

立法會
Legislative Council

LC Paper No. CB(2)1316/08-09
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

**Minutes of special meeting
held on Saturday, 17 January 2009, at 9:00 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon Albert CHAN Wai-yip (Chairman)
Hon CHEUNG Kwok-che (Deputy Chairman)
Hon LEE Cheuk-yan
Hon TAM Yiu-chung, GBS, JP
Hon WONG Kwok-hing, MH
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Paul CHAN Mo-po, MH, JP
Hon WONG Sing-chi
- Members absent** : Hon Albert HO Chun-yan
Hon LEUNG Yiu-chung
Hon LI Fung-ying, BBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hong WONG Kwok-kin, BBS
- Public Officers attending** : Ms Irene YOUNG
Acting Deputy Secretary for Labour and Welfare (Welfare) 1

Miss Ann HON
Assistant Director of Social Welfare (Subventions)

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Lump Sum Grant Independent Review Committee

Mr Wilfred WONG
Chairman, Lump Sum Grant Independent Review
Committee

Ms Ayesha Macpherson
Member, Lump Sum Grant Independent Review Committee

Ms Anna May CHAN
Member, Lump Sum Grant Independent Review Committee

**Deputations
by invitation** : Social Welfare Organizations Employees Union

Mr LIU Wai-ying
Vice-Chairperson

Hong Kong Council of Social Service

Mr Joseph WONG

Staff Association of the Hong Kong Federation of Youth
Group

Mr CHEUNG Chi-wai
Chairman

Union of HK Rehabilitation Agencies Workshop Instructor

Mr YU Chi-ming
President

Hong Kong Chinese Civil Servants' Association, Social
Work Officers Grade Branch

Mr LEUNG Kin-hung
Chairman

Hong Kong Confederation of Trade Unions Social Service
Unions Committee

Mr TANG Wai-wah
Convenor

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

Mr LEUNG King-chuen
Chairman

Hong Kong Federation of Social Work Students

Miss Angela LUI
President

Staff Union of Mental Health Association of Hong Kong

Mr LAU San-ching
Chairperson

Stewards Staff Union (Social Service Branch)

Mr Alan HUNG
External Vice President

Shatin District Council

Ms YU Sau-chu, MH, JP
District Council Member

Hong Kong Social Workers' General Union

Ms Lincole CHAN
Secretary for Rights and Complaints

Fighting for Social Welfare Alliance

Mr NG Man-sui
Representative

Staff Club of The Boys' and Girls' Clubs Association

Mr Francis MA Kwok-leung
Vice Chairperson

Democratic Party

Mr MOK Siu-lun
Deputy Spokesperson of Youth Policy

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Frontline Welfare Employees' Union

Mr TAM Leung-ying
Secretary

Caritas Francis Hsu College Social Sciences Departmental
Association (Match)

Mr KWOK Chung-yin
Chairman

Hong Kong Social Workers Association

Ms Lilian LAW Suk-kwan
Vice President

International Social Service Hong Kong Branch

Ms Iris LIU
Director of Programme

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

Staff in attendance : Miss Florence WONG
Senior Council Secretary (2) 5

Miss Maggie CHIU
Legislative Assistant (2) 4

I. Review Report on the Lump Sum Grant Subvention System

[Review Report on the Lump Sum Grant Subvention System, LC Paper Nos. CB(2)514/08-09(01), CB(2)636/08-09(01) to (04) and CB(2)669/08-09(01) to (04)]

The Chairman said that the special meeting was convened to receive views from deputations on the Review Report on the Lump Sum Grant Subvention System (Review Report) prepared by the Lump Sum Grant Independent Review Committee (IRC).

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Meeting with deputations

Staff Club of The Boys' and Girls' Clubs Association
[LC Paper No. CB(2)712/08-09(03)]

2. Mr Francis MA expressed concern that Lump Sum Grant (LSG) to non-governmental organisations (NGOs) had been reduced by 9.3% as a result of the implementation of Enhanced Productivity Programme (EPP) and the Efficiency Savings (ES), which had created financial difficulties to NGOs. In order to cut cost, many NGOs by no means had to adjust downwards the entry salaries of the new recruits, resulting in "unequal pay for equal work" within the NGOs concerned. Although revision to the starting salaries of Assistant Social Work Officers in the Social Welfare Department (SWD) was made in 2007, individual NGOs could not follow suit due to insufficient resources. He felt disappointed at IRC's recommendations failing to address the issue. He considered that the subvention amounts should be reverted to the benchmark level of funding when the Lump Sum Grant Subvention System (LSGSS) was first introduced.

Social Welfare Organizations Employees Union

3. Mr LIU Wai-ying raised concern about the deteriorating service quality of elderly services since the inception of LSGSS, particularly the food quality and manpower provision in some residential care homes for the elderly (RCHEs). With the flexibility given to NGOs, he noted with concern that some RCHEs trimmed down the food costs at the expenses of food quality. He also raised concern about the staff arrangements of individual District Elderly Community Centres which had downgraded the rank of a centre in-charge and provided insufficient manpower for various services and activities so as to achieve cost savings.

Hong Kong Council of Social Service
[LC Paper No. CB(2)712/08-09(01)]

4. Mr Joseph WONG presented the views of the Hong Kong Council of Social Service (HKCSS) as detailed in the submission. While appreciating the efforts made by IRC, Mr WONG said that the Review Report had not made concrete recommendations to address two core issues of concern of the subvented welfare sector, i.e. insufficient subventions and lack of a mechanism to devise the scope of flexibility and transparency of individual NGOs in using LSG. For instance, a mechanism should be put in place whereby the Administration and NGOs would jointly work out the objectives and scope of services to be included in the Funding and Service Agreements (FSAs), and it would be for

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individual NGOs to draw up the implementation details. Recognizing some of the recommendations would alleviate the short-term financial difficulties of NGOs, HKCSS took the view that additional annual recurrent funding of \$200 million should be allocated in accordance with the benchmark level of funding to NGOs for maintaining and improving the service quality in the long run. Mr WONG further said that SWD should provide the breakdown of the LSG calculation to NGOs.

Staff Association of the Hong Kong Federation of Youth Group

5. Mr CHEUNG Chi-wai said that to his knowledge, staff associations expressed disappointment at the Review Report since it had not addressed issues relating to the demand for a notional staffing establishment for individual NGOs and "equal pay for equal work". Regarding the recommendation of drawing up a Best Practice Manual for NGOs on various management issues by the welfare sector, he raised doubt about its effectiveness given that it was not binding nor having a timeframe for completion. While IRC recommended that the Government should make available an actuarial service for NGOs to assess their ability to meet Snapshot Staff commitment, Mr CHEUNG expressed reservation about the response from NGOs as the latter would apply for the service on a voluntary basis.

Union of HK Rehabilitation Agencies Workshop Instructor

6. Referring to Chapter 5 of the Review Report, Mr YU Chi-ming queried the observation about the positive outcomes brought about by LSGSS in the context of flexibility, efficiency and cost-effectiveness. In his view, the examples cited in paragraph 5.4 of the Review Report on how the flexibility available under LSGSS had served the purpose of enhancing services was not something new. He added that SWD should monitor the use of public fund by NGOs.

Hong Kong Chinese Civil Servants' Association, Social Work Officers Grade Branch

[LC Paper No. CB(2)669/08-09(01)]

7. Mr LEUNG Kin-hung presented the views of the Hong Kong Chinese Civil Servants' Association, Social Work Officers Grade Branch as detailed in the submission. The Association welcomed the recommendations of setting up a help desk to provide management advice to NGOs and making available additional resources for NGOs to strengthen their administrative and professional support. However, the Association was concerned about the effectiveness of the non-binding Best Practice Manual for NGOs and the actuarial services in addressing the problem of accumulating excessive reserves by some NGOs. Mr LEUNG suggested that an independent committee should be set up to monitor

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NGOs and a punitive system for non-compliance of the Manual should be put in place.

Hong Kong Confederation of Trade Unions Social Service Unions Committee

8. Mr TANG Wai-wah was of the view that the Review Report had not addressed the issues raised by the frontline staff. Noting that many NGOs had accumulated sizable reserves, he wondered whether some NGOs had deployed the reserves for the delivery of non-subsidized services. SWD should put in place a monitoring system to this end and enhance the transparency by requiring NGOs to disclose the details of their incomes and expenditures.

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

9. Mr LEUNG King-chuen was concerned about the implementation of IRC's recommendations given that the adoption of the recommended measures was voluntary. He urged the Administration to draw up concrete implementation and enforcement plan.

Hong Kong Federation of Social Work Students

10. Miss Angela LUI held the view that the Review Report had elaborated on the problems encountered by the welfare sector since the implementation of LSGSS. However, she expressed concern about the implementation of the recommendations given that there was no concrete implementation plan and that the compliance of the Best Practice Manual for NGOs was not binding. She opined that all stakeholders, including representatives from the management, staff and service users should be involved in the development of the Best Practice Manual. Miss LUI told the meeting that social work students were worried about the lack of a career path that could attract and retain quality staff under LSGSS.

*Staff Union of Mental Health Association of Hong Kong
[LC Paper Nos. CB(2)636/08-09(01) and CB(2)669/08-09(02)]*

11. Mr LAU San-ching highlighted the submissions from the Staff Union of Mental Health Association of Hong Kong. He said that it would be more conducive to proposing improvements to the IRC's recommendations, rather than scrapping LSGSS.

Stewards Staff Union (Social Service Branch)

12. Mr Alan HUNG was of the view that the recommendations made by IRC were too superficial and lack of concrete implementation measures. He

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commented that IRC studied the problems from the perspective of the management, and had not fully taken into account the views of staff and service users. Neither did the Review Report address the demand for "equal pay for equal work" made by NGO staff. Consequently, the problems of staff wastage and turnover remained unresolved.

Sha Tin District Council
[LC Paper No. CB(2)712/08-09(02)]

13. Referring to the submission tabled at the meeting, Ms YU Sau-chu said that while welcoming and supporting the recommendations, the Administration should –

- (a) set up the \$1 billion Social Welfare Development Fund as early as possible and open it for application by both subvented and non-subvented welfare NGOs;
- (b) take forward and monitor the implementation of the recommendations; and
- (c) set up an independent complaint handling committee to handle complaints relating to LSGSS.

Hong Kong Social Workers' General Union

14. Ms Lincole CHAN expressed disappointment that the Review Report did not address the phenomenon of "unequal pay for equal work" between NGOs and SWD staff, among NGOs, and even within the same NGO. The salaries offered by NGOs were not only fluctuating, but also lacked of a yardstick. Many of the new recruits were offered with time-limited contracts and lower pay level. This explained the high turnover of social workers and the deteriorating service quality. Given that the Best Practice Manual was not binding on NGOs, Ms CHAN strongly requested the Administration to consider putting in place a pay structure under which salaries would be adjusted according to the years of experience/service.

Fighting for Social Welfare Alliance
[LC Paper No. CB(2)636/08-09(02)]

15. Mr NG Man-sui presented the views of Fighting for Social Welfare Alliance as detailed in the submission. He considered that IRC had rationalized the "unequal pay for equal work" situation and the Review Report had overemphasized the achievements brought about by flexibility given to NGOs without addressing the grave concern about service quality, talent retention and corporate governance of NGOs. With the flexibility given to NGOs, different

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service standards were set by different NGOs for the same service. Mr NG pointed out that best practices had in fact been identified in the LSG Manual for the welfare sector, but the compliance of the manual had not been discussed by the Lump Sum Grant Steering Committee (LSGSC). He therefore doubted the effectiveness of the Best Practice Manual for NGOs on various management issues to be developed by welfare sector if it was not binding at all.

Democratic Party

[LC Paper No. CB(2)669/08-09(03)]

16. Mr MOK Siu-lun presented the views of the Democratic Party as detailed in the submission. Specifically, he disagreed with the analysis as set out in paragraphs 4.7 and 4.8 of the Review Report. Mr MOK urged the Administration to formulate a long-term welfare policy, to put forward measures to improve NGO staff morale, to enhance corporate governance of NGOs, to monitor the service quality and staff turnover rate of NGOs and to return the deducted 9.3% of LSG as a result of the EPP and ES exercises to NGOs.

Frontline Welfare Employees' Union

17. Mr TAM Leung-ying strongly opposed to the findings of the Review Report as it had over-emphasized the benefits or potential benefits brought about by LSGSS. In his view, in the absence of adequate subventions for individual NGOs, NGOs had to undergo service re-engineering since the implementation of LSGSS at the expense of the welfare of staff and service users, and consequently the service quality was compromised.

Caritas Francis Hsu College Social Sciences Departmental Association (Match)
[LC Paper No. CB(2)712/08-09(05)]

18. Mr KWOK Chung-yin expressed disappointment at the Review Report. He said that the Review Report did not alleviate the worries of the fresh graduates who were remunerated at lower pay level and worked without job security. In view of the poor prospect, some graduates decided not to join the welfare sector. He drew members' attention to the impact on the service users and service quality if expertise and experience could not be retained in the welfare sector. Expressing similar views with other deputations, Mr KWOK doubted the effectiveness of the Best Practice Manual which did not have any binding force.

Hong Kong Social Workers Association
[LC Paper No. CB(2)712/08-09(06)]

19. Ms Lilian LAW expressed gratitude to the dedicated efforts made by IRC. However, she was disappointed that the Review Report had not responded to the

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prime concern raised by the welfare sector about insufficient subventions. She supported the recommendation made by IRC that SWD should enhance its transparency in disclosing the basis of calculation of subventions for new services. She also urged the Administration to draw up a long-term welfare plan in the light of the changing service needs, to develop a review mechanism for resources for new services, to stipulate a notional staffing establishment and disclose the staffing assumptions for new services. Finally, she appealed to the Panel to monitor the implementation of the recommendations made by IRC.

International Social Service Hong Kong Branch

20. Ms Iris LIU supported IRC's recommendations on developing a Best Practice Manual for NGOs, providing actuarial services for NGOs to assess their ability to meet Snapshot Staff commitment and injecting resources for service enhancement and staff development. She told the meeting that the problem of insufficient resources faced by the welfare sector had put the NGO management in a dilemma in view that the lower the staff turnover rate, the greater financial difficulties they would face in meeting Snapshot Staff commitment. Moreover, frontline staff would be overloaded if NGOs rolled out more new services without additional manpower support. Ms LIU cautioned that the service quality would be compromised if no additional resources were allocated to NGOs, and thereby causing more social problems.

[The meeting was suspended for a 10-minute break and resumed at 10:25 am.]

Response from IRC

21. Chairman/IRC said that IRC had completed its work and dissolved after submitting its Review Report to the Secretary for Labour and Welfare. He would elucidate IRC's point of views in preparing the Report, but was not in a position to respond to the views put forward by the deputations. Chairman/IRC stressed that IRC had made its best effort to consult all stakeholders and provide an overall assessment of LSGSS based on views expressed by key stakeholders during the IRC's consultation. It was understandable that different stakeholders had different perspectives and diverse interests were involved. The different views expressed by stakeholders had enabled IRC to arrive at a balanced view and seek further improvements to the system. Chairman/IRC advised that IRC had commissioned a consultancy study on the funding mode for welfare services in five overseas countries, comparing them with LSGSS to see if useful references could be drawn. It was noteworthy that governments elsewhere were continuously modifying their welfare systems. Chairman/IRC further said that having analysed the views collected, IRC considered that the principles of LSGSS were sound. Therefore, the system was worth retaining, and every effort should be made to improve it.

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22. Chairman/IRC made the following points –

- (a) while IRC agreed that the subvention arrangement was a matter of concern, it should be addressed by a critical assessment of the current and future service needs in determining the level of subvention to NGOs. In the circumstances, IRC recommended that the Government should work closely in partnership with the sector to establish a practicable and sustainable mechanism for implementing a visionary welfare plan for Hong Kong;
- (b) IRC noted that some NGOs felt obliged to maintain a certain level of reserves to honour their contractual commitments to Snapshot Staff and to sustain their operation and long term development, but staff took the view that NGOs had accumulated excessive reserves which came from cutting staff costs. It was against this background that IRC recommended the Government to make available actuarial services for NGOs to assess their ability to meet Snapshot Staff commitment. The result of the actuarial study would provide a sound basis for NGOs to consider their human resource policies. This apart, IRC recommended that a formal public accountability framework should be in place for NGOs to disclose their Annual Financial Reports as submitted to SWD, so that they would also be accountable to the public for the proper use of public funds;
- (c) although the portion of LSG that corresponded to an NGO's staff costs was calculated based on the sum of the salaries at mid-point on the civil service Master Pay Scale (MPS) as at 1 April 2000 when LSGSS was introduced, according to SWD, the welfare sector's actual salary bill as a whole had never reached the mid-point of the relevant MPS in the past. Nonetheless, IRC recommended that SWD should establish a mechanism whereby NGOs which anticipated financial difficulties could alert SWD in advance, so that remedial measures could be taken as appropriate;
- (d) in view that LSGSS allowed NGOs a high degree of flexibility in human resource management, IRC recommended that it would be more appropriate for the sector to draw up its own Best Practice Manual to provide guidance to NGOs on various management issues. It would be for the reconstituted LSGSC to work with the sector in drawing up the Manual, so that NGOs would take ownership and would be more willing to adopt the best practices unless there were strong justifications not to do so;
- (e) with the introduction of LSGSS, resource deployment and service

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planning were determined to a large extent by NGOs. Noting the concerns about service quality, IRC recommended that SWD should conduct more frequent service performance inspections and surprise visits, and systematically collect service users' feedback;

- (f) IRC considered that the \$1 billion Social Welfare Development Fund should be set up as early as practicable. As to whether the grant should be allocated to NGOs not on LSG, it would be a matter for the Administration to consider;
- (g) IRC considered that there was nothing intrinsically wrong about employing staff on time-limited terms and it had become a common practice in many other sectors. IRC, however, considered that there seemed to be little practical need for contracts to last less than a year, as even time-defined projects were usually funded by SWD on three-year cycles and most project agreements were renewable. As such, IRC recommended that the administration of employment contracts should be addressed in the Best Practice Manual. IRC further recommended that an Independent Complaint Handling Committee (IHC) should be set up to determine on LSG-related complaints, and SWD should take follow up actions as appropriate; and
- (h) IRC fully understood that "equal pay for equal work" topped the agenda of staff demands in the welfare sector. If the term represented a request for staff working in subvented NGOs to be paid like their civil service counterparts, work of the same nature might not be available for a meaningful comparison. Although NGO positions might have the same entry requirements as those of SWD, SWD did not normally engage in direct service provision. If the term referred to a comparison among NGOs, the reality was that pay structures of NGOs had already undergone fundamental changes since the introduction of LSGSS and there was no single pay scale applicable to all NGOs. Besides, since NGOs had devised different human resource policies and carried out extensive re-engineering in service operations, it was also not practicable to align the salary structures among NGOs. It was neither advisable to revert to the former subvention system nor to further pursue the concept of "equal pay for equal work". IRC had therefore recommended the development of a Best Practice Manual for NGOs to address staffing issues.

Discussions

23. While acknowledging IRC's effort in conducting the review, Mr LEE

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Cheuk-yan expressed dissatisfaction that IRC had not addressed the problems arising from LSGSS per se. In his view, the unscrupulous arrangement of "unequal pay for equal work" in NGOs was directly resulted from the flexibility given to NGOs to determine its human resource policies. In view that the management needed to maintain NGOs' financial viability, the management could only offer lower pay levels to new recruits so as to honour its commitment to Snapshot Staff. Noting that the LSG Reserves amounted to \$2 billion and 52% of staff in the welfare sector were employed on time-limited contracts, Mr LEE requested the Administration to provide the following information –

- (a) the level of reserves accumulated by each NGO receiving LSG and sources of the reserves;
- (b) a breakdown of NGOs staff on time-limited employment contracts by organisations and duration of contracts; and
- (c) formula for determining the funding provision for new services allocated to NGOs through competitive bidding, in particular the basis for calculating the personnel emolument subventions, together with a breakdown of staff engaged in these new services by their levels of remuneration.

24. Mr Alan LEONG said that as pointed out by the welfare sector, the implementation of LSGSS might have created more problems than the former subvention mode. In this respect, Mr LEONG requested the Administration to –

- (a) give responses to the 36 recommendations made by IRC, and the Administration's plan to implement the recommendations; and
- (b) state its assessment in respect of the system per se.

25. Mr CHEUNG Kwok-che disagreed with IRC's understanding on the demand for "equal pay for equal work" made by the welfare sector. Mr CHEUNG was of the view that the Administration should address the problems resulted from the implementation of LSGSS as raised by the sector. Notably, the flexibility given to NGOs to determine their own human resource policies had resulted in reduction of manpower and wage levels to finance new services. In his view, the arrangement was unreasonable. Mr CHEUNG pointed out that since delinkage of salary structure was not applicable to teaching staff in aided schools, he saw no reason why the same arrangement could not be adopted in the welfare sector. Mr Alan LEONG shared Mr CHEUNG's view that it was not appropriate to apply the commercial principle of self-financing mode in running subvented NGOs.

26. Mr CHEUNG Kwok-che said that although the Administration had

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advised that the welfare sector's actual salary bill as a whole had never reached the mid-point of the relevant MPS in the past, individual NGOs might find difficulties in meeting the salary bill if the majority of their staff were experienced ones. In this respect, he asked if the Administration would consider the proposal put forward by some members of the welfare sector to set the provision aside in a "central pool" for NGOs to share, under which individual NGOs which did not have adequate resources to meet the contractual commitments could make use of the pool for the purpose.

27. Mr Alan LEONG sought clarification from Chairman/IRC as to whether IRC considered that the Administration should exercise more monitoring of NGOs' use of fund and what powers would be given to ICHC.

28. The Chairman said that he opposed the introduction of LSGSS when the proposal was first put forward. He expressed disappointment that SWD had not exercised stringent control over the use of public funds by NGOs and tolerated them to exploit their staff members in the past eight years. He requested the Administration to provide a comparison of the remuneration packages for NGO staff in different ranks (e.g. senior executives, frontline and clerical staff) in the past eight years, i.e. since the introduction of LSGSS. To ensure the compliance of the Best Practice Manual, the Chairman said that the Administration should consider putting in place a framework for NGOs to adopt the Best Practice Manual, such as taking into account whether individual NGOs had followed the guidelines set out in the Best Practice Manual in determining their subvention amounts. The Chairman also expressed reservation about drawing reference from the findings of the consultancy study on overseas subvention systems as the study had not taken into account the significant role played by the welfare staff unions in evolving the subvention systems in these overseas countries.

29. The following supplementary points were made by deputations –

- (a) Ms Lilian LAW of Hong Kong Social Workers Association expressed concern about the ability of NGOs to meet staff costs if they had to retain experienced staff who received higher pay. She hoped that the Administration would review the benchmark funding and formulate a long-term welfare plan;
- (b) Ms Iris LIU of International Social Service Hong Kong Branch stressed that the Administration should attach utmost importance to address the problem of service delivery at the expenses of staff members;
- (c) Mr LIU Wai-ying of Social Welfare Organizations Employees Union considered that the Administration should establish a

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mechanism to enhance the transparency and monitoring of individual NGOs in using LSG and donations;

- (d) Mr Joseph WONG of HKCSS was of the view that flexibility under LSGSS allowed NGOs to respond promptly to the changing service needs. To strike the balance between providing flexibility for NGOs in deploying resources and making effective deployment of resources, NGOs should enhance the transparency of resources deployment. This apart, the Administration should also make available the basis for calculation of the subvention to individual NGOs. He also agreed to IRC's recommendation that the Government should institute a review mechanism to conduct systematic review of welfare services such that long-time planning could be drawn up to meet the changing social needs;
- (e) Mr TANG Wai-wah of Hong Kong Confederation of Trade Unions Social Service Unions Committee said that to enhance communication between NGO management and staff members, staff representatives should be included in the governing boards of NGOs. The arrangement should be laid down in the Best Practice Manual for NGOs;
- (f) Mr LAU San-ching of Staff Union of Mental Health Association of Hong Kong was concerned about the measures to be taken by the Administration to improve the service quality. He also expressed concern about NGOs' ability to meet the greater service demand in the event that the Government implemented EPP and ES again at times of financial tsunami;
- (g) Ms Lincole CHAN of Hong Kong Social Workers' General Union said that "equal pay for equal work" was not applicable to contract staff in NGOs, in particular fresh graduates of social work. The latter could only take up employment on short-term contracts, which were usually pitched at lower pay level; and
- (h) Mr NG Man-sui of Fighting for Social Welfare Alliance said that given that NGOs did not observe closely the LSG Manual, he saw no reason why they would adhere to the non-binding Best Practice Manual to be developed. He strongly urged the Administration to revamp LSGSS and standardise the pay structures of NGOs in accordance with the civil service provision.

30. Chairman/IRC said that LSGSS was introduced to address the shortcomings of the former subvention system. IRC considered that the principles of LSGSS were sound and the system was worth retaining. While

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problems were encountered in the implementation of LSGSS, they were not insurmountable and every effort should be made to improve it. To assist LSGSS in its continuous development so as to cope with the changing social needs, IRC had suggested some guiding principles, including partnership, flexibility, adequate monitoring, accountability, communication and a mindset for change. Chairman/IRC then made the following points -

- (a) recognizing the concerns about the implementation of, and compliance with, the Best Practice Manual for NGOs on various management issues, IRC recommended that the reconstituted LSGSC should work with the sector in drawing up the Manual;
- (b) NGO management should consult staff members on delivery plans of new services;
- (c) the Government should stipulate output controls rather than input controls in the FSAs with NGOs, while the deployment of resources should be determined by the NGOs concerned;
- (d) to address concerns about the financial situation of NGOs, IRC recommended that the Government make available an actuarial service for NGOs to assess their financial capability to meet Snapshot Staff commitment. Should NGOs concerned anticipate financial difficulties, they could alert SWD in advance; and
- (e) the Director of Social Welfare would be informed of the ICHC's decisions and recommendations and should take follow up actions as appropriate.

31. The Chairman advised that the Administration would provide its response to the recommendations in the Review Report at the Panel meeting to be held on 9 February 2009. The Chairman requested the Administration to provide response to issues of concern raised and information requested by members at the meeting before the February meeting.

Admin

(Post-meeting note : The Administration's response to, and information on, various issues, was issued to members vide LC Paper No. CB(2)885/08-09(01) on 16 February 2009.)

32. The Chairman said that the Research and Library Service Division (RLSD) of the Legislative Council Secretariat had prepared an information note on impacts of LSGSS on the subvented welfare sector in the last session. To facilitate members' further discussion, the Chairman requested RLSD to provide an information note on the responses of the stakeholders and the Government to the recommendations of the Review Report.

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(Post-meeting note : The information note prepared by RLSD was issued to members vide LC Paper No. CB(2)1257/08-09 on 6 April 2009.)

II. Any other business

33. There being no other business, the meeting ended at 12:10 pm.

Council Business Division 2
Legislative Council Secretariat
15 April 2009