

立法會
Legislative Council

LC Paper No. CB(2)764/08-09
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

Minutes of meeting
held on Monday, 12 January 2009, at 10:45 am
in Conference Room A of the Legislative Council Building

Members present : Hon Albert CHAN Wai-yip (Chairman)
Hon CHEUNG Kwok-che (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon LEUNG Yiu-chung
Hon LI Fung-ying, BBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, MH
Hon Alan LEONG Kah-kit, SC
Hon Ronny TONG Ka-wah, SC
Hon WONG Sing-chi
Hong WONG Kwok-kin, BBS

Members absent : Hon TAM Yiu-chung, GBS, JP
Hon LEUNG Kwok-hung
Hon Paul CHAN Mo-po, MH, JP

Member attending : Hon IP Wai-ming, MH

Public Officers attending : Item V
Mr Stephen SUI
Commissioner for Rehabilitation
Labour and Welfare Bureau

Mrs Cecilia YUEN
Assistant Director of Social Welfare
(Rehabilitation and Medical Social Services)

Items V and VI

Mr FUNG Pak-yan
Deputy Director of Social Welfare (Services)

Item VI

Miss Ann HON
Assistant Director of Social Welfare (Subventions)

**Deputations
by invitation**

: Item VI

Union of HK Rehabilitation Agencies Workshop Instructor

Mr YU Chi-ming
President

Stewards Staff Union (Social Service Branch)

Mr LEE Siu-chung
President

Chung Shak-hei (Cheung Chau) Home for the Aged, Ltd.
Employees General Union

Mr LEUNG King-chuen
Chairman

Fighting for Social Welfare Alliance

Mr Eddie TSE
Representative

Staff Association of the Hong Kong Federation of Youth
Groups

Mr WONG Hon-wah
Exco Member

Hong Kong Confederation of Trade Unions Social Service
Unions Committee

Mr TANG Wai-wah
Convenor

Staff Union of Mental Health Association of Hong Kong

Mr CHEUNG Chor-kin
Publication

Hong Kong Federation of Social Work Students

Miss Cinderella CHIU
External Vice President

Hong Kong Social Workers' General Union

Mr Charles LEUNG
External Secretary

Community Care and Nursing Home Workers' General
Union

Mr CHENG Ching-fat
Executive Member

Social Welfare Organizations Employees Union

Mr LIU Wai-ying
Vice-Chairperson

Clerk in attendance : Miss Betty MA
Chief Council Secretary (2) 4

Staff in attendance : Mr YICK Wing-kin
Assistant Legal Adviser 8

Miss Florence WONG
Senior Council Secretary (2) 5

Miss Maggie CHIU
Legislative Assistant (2) 4

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I. Confirmation of minutes

[LC Paper Nos. CB(2)472/08-09 and CB(2)619/08-09]

The minutes of the meeting held on 10 November 2008 and 8 December 2008 were confirmed.

II. Information paper(s) issued since the last meeting

2. Members noted that no information papers had been issued since the last meeting.

III. Items for discussion at the next meeting

[LC Paper Nos. CB(2)560/08-09(01) and (02)]

3. Members agreed to discuss the following items proposed by the Administration at the next meeting to be held on 9 February 2009 at 10:45 am –

(a) Review Report on the Lump Sum Grant Subvention System; and

(b) District-based Scheme on Carer Training.

IV. Proposal for formation of a subcommittee on poverty alleviation

[LC Paper No. CB(2)560/08-09(03)]

4. The Chairman said that at the last meeting on 8 December 2008, members agreed that a subcommittee should be appointed by the Panel to study issues relating to poverty alleviation and that Mr Frederick FUNG would provide members with the proposed terms of reference and work plan of the subcommittee for discussion at this meeting.

5. Referring to his letter dated 7 January 2009, Mr Frederick FUNG took members through the proposed terms of reference and work plan of the Subcommittee on Poverty Alleviation. Mr FUNG said that although issues relating to poverty alleviation straddled the policy areas of a number of Panels, the Subcommittee would focus its areas of study on issues under the purview of the Panel. Should the Subcommittee consider the issues fell outside the purview of the Panel, members might be invited to consider the need for seeking the agreement of the House Committee to appoint a subcommittee under the House Committee in due course.

6. Mr CHEUNG Kwok-che said that he did not object to the proposal to appoint a Subcommittee on Poverty Alleviation by the Panel, but he hoped that

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members would consider the need for appointing another subcommittee under the Panel to study issues relating to the implementation of the recommendations of the Review Report on the Lump Sum Grant Subvention System (the Review Report) after considering the Administration's response to the Review Report.

7. Members endorsed the terms of reference and work plan of the Subcommittee. The Chairman added that the Subcommittee should aim to complete its work within 12 months in accordance with Rule 26(c) of the House Rules. The following members had indicated their intention to join the Subcommittee : Mr CHEUNG Kwok-che, Mr LEE Cheuk-yan, Mr Frederick FUNG, Mr Ronny TONG, Mr WONG Sing-chi, and Mr WONG Kwok-kin.

V. Progress on the introduction of a licensing scheme for residential care homes for persons with disabilities

[LC Paper Nos. CB(2)560/08-09(04) and (05)]

8. Deputy Director of Social Welfare (Services) (DDSW(S)) briefed members on the progress of the preparatory work for introducing a licensing scheme for residential care homes for persons with disabilities (RCHDs). DDSW(S) said that the draft Code of Practice for RCHDs (draft Code), which set out all the requirements for compliance by RCHDs, was prepared after taking into account the views and suggestions collected during the discussion of the Working Group on RCHDs and consultation with the rehabilitation sector and stakeholders. He added that the draft Code was modelled on the standards set out in the Code of Practice for Residential Care Homes for Elderly Persons (RCHEs), and standards that were specific to the situations of RCHDs were devised.

9. DDSW(S) advised that the major proposals under the draft Code were outlined in the paper. He then highlighted the following key proposals –

- (a) the minimum area of floor space per resident in all categories of RCHDs would be uniformly set at 6.5 square metres which was in line with the minimum requirement for RCHEs;
- (b) the provision of social workers was not mandatory for RCHDs given that RCHD residents could have access to welfare services through community rehabilitation and support services, medical social services units and integrated family service centres in the community. Nevertheless, RCHD operators were advised to liaise with relevant welfare service units to ensure that the welfare needs of their residents were appropriately followed up ;

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- (c) nursing/healthcare staff should be provided for Hostels for Moderately Mentally Handicapped Persons; and
- (d) children from the age of six to under 15 should be separated from residents who had attained the age of 15 and beyond. For RCHDs with residents aged under 15, specific rooms and facilities should be provided separately within an RCHD to cater for the needs of children. However, flexibility would be allowed for small group homes to be exempted from the age demarcation requirement.

10. Mr WONG Sing-chi asked about the number of persons with disabilities (PWDs) who were on the waiting list for admission to subvented RCHDs. He expressed grave concern that the demand for subvented RCHD places would increase in the event that private RCHDs not meeting the required standards would have to cease operation after the implementation the licensing scheme. He asked if the Administration had drawn up any plans and taken measures to address the problems.

11. Echoing Mr WONG Sing-chi's view, Ms LI Fung-ying pointed out that out of 45 private RCHDs, 10 had withdrawn their applications and 19 had not yet applied to join the Voluntary Registration Scheme (VRS) due to non-compliance with the VRS requirements and tenancy issue. Ms LI worried that some private RCHDs would close down after the implementation of the licensing scheme due to non-compliance of the requirements. She urged the Administration to provide concrete measures to assist private RCHDs to meet the licensing requirements and safeguard the well-being of residents of private RCHDs. Mr LEE Cheuk-yan asked about the decanting arrangements for residents of private RCHDs in the event that some private homes discontinued operation after the implementation of the scheme.

12. DDSW(S) advised that over 6 000 PWDs were currently on the central waiting list for subsidised RCHD places. Additional funding had been obtained for providing 439 and 515 additional places in 2008-2009 and 2009-2010 respectively. The Administration would continue to bid for additional resources to increase the supply of subsidised residential care places and identify suitable sites for new RCHDs.

13. DDSW(S) further advised that the licensing scheme would regulate the operation of subvented and private RCHDs. For those private RCHDs not meeting the required standards, they would be advised to carry out improvement works and/or to take necessary measures, such as reducing the number of residential care places, increasing manpower provision in order to satisfy the stipulated requirements. He added that the Social Welfare Department (SWD) would continue to strengthen the liaison with private RCHDs and to pay visits to RCHDs to give advice and provide training sessions on drug management, use of

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physical restraints on residents and infection control. Besides, a grace period would be allowed for RCHDs after the statutory requirements came into force. As regards the decanting arrangements for residents of private RCHDs, DDSW(S) said that the current occupancy rate of private RCHDs was about 70%. The Administration would assist affected residents of private RCHDs to move to other RCHDs as far as practicable if individual private RCHDs ceased to operate.

14. Mr Ronny TONG welcomed the proposal to introduce a licensing regime for RCHDs in a bid to improve the service quality of RCHDs. He, however, pointed out that the crux of the problem was inadequate supply of subsidised residential care places. In view of the long waiting time for admission to subvented RCHDs, some PWDs could only afford to reside in private homes with relatively lower standards but at lower fees. He envisaged that some private RCHDs would discontinue operation for not being able to meet the licensing requirements or increase the home fees to meet the costs for improvement works. Consequently, residents of private RCHDs would have to apply for subvented places. This would inevitably worsen the waitlisting situation for subvented places. He held the view that the Administration should put in place measures to shorten the waiting time for subvented RCHD places in parallel with the introduction of a licensing scheme. Mr Ronny TONG and Mr CHEUNG Kwok-che requested the Administration to provide an estimation of the numbers of private RCHDs and residents that would be affected upon the implementation of the licensing scheme, the impact on private home fees, and the additional resources to be allotted to assist private RCHDs to carry out improvement works such that the fees of private RCHDs would remain affordable to the current residents.

15. DDSW(S) responded that that the fee level of private RCHDs was a commercial decision of individual operators. DDSW(S) said that some private RCHDs had not yet joined VRS for various reasons, but it did not necessarily mean that they were unable to meet the requirements. In the circumstances, the Administration was unable to estimate the number of private RCHDs that would discontinue operation after the introduction of a licensing scheme.

16. Having regard to the long waiting time for subvented residential care places and the impact of the licensing requirements on private RCHDs, members made the following recommendations for the Administration's consideration -

- (a) Ms LI Fung-ying considered that a one-off subsidy should be provided for RCHDs to carry out improvement works. Mr Frederick FUNG said that criteria and a ceiling amount should be adopted for approving the applications for the one-off subsidy. Mr CHEUNG Kwok-che said that consideration should be given to providing low interest loans for the purpose as private RCHDs were commercially run;

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- (b) Mr LEE Cheuk-yan strongly urged the Administration to make reference to the Enhanced Bought Place Scheme (EBPS) for RCHEs and purchase places from private RCHDs. The proposal would on the one hand shorten the waiting time for subsidised RCHD places and on the other hand improve the service quality of RCHDs as private homes participating in EBPS were required to meet requirements which were higher than the licensing standards. In his view, purchasing places from private RCHDs was the only viable long term solution to the inadequate supply of subsidised RCHD places. Mr CHEUNG Kwok-che and Mr Frederick FUNG shared similar views; and
- (c) Mr CHEUNG Kwok-che said that most of the residents of private RCHDs were on Comprehensive Social Security Assistance (CSSA). As carrying out improvement works to meet the licensing standards would constitute an increase of home fees, the monthly CSSA payments for these residents should be adjusted upwards correspondingly so as to safeguard their well-being.

17. DDSW(S) said that the proposal of providing one-off subsidy to private RCHDs should be considered carefully in the light of the proper use of public money. The Administration would critically consider the proposal of purchasing residential care places from RCHDs, bearing in mind that the standards required under a Bought Place Scheme would be higher than the minimum requirements as stipulated in the draft Code.

18. Mr Frederick FUNG wondered if the Administration had a long-term planning of the provision of subsidised RCHD places. Mr FUNG urged the Administration to give a pledge on the waiting time for admission to subsidised RCHDs and draw up a long-term plan for the provision of residential care places for PWDs. DDSW(S) said that as there were many factors affecting the number of PWDs on the waiting list, the Administration was unable to give a pledge on the waiting time for the allocation of RCHD places.

19. Mr WONG Kwok-hing enquired about the frequency of inspection conducted by the Building Safety Inspectorate Team of SWD. Assistant Director of Social Welfare (Rehabilitation and Medical Social Services) responded that two Building Surveyors and one Building Safety Inspector would be deployed to conduct inspections to all subvented and private RCHDs upon the implementation of the licensing scheme. The frequency of inspections would be worked out in the light of the operational experience of the licensing scheme.

20. Noting that the provision of social workers was not mandatory for RCHDs and RCHDs were advised to solicit assistance from social service units in the

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community, Mr WONG Kwok-hing wondered if the arrangement was practicable since social workers of these social service units had already been heavily committed and might not have spare capacity to cope with the additional requests from RCHDs. Mr CHEUNG Kwok-che expressed similar concerns.

21. DDSW(S) said that given that RCHD residents could have access to social work service through day training services, community rehabilitation and support services, medical social services units as well as integrated family service centres in the community, the Administration considered it not necessary to make the social worker provision mandatory for individual RCHDs. To ensure that those residents in need of social work services would be given the necessary assistance, the Administration proposed to stipulate in the draft Code that RCHD operators should liaise with relevant welfare service units to follow up the welfare needs of their residents.

22. Mr CHEUNG Kwok-che expressed reservations about the arrangement to liaise with relevant welfare service units to follow up the welfare needs of RCHD residents as the former had been heavily engaged in their work and had their own priorities. To ensure that the welfare needs of RCHD residents were taken care of, Mr CHUENG was of the view that social work services should be either provided by in-house social workers or by buying services from relevant social service units.

23. Mr WONG Sing-chi said that Members belonging to the Democratic Party supported the proposal to introduce a licensing scheme to improve the service quality of RCHDs. He cautioned that when some private homes discontinued operation for not being able to meet the licensing requirements, residents living in such homes would likely be hospitalised if they were unable to be taken care of at home or admitted to subsidised RCHDs. This would eventually increase the expenses on public healthcare.

24. Mr LEE Cheuk-yan remained of the view that the waitlisting situation for RCHD places should be addressed. He reiterated that the introduction of a bought place scheme was the only solution to the problem. The scheme would not only shorten the waiting time for subsidised residential care places, but also create job opportunities for healthcare workers. Mr CHEUNG Kwok-che requested the Administration to provide information on the criteria for buying RCHD places and the resource implications for taking forward the proposal.

25. Mr Ronny TONG said that Members belonging to the Civic Party could not support the proposal if the introduction of the licensing scheme would aggravate the waitlisting situation for subsidised residential care places, higher home fees or bring no improvement to the service quality of private RCHDs. In his view, the current proposal was putting the cart before the horse.

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26. DDSW(S) stressed that the Administration would continue to bid for additional resources to increase the supply of subsidised residential care places and identify suitable sites for RCHDs.

27. In concluding the discussion, the Chairman said that members were gravely concerned about the impact of the proposed licensing regime on the operation of RCHDs and the well-being of RCHD residents. The Chairman further said that the Administration should take concrete measures to address the waitlisting situation for subsidised residential care places, assist private RCHDs to comply with the licensing requirements and safeguard the well-being of residents of private RCHDs. Otherwise, the proposal would result in a lose-lose situation. The Chairman strongly requested the Administration to conduct an overall assessment of the impact of the proposal on the operation of existing RCHDs and residents of RCHDs, in particular the impact on the waiting time for admission to subsidised residential care places, fees of private RCHDs and service quality of RCHDs.

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28. The Chairman suggested and members agreed that the Panel should schedule a special meeting in February 2009 to receive views from deputations on the proposed licensing system.

VI. Salary adjustment arrangements for staff in non-governmental organizations subvented under the Lump Sum Grant Subvention System

[LC Paper Nos. CB(2)440/08-09(01) and CB(2)560/08-09(06) to (08)]

29. DDSW(S) said that the Lump Sum Grant (LSG) of 162 subvented non-governmental organisations (NGOs) had been adjusted in accordance with the 2008-2009 Civil Service Pay Adjustment. Accordingly, supplementary subvention totaling \$338.4 million (representing 5.37% of these NGOs' original 2008-2009 personal emolument allocation) was allocated to these NGOs in September 2008 and they were informed via letters issued in July 2008 and September 2008 respectively that the supplementary subvention was expected to be spent on adjusting the pay of their staff.

30. DDSW(S) further said that following the introduction of the LSG subvention system, salary structures of staff in subvented NGOs had been delinked from those of the civil service and NGOs were given flexibility and autonomy to devise and implement their own human resource policies, including remuneration levels and pay packages. DDSW(S) added that upon receiving the referral from the Legislative Council (LegCo) Secretariat regarding the Fight for Social Welfare Alliance (the Alliance)'s concerns, the Social Welfare Department (SWD) had obtained information from the 19 relevant NGOs on their salary adjustment mechanisms. Information obtained revealed that the salary

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adjustment policies of the NGOs had been endorsed by their governing boards, were in line with the prevailing human resources management policies and procedures of the respective NGOs and were not inconsistent with the terms and conditions of the employment agreements or contracts of individual staff members. The NGOs' arrangements had not deviated from the rules of the LSG subvention system.

31. DDSW(S) said that in the light of the concerns raised by frontline staff and staff unions about the staffing structures and remuneration packages for NGO staff, in its Review Report, the LSG Independent Review Committee recommended that a Best Practice Manual for NGOs on various management issues such as human resource policies should be developed by the welfare sector. He believed that the Manual would provide guidance to NGOs on, inter alia, human resource policies, including the salary adjustment mechanisms.

Meeting with deputations

Union of Hong Kong Rehabilitation Agencies Workshop Instructor

32. Mr YU Chi-ming was concerned about the unfair treatment to NGO staff who experienced salary cut and overtime work during the economic downturn but could not receive their entitled salary adjustment in times of economic recovery. He expressed grave disappointment that SWD did not monitor how the supplementary subvention was used and allowed NGOs not to spend the additional funding on adjusting the pay of their staff. Mr YU strongly urged SWD to communicate with NGOs on the use of the supplementary subvention and monitor whether NGOs had spent the additional funds for pay adjustment only. Unspent funds should be clawed back. He added that those NGOs which did not spend the additional funds for pay adjustment should be penalised.

33. DDSW(S) said that as he had explained earlier, the 19 NGOs referred by the Alliance had not deviated from the rules of the LSG subvention system if the salary adjustment policies of the NGOs had been endorsed by their governing boards in accordance with the respective NGOs' constitutions or prevailing internal guidelines and were not inconsistent with the terms and conditions of the employment agreements or contracts of individual staff members.

Stewards Staff Union (Social Service Branch)

34. Mr LEE Siu-chung considered that legislation should be put in place to require NGOs to include staff representatives in their governing boards such that voices of staff members could reach the management. Mr LEE raised doubt about the effectiveness of the Best Practice Manual as recommended in the Review Report on the LSG Subvention System if non-compliance of the guidelines had no bearing on the results of the bids for new services. He was of

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the view that the flexibility granted to NGOs to deploy spare personal emolument resources to staff development and service enhancement would further facilitate employers not to use the supplementary subvention for salary adjustment.

35. DDSW(S) reiterated that under the LSG arrangement, subvented NGOs could exercise their own governance and had flexibility in determining their own staffing structures and remuneration levels and in deploying their LSG for staff expenses.

Fighting for Social Welfare Alliance

36. Mr Eddie TSE expressed disappointment at SWD's underestimation of the magnitude of the problem. He said that different salary adjustment arrangements were adopted by NGOs; some NGOs did not make full adjustment to the pay of their staff, some other NGOs did not grant back-pay to ex-staff. This had further worsened the situation of "unequal pay for equal work". He requested SWD to make public how the 162 subvented NGOs had made use of the supplementary subvention.

*Staff Union of Mental Health Association of Hong Kong
[LC Paper No. CB(2)560/08-09(08)]*

37. Mr CHEUNG Chor-kin presented the views of Staff Union of Mental Health Association of Hong Kong as detailed in the submission. He was of the view that the supplementary subvention arising from civil service pay adjustment should be spent solely on salary adjustment.

Hong Kong Federation of Social Work Students

38. Miss Cinderella CHIU opined that the flexibility given to NGOs in devising their own human resource policies gave rooms for employers to exploit their staff members. To her knowledge, many fresh graduates were remunerated at the rank of Social Work Assistant but their workload and responsibilities were similar to those of Assistant Social Work Officers. With the poor morale of the social welfare sector, many graduates chose not to enter the social welfare sector.

39. DDSW(S) stressed that under the LSG subvention system, NGOs could deploy flexibly their resources to meet the changing service needs. Since a return to former subvention mode was not advisable, DDSW(S) said that it would be more practicable for NGOs to improve the corporate governance and strengthen communication with their staff. NGOs would be urged to adhere to the Best Practice Manual to be developed.

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Hong Kong Social Workers' General Union

40. Mr Charles LEUNG expressed discontent with SWD's response to the complaint about the 2008-2009 salary adjustment arrangements adopted by the 19 NGOs concerned. He pointed out that the crux of the matter was how NGOs had used the public fund. It was more than employer-employee disputes. In his view, flexibility given to NGOs had created problems of corporate governance and overemphasis on cost effectiveness of welfare services. Mr LEUNG was concerned about the long-term development of the social welfare sector and held the view that the LSG subvention system should be scrapped.

Community Care and Nursing Home Workers' General Union

41. Mr CHENG Ching-fat took the view that the key issue was how NGOs had used the public fund. The fact that the 19 NGOs concerned had not fully deployed the additional funds for the salary adjustment revealed that SWD, as the controlling authority, failed to monitor the use of subventions and allowed NGOs to exploit their employees. In his view, NGOs should be accountable to SWD and the public for the proper use of public fund. Citing an NGO as an example, Mr CHENG told the meeting that a one-off bonus of \$2,000 rather than salary adjustment was given to its staff after the NGO had received the additional subvention for pay adjustment. He requested SWD to follow up whether NGOs had spent the supplementary subvention solely on salary adjustment.

42. DDSW(S) said that according to the information collected from the 19 NGOs concerned, they all had adjusted the pay of their staff in 2008-2009. SWD noted that, as a matter of the respective human resource management policies, some NGOs did not arrange back-pay to staff who had left the employment of NGOs before the annual salary adjustment was determined. The salary adjustment policies of the NGOs had been endorsed by their governing boards.

Social Welfare Organizations Employees Union

43. Mr LIU Wai-ying said that as the supplementary subvention was allocated to NGOs in accordance with the 2008-2009 Civil Service Pay Adjustment, the additional funds should be spent solely on adjusting the pay of their staff. In his view, the additional funds should by no means be regarded as part of the annual subvention under which NGOs had flexibility in deploying their subvention. SWD should direct NGOs to fully spend the additional fund on salary adjustment.

44. DDSW(S) said that as stated in SWD's letters to NGOs, the additional funds were expected to be spent for the purpose of adjusting the pay of their staff. This was in line with the spirit of the LSG subvention system.

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Discussions

45. Mr WONG Kwok-hing held the view that the additional subvention approved by the Finance Committee (FC) was solely for salary adjustment, which was different from the annual allocation of subvention. In the light of the dedicated use of the supplementary provision, the fund should be spent solely on salary adjustment, and not any other purposes. Mr WONG could not accept that NGOs were only expected to spend the additional fund for pay adjustment, which was not binding at all. In his view, SWD should monitor the proper use of the supplementary subvention by NGOs and ask the NGOs concerned to give an account of the disbursement of the funds.

46. Referring to paragraph 2 of the Administration's paper, Mr LEUNG Yiu-chung asked why the Administration considered the matter did not involve misuse of public money if NGOs had not spent the supplementary subvention on salary adjustment.

47. Echoing Mr LEUNG Yiu-chung's view, Mr LEE Cheuk-yan strongly requested the Administration to reconsider its position on the matter as this would send out a message that it was nothing wrong with subvented NGOs for not making corresponding pay adjustment to their staff in 2008-2009 after receiving the supplementary subvention. Mr LEE recalled that the supplementary provision was approved by LegCo in July 2008 to make corresponding adjustment to the subventions for NGOs in the light of the civil service pay adjustment. SWD's letters to NGOs also clearly stated that the additional amount of subvention was meant for pay adjustment. He considered that if subvented NGOs were allowed to deploy the supplementary subvention other than salary adjustment, the Administration was blamed of misleading Members when seeking funding approval from FC.

48. Ms LI Fung-ying added that the supplementary subvention was allocated to NGOs in the light of the civil service pay adjustment in 2008-2009. The purpose of the supplementary subvention was for pay adjustment. Thus NGOs concerned should spend the additional funds for pay adjustment of their staff.

49. DDSW(S) reaffirmed that the Administration's stance, as set out in paragraph 7 of its paper, that human resource management policies were part and parcel of the NGOs' corporate governance. In line with the spirit of LSG subvention system, NGOs on LSG had flexibility in determining their own staffing structures and remuneration levels and in deploying their subvention for staff expenses. The salary adjustment policies of the 19 NGOs concerned, which were implemented in accordance with their respective salary adjustment mechanisms, had not deviated from the rules of the LSG subvention system.

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50. Mr CHUENG Kwok-che said that the problem pointed out in the Alliance's letter was only a tip of an iceberg. To his knowledge, more than 19 NGOs had not made corresponding salary adjustment to the pay of their staff after receiving the supplementary provision. It was the responsibility of SWD to monitor how the supplementary subvention was used. In this regard, Mr CHEUNG requested the Administration to obtain information from all the 162 subvented NGOs on their salary adjustment mechanisms, and specifically on whether the level of adjustment was the same as the civil service pay adjustment, i.e. 5.37% and whether back-pay had been fully offered to their staff, including to those who resigned after April 2008.

51. Mr IP Wai-ming observed that the welfare sector had been devastated due to the malpractice of some NGOs and lack of monitoring by SWD. Mr IP opined that SWD should closely monitor the proper use of public fund by NGOs and considered that a punitive system should be introduced in this regard.

52. Referring to Administration's paper to FC for approving the corresponding adjustment to the subventions of NGOs in July 2008, the Chairman said that it was stated that "if this proposal is approved, we will inform these organisations that the additional subventions are intended for salary increase of their staff and encourage them to use the additional funding accordingly". He also noted from SWD's letter to NGOs that the additional amount of subventions were expected to be spent for the purpose of adjusting the pay of their staff. In his view, the nature of the supplementary provision was very clear. However, it was apparent that some subvented NGOs did not deploy the subvention in accordance with the approved use nor follow SWD's advice. To facilitate members' further consideration of the matter, the Chairman instructed the LegCo Secretariat to prepare a paper on the supplementary subventions to NGOs for 2008-2009 salary adjustment arrangements. The Panel would consider holding further meeting to follow up the matter, if necessary.

VII. Any other business

53. There being no other business, the meeting ended at 12:50 pm.