

**立法會**  
**Legislative Council**

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**Paper for the House Committee meeting  
on 17 December 2004**

**Report of the Panel on Welfare Services on its request that the  
Administration should not require non-governmental organisations  
in the welfare sector to contribute efficiency savings in 2005-2006**

**Purpose**

This paper seeks the support of the House Committee for the House Committee Chairman to convey to the Financial Secretary the request of the Panel on Welfare Services that the Administration should not require non-governmental organisations (NGOs) in the welfare sector to contribute the 1% efficiency savings in 2005-2006.

**Background**

2. The Panel on Welfare Services discussed the subject of “Funding for welfare services in 2005-2006” at its meeting on 13 December 2004.
3. The Administration pointed out to the Panel that the Government had all along maintained its commitment to provide essential welfare services for people in need. The recurrent expenditure of the Social Welfare Department (SWD), including expenditure on Comprehensive Social Security Assistance (CSSA) and Social Security Allowance (SSA), had been increasing in the past 10 years from \$12.67 billion in 1995-1996 to \$33.13 billion in 2004-2005, which represented an increase of 160%. Within SWD’s recurrent expenditure in the same period, subventions to NGOs increased from \$3.33 billion to \$7.42 billion, i.e. an increase of 123%.
4. The Administration explained to the Panel that in line with its effort to gradually restore a balanced budget by 2008-2009, efficiency savings on welfare services had to be made.
5. In 2005-2006, the target of efficiency savings of welfare expenditure within SWD’s purview, excluding CSSA and SSA, was expected to be 2.1%, or

\$221.6 million. In recognition of the concerns of NGOs over efficiency savings, the Administration would only apply an across-the-board 1% savings for the subvented NGOs. Four items, i.e. provident fund payable on actual basis for staff of NGOs (as at 1 April 2000), rent and rate reimbursement, foster parent allowance and incentive payment for sheltered workers, would be exempted from efficiency savings in 2005-2006. The Administration would also exempt about 70 NGOs with recurrent annual subventions less than \$3 million after deducting the four exempted items from efficiency savings in the 2005-2006 exercise.

6. The 1% NGOs' contribution, upon deducting the four exempted items and waiving small NGOs from the exercise, would be around \$62.3 million.

7. The Administration informed the Panel that it was, at the same time, seeking additional resources in 2005-2006 for welfare services covering further development of elderly service, additional support services for people with disabilities and to tackle domestic violence and family problems.

8. The Administration also pointed out that NGOs could apply for resources other than recurrent subventions to implement various welfare projects, including the Lotteries Fund and the Community Investment and Inclusion Fund. In addition, SWD intended to set up a Matching Grant for welfare services with an earmarked funding of \$200 million to incentivise the welfare sector to seek and secure corporate participation in helping the disadvantaged.

### **Views of the Panel on Welfare Services**

9. The Panel met with the Hong Kong Council of Social Service and three other deputations from the welfare sector at the meeting on 13 December 2004. After listening to the views of the deputations on the subject, members unanimously supported a motion moved by Hon LEE Cheuk-yan that the Administration should not apply any cuts on basic expenditure for social welfare in 2005-2006.

10. Members generally agreed that in view of many social problems requiring attention, such as domestic violence and family problems related to poverty and unemployment, family and youth services should be strengthened and any further efficiency savings would affect the quality of services available to vulnerable groups in the community. Members also considered that the 1% efficiency savings of around \$62.3 million to be contributed by NGOs was not a very substantial amount compared with the expenditure of the Government on other areas such as education. Members therefore urged that special consideration should be given to NGOs in the welfare sector, which had already reduced their cost of services by over 10% in the past five years and

would not be able to absorb any further cut in funding without adversely affecting their services for the disadvantaged.

11. Since the motion referred to in paragraph 9 above was unanimously supported by members from various political parties and groupings, members agreed to seek the support of the House Committee for the House Committee Chairman to write to the Financial Secretary to convey the request of the Panel that the Administration should not require NGOs in the welfare sector to contribute the 1% efficiency savings of about \$62.3 million in 2005-2006.

### **Recommendation**

12. The Panel on Welfare Services seeks the support of the House Committee for the Chairman of the House Committee to write to the Financial Secretary to convey the Panel's request that the Administration should not require NGOs in the welfare sector to contribute the 1% efficiency savings in 2005-2006.

### **Advice Sought**

13. Members are invited to support the recommendation of the Panel in paragraph 12 above.

Council Business Division 2  
Legislative Council Secretariat  
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