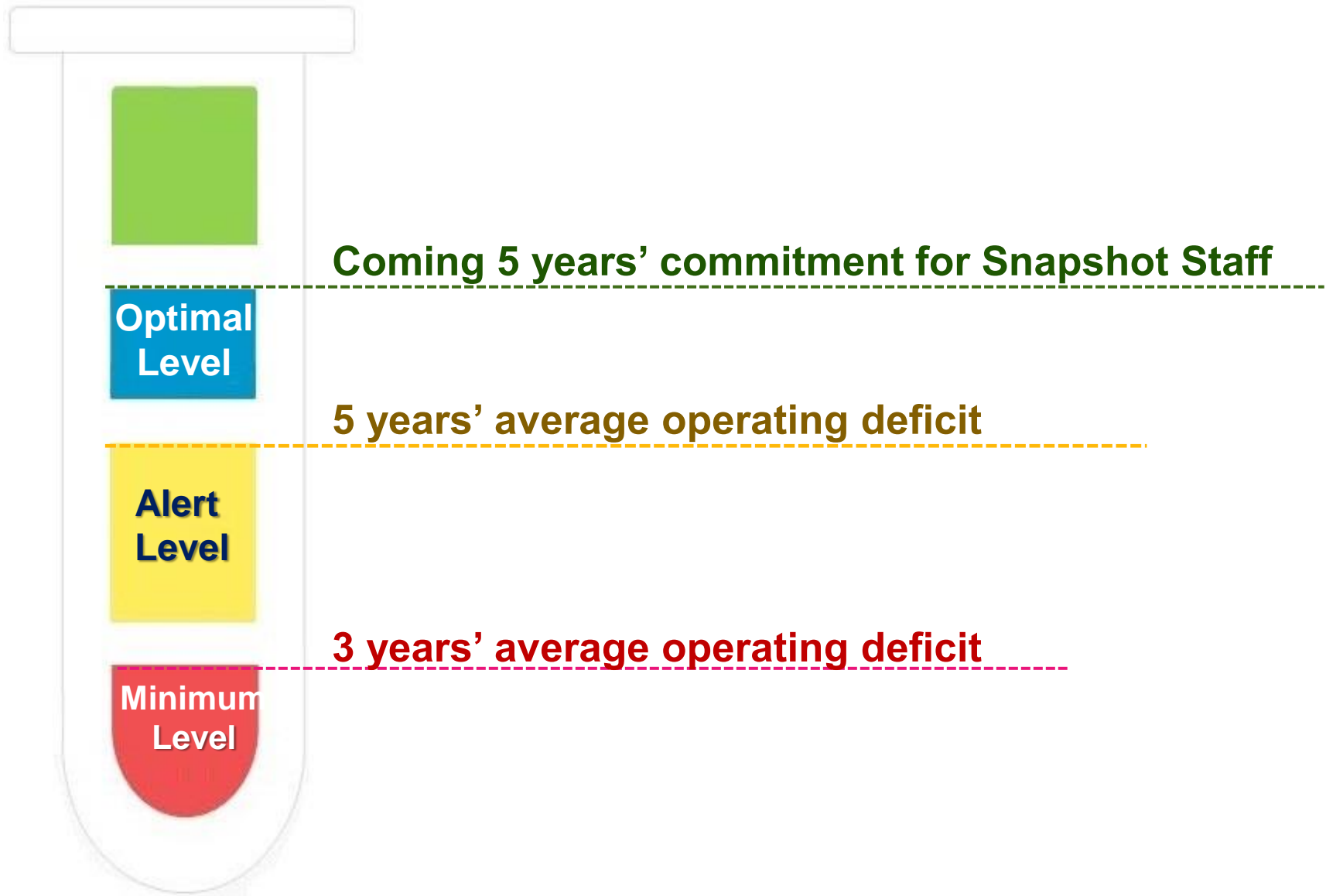
- Turnover rate
- Salary adjustment
- Contribution rate
- Vacancy rate



4. Resource plan to cover non-LSG posts



Levels of LSG Reserve



Strategic use of LSG Reserve

Action Plan

Snapshot staff commitment released

→ **Long Term Enhancement**

Saving from staff turnovers and vacancies

→ **Time Limited Enhancement**

**Optimal
Level**

Service reengineering and revamping

**Alert
Level**

Revamp staff pay and structure

**Minimum
Level**