

For discussion
on 14 January 2011

Legislative Council Panel on Home Affairs

Community Care Fund

PURPOSE

This paper briefs Members on the operation of the Community Care Fund (CCF) and seeks Members' views on the proposal to (a) inject \$5 billion into the CCF; and (b) create a supernumerary Administrative Officer Staff Grade C (AOSGC) (D2) post for three years in the Home Affairs Bureau (HAB) to take forward the CCF initiative.

OPERATION OF THE CCF

2. In his 2010-11 Policy Address, the Chief Executive announced the establishment of the CCF, to which the Government and the business sector will each contribute \$5 billion.

3. The main objective of the CCF is to provide assistance to people facing economic difficulties, in particular those who fall outside the social safety net or those within the safety net but have special circumstances that are not covered. In addition, the CCF can take forward measures on a pilot basis to help the Government identify those that can be considered for incorporation into the Government's regular assistance and service programmes.

Guiding Principles

4. The operation of the CCF will be guided by the following principles -

- (a) building a caring culture in society by gathering the efforts of various sectors of the community and encouraging the better-off to contribute;
- (b) programmes should be people-oriented with assistance directly provided to beneficiaries; administrative costs or involvement of implementing agencies should be minimised though the need for non-government organisations' help to reach out to target groups outside the existing service network will not be precluded; programmes should be multifarious in nature; and the vetting process should be streamlined to ensure cost-effectiveness;
- (c) programmes should complement the assistance and services provided by the Government or other charitable funds; duplication of efforts should be avoided as far as practicable; and
- (d) operation of the CCF will mainly be funded by investment returns on the seed capital, but the seed capital may be deployed in accordance with the principle of financial prudence in response to needs.

The target beneficiaries of the CCF are those facing economic difficulties and in need of assistance.

Management of the CCF

5. The CCF will be established as a trust fund under the Secretary for Home Affairs Incorporated (SHAI) as its trustee. The Chief Executive has appointed the Steering Committee on the CCF (the Steering Committee) to oversee and coordinate the work of the CCF. The Steering Committee is composed of 20 non-official members drawn from various sectors of the community including the business, welfare, education, health, labour, political and the district sectors, as well as four official members. Membership and terms of reference of the Steering Committee are at Annex A.

6. The priority task of the Steering Committee is to focus deliberation on the various aspects of the CCF's operation with a view to drawing up concrete proposals. An Executive Committee and four Sub-committees (Education, Home Affairs, Welfare and Medical) have been set up under the Steering Committee to support the operation of the CCF.

7. The Executive Committee will make recommendations to the Steering Committee in respect of the target beneficiaries, programmes to be funded, amount to be disbursed, handling of donations, other administrative and financial matters as well as the handling of cross-sectoral issues. The Education, Home Affairs, Welfare and Medical Subcommittees will deliberate, for the overall consideration by the Executive Committee and endorsement by the Steering Committee, the types of programmes to be funded and the priorities under their respective portfolios. The Sub-committees will also be tasked to implement the programmes endorsed by the Steering Committee and monitor their effectiveness in future.

Donations to the CCF

8. Apart from the proposed government injection of \$5 billion into the CCF, we expect another \$5 billion to be donations from the business sector. Bank accounts will also be opened to accept donations from the community. The CCF will not launch public fund-raising campaigns. When appealing to the business sector for donations, it would be emphasised that donations to the CCF should be made on top of donors' regular support for charities. Donations from the business sector could also be made by instalments over a maximum of three years. As with other charitable donations, donations to the CCF are tax deductible.

Work Plan

9. Following the first Steering Committee and Executive Committee meetings held on 1 and 30 December 2010 respectively, the Steering Committee will hold two public consultation sessions on 14 and 21 January 2011 to gauge public views on the operation of the CCF, including the target

beneficiaries and assistance programmes. Focus group meetings will also be conducted by the four Sub-committees. In the light of the views collected from the consultation sessions and other suggestions received from time to time, the Sub-committees will draw up proposals on and priority of assistance programmes under their purview for consideration and endorsement by the Executive Committee and Steering Committee respectively. The Steering Committee aims at rolling out programmes under the CCF within the second quarter of 2011.

PROPOSED CAPITAL INJECTION INTO THE CCF

10. Over the years, a comprehensive and sophisticated social safety net has been developed in Hong Kong. However, there will always be some people in need who either fall outside this safety net due to various reasons, or have special circumstances that are not covered. The CCF aims to fill these gaps through collaboration with the business sector, with particular focus on vulnerable groups. While promoting the culture of social responsibility and philanthropy in our society, the setting up of the CCF represents a more innovative and flexible means to provide assistance to people in need directly. The CCF does not intend to replace, but rather supplement, the social assistance provided to the needy groups under the current policies.

11. The success of the CCF would hinge on the collaboration between the Government and the business community. While our efforts to appeal for the support and commitment of the business community to contributing to the CCF continue, we propose that the Government should take the lead by injecting a sum of \$5 billion into the CCF regardless of the amount of donations from the business sector.

Financial Arrangements of the CCF

12. The Executive Committee is responsible for formulating the investment strategy of the CCF. As a general principle, operation of the CCF will mainly be funded by investment returns on the seed capital. However, the Steering Committee may authorise the use of the seed money in response to

needs after taking into account the cashflow requirements of the assistance programmes in a financially prudent manner.

13. Based on the assumption of an average annual investment return of around 4% to 5%, it is expected that a capital of \$10 billion will generate an annual investment income of around \$400 million to \$500 million. It is planned that a deposit will be placed with the Hong Kong Monetary Authority (HKMA) to earn an investment return that is linked to the performance of the Hong Kong Exchange Fund, and the remaining amount of the capital will be deposited at banks to meet any liquidity needs. Further details of the investment strategy, including the amount to be deposited with the HKMA and the relevant terms, will be worked out in consultation with the HKMA in the coming months, having regard to the forecast annual cashflow requirements.

Proposed Uses of the CCF

14. At the initial stage of operation of the CCF, the Steering Committee will focus on drawing up specific programmes for target beneficiary groups, and the Secretariat will not process individual applications seeking assistance from the CCF. Individual applications which fall outside the approved programmes by the Steering Committee will be referred to the relevant Government departments/ agencies for any assistance that might be provided under the existing system. Depending on the number of similar applications, the Sub-committees may consider introducing new programmes to accommodate those needs on a systemic basis.

15. Operating expenses of the CCF, including dedicated staffing and other direct administrative costs incurred by HAB and other bureaux and departments in relation to the CCF initiative, will be charged to the CCF. The target of the CCF is to limit the average administrative expenses to within 5% of its total disbursements on a long-term basis. To maximise the amount of funds available for providing swift and direct assistance to needy persons, considerations will be given to implementing programmes through the existing service network where possible and appropriate to minimise administrative costs. Where assistance by non-government organisations is required to

implement certain programmes, the administrative expenses incurred should be incorporated into and should not exceed 5% of the overall programme costs.

16. Based on an annual investment income of around \$500 million, the indicative amount available for allocation by each of the four Sub-committees would be \$100 million¹ in 2011-12. The allocation of the remaining \$100 million² would be determined by the Steering Committee having regard to the recommendation by the Executive Committee on the priority of assistance programmes proposed by the Sub-committees.

Audit and Evaluation

17. The statement of accounts of the CCF will be audited by the Director of Audit and incorporated into the financial report of SHAI for tabling at the Legislative Council annually.

18. We will establish a computer system for collation of data relating to various assistance programmes and beneficiaries from the Government departments or other organisations entrusted to implement the programmes, with a view to providing the Steering Committee with necessary information for reviewing the operation of the CCF and effectiveness of assistance programmes in future. More systematic evaluation of the effectiveness of the CCF initiative should also be conducted in due course after accumulation of more data and information. The CCF may consider assigning a consultant (e.g. an academic institution) to conduct such evaluation studies.

THE PROPOSED CREATION OF A SUPERNUMERARY AOSGC POST

Justifications

19. As the lead policy bureau for the CCF, HAB provides a centralised secretariat for the CCF, which serves the Steering Committee, Executive

¹ inclusive of operating expenses of the CCF.

² after deducting the operating expenses of the CCF Secretariat.

Committee and all the four Sub-committees. At the initial set-up stage of the CCF, the CCF Secretariat is tasked to map out the details of the institutional set-up of the CCF, coordinate the establishment of the committees, conduct public consultation, and formulate the policy and operational issues in relation to the implementation of the CCF initiative. As such, to enable HAB to provide early support to the high-level Steering Committee to take the CCF initiative on board, and having regard to the diversity, complexity and multi-faceted nature of the tasks involved, we have created under delegated authority one supernumerary directorate post at the level of AOSGC (D2) for six months with effect from 17 November 2010 until 16 May 2011.

20. As the work of the CCF initiative progresses, we anticipate that substantial input at the AOSGC level will continue to be required upon the lapse of the supernumerary AOSGC post particularly in the early operation stage of the CCF. We therefore propose that a supernumerary AOSGC post, designated as Principal Assistant Secretary (Community Care Fund) (PAS(CCF)), be created in HAB for a period of 36 months with immediate effect upon approval by the Finance Committee (FC) to provide dedicated directorate support to ensure that the CCF operates smoothly. The post holder will report to an existing Deputy Secretary in HAB (DSHA(1)) who oversees policies in the civic affairs divisions.

21. PAS(CCF) is expected to deliver output promptly having regard to the strong public aspirations on the CCF initiative, and would be responsible for the following tasks -

- (a) **Leading the CCF Secretariat in taking forward the initiative of the CCF** - PAS(CCF) will lead the CCF Secretariat to service and support the Steering Committee, the Executive Committee and the four Sub-committees on all matters in relation to the administration of the CCF, including policy setting and strategic planning of the modus operandi and implementation of the CCF initiative;

- (b) **Liaising with bureaux/ departments/ stakeholders** - The CCF initiative involves a wide range of subjects covering portfolio of different bureaux/ departments. PAS(CCF) will liaise closely with relevant bureaux and departments as well as stakeholders on supporting the Steering Committee in assessing the implications of possible assistance programmes, prioritising competing demands for assistance under the CCF, monitoring the implementation progress of and evaluating the effectiveness of assistance programmes.

- (c) **Engaging the public and stakeholders in mapping out the assistance programmes** - To ensure that views have been taken into account when drawing up the assistance programmes, there have been calls from different quarters for the CCF to consult the public and relevant stakeholders. PAS(CCF) will organise consultation exercises on a continuous basis to gauge public views on the operation, target beneficiaries and assistance programmes of the CCF, and coordinate efforts to map out the targets and scope of and launch the assistance programmes under the CCF.

- (d) **Ensuring prudent deployment of funds from the CCF for meeting its overall objective** - PAS(CCF) will assist the Steering Committee to oversee the financial management and overall funding allocation of the CCF and monitor its operation and use, including the formulation of detailed investment strategy of the CCF. PAS(CCF) will also review the operation of the CCF and take forward researches and studies for evaluating the effectiveness of the CCF initiative.

22. The proposed job description of the PAS(CCF) post is at Annex B. HAB will review the need for the post in the light of the actual workload and operation of the CCF before the lapse of the post in May 2014. The post of PAS(CCF) will be supported by a team of non-directorate staff to provide professional and administrative support for the CCF Secretariat.

Alternatives Considered

23. We have critically examined whether the other officers at AOSGC level in the civic affairs divisions of HAB can absorb the tasks of the proposed post of PAS(CCF). However, they will be fully occupied with the workload arising from various new initiatives and on-going commitments. Such initiatives include the establishment of the Service Corps, strengthening of exchanges between youths of Hong Kong and the Mainland and collaboration with the district level in youth development, enhancement of the provision of free legal advice services, implementation of the new criminal legal aid fees system and measures arising from the five-yearly review of the criteria for assessing the financial eligibility of legal aid applicants, expansion of the Supplementary Legal Aid Scheme, and launching of campaign and programmes to promote social enterprises, etc. Therefore it is operationally not feasible for these officers to take up the CCF tasks without adversely affecting the discharge of their current duties. The other two divisions of HAB are responsible for sports, arts and culture, and it is not appropriate for the work of CCF to be absorbed into either of them. These two divisions are also fully occupied with work relating to the development of arts and sports. The duties of the other AOSGCs in HAB are set out at Annex C.

FINANCIAL IMPLICATIONS

24. We propose a one-off injection of \$5 billion into the CCF in 2011-12.

25. The additional notional annual salary cost of the proposed AOSGC (D2) post at mid-point is \$1,503,000 whereas the full annual average staff cost, including salaries and staff on-cost, is \$2,097,000. The additional expenditure arising from the staffing proposal will be recovered from the CCF.

26. We are still in the process of finalising the detailed establishment of the centralised Secretariat and assessing the direct and dedicated staffing support required by other bureaux and departments for taking forward the CCF initiative. We will seek the additional manpower resources according to the

established mechanism as necessary. The relevant expenditure for such dedicated and direct staffing support will be recovered from the CCF.

ADVICE SOUGHT

27. The proposal to inject \$5 billion into the CCF and create a supernumerary AOSGC (D2) post for three years in HAB is supported by the Executive Committee on the CCF. Subject to Members' comments, we plan to submit the staffing proposal to the Establishment Subcommittee on 16 February 2011 for recommendation to FC for approval in May 2011. We will also seek FC's approval for the proposed government injection of \$5 billion into the CCF at its meeting in May 2011.

Home Affairs Bureau
January 2011

Steering Committee on the Community Care Fund

Membership

Chairman: Mr Henry Tang Ying-yen
Chief Secretary for Administration

Non-official members: Professor Alfred Chan Cheung-ming
Mr Bunny Chan Chung-bun
Professor Chan Yuk-shee
Ms Chang Siu-wah
Mr Cheung Kwok-che
Professor Nelson Chow Wing-sun
Ms Christine Fang Meng-seng
Mr Ho Hei-wah
Mr Frederick Lai Wing-hoi
Mr Jeffrey Lam Kin-fung
Ms Lam Shuk-yee
Mr Lau Ming-wai
Dr Law Chi-kwong
Ms Li Fung-ying
Dr Donald Li Kwok-tung
Mr Tam Yiu-chung
Ms Nancy Tsang Lan-see
Mr Anthony Wu Ting-yuk
Ms Yu Sau-chu
Dr Yuen Pong-yiu

Official members : Secretary for Home Affairs (or representative)
Secretary for Education (or representative)
Secretary for Food and Health (or representative)
Secretary for Labour and Welfare (or representative)

Terms of Reference

- (1) oversee and co-ordinate the work of the Fund;
- (2) formulate strategies and programmes for the Fund;
- (3) formulate investment strategies and financial arrangements for the Fund;
- (4) oversee, co-ordinate and monitor the formulation, implementation and evaluation of programmes under the Fund; and
- (5) evaluate and advise on the programmes under the Fund to be considered by Government as government funded services.

Job Description

Principal Assistant Secretary (Community Care Fund)

Rank: **Administrative Officer Staff Grade C (D2)**

Responsible to: **Deputy Secretary for Home Affairs (1)**

Main Duties and Responsibilities:

1. To lead the CCF Secretariat to provide support to the Steering Committee, the Executive Committee and the four Sub-committees, and oversee and coordinate efforts to take forward the CCF initiative;
2. To assist in the policy setting, strategic planning of the modus operandi and implementation of the CCF initiative;
3. To liaise closely and coordinate efforts with relevant bureaux and departments as well as stakeholders in the community in the planning and implementation of the CCF initiative;
4. To conduct consultation and collation of public views and coordinate efforts for mapping out the targets and scope of and launching the assistance programmes under the CCF;
5. To assist in overseeing the financial management and overall funding allocation of the CCF, including the formulation of detailed investment strategy; and
6. To monitor the operation and use of the CCF and evaluate the effectiveness of the CCF initiative.

**Duties and Responsibilities of the
Existing Principal Assistant Secretaries in HAB**

- (1) PAS(CA)1 oversees youth development matters (including subvention matters to the uniformed groups), the management of the Youth Square, civic education and national education outside schools, non-charitable fund-raising permits under the Summary Offences Ordinance, postage stamp policy and Neighbourhood Level Community Development Projects. The officer also leads the division to provide secretariat support to the Commission on Youth, the Committee on the Promotion of Civic Education and the Management Advisory Committee of the Youth Square.
- (2) PAS(CA)2 oversees the legal aid policy, matters relating to the enforcement of maintenance orders, as well as wills, intestate, inheritance and probate legislation and related matters. The officer is also responsible for housekeeping the Legal Aid Department, subvention matters for the Duty Lawyer Service and the Legal Aid Services Council, as well as providing secretariat support to the Family Council and its Sub-committees.
- (3) PAS(CA)3 oversees the policies on gambling, social enterprises, entertainment licensing, the Board of Management of the Chinese Permanent Cemeteries, Chinese Temples Committee, information as well as the public sector advisory and statutory bodies. The officer is also responsible for the liaison with religious bodies, provision of secretariat support to the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas, administration of SHAI properties, various trust funds as well as the operation of the public affairs forum. The officer also leads the division to provide secretariat support to the Betting and Lotteries Commission, the Ping Wo Fund Advisory Committee, and the Social Enterprise Advisory Committee.

- (4) PAS(Recreation and Sport) oversees recreation and sport policies and strategies through supporting the work of the Sports Commission - including the Elite Sports and the Major Sports Events Committees established thereunder, and is responsible for the housekeeping of the Leisure Services Branch of the Leisure and Cultural Services Department (LCSD). The officer also oversees the planning and coordination of recreation and sport public works projects in the territory, which include the proposed multi-purpose Stadium Complex at Kai Tak, and actively monitors the \$1.8 billion redevelopment project of the Hong Kong Sports Institute (HKSI). The officer serves as the Secretary of the Football Task Force which promotes the development of local football, and manages the subventions to the HKSI Ltd, the Sports Federation & Olympic Committee of Hong Kong, China and Outward Bound Hong Kong. He also supports the work of the Sir David Trench Fund Committee, and looks after the funding schemes for sports promotion provided under the Main Fund of the Sir David Trench Fund for Recreation and the Arts and Sport Development Fund (sports portion).
- (5) PAS(Culture)¹ oversees the policy on the arts and cultural software, funding and development of the performing arts policy, subvention for the major professional performing arts groups, overseeing matters relating to cultural exchange between Hong Kong and the Mainland (including the Mainland/HK Closer Economic Partnership Arrangement) as well as Hong Kong – Taiwan cultural cooperation. The officer is also responsible for providing secretariat services to the Sub-Committees on Funding for the Performing Arts, Arts Education and the Arts Development Fund under the Advisory Committee on Arts Development, as well as housekeeping of the Hong Kong Arts Development Council and the Hong Kong Academy for Performing Arts.
- (6) PAS(Culture)² oversees the policies on public and private museums, visual arts, public libraries, public art with regard to visual arts, intangible cultural heritage, development of Cantonese Opera and matters relating to Cantonese Opera Advisory Committee and Cantonese Opera Development Fund. The officer is also responsible for cultural exchange between

Hong Kong and other countries, Hong Kong Jockey Club Music and Dance Fund and Lord Wilson Heritage Trust, as well as overseeing the policy on the planning of LCSD's cultural and performance facilities, matters relating to the Hong Kong Arts Centre, the manpower situation and training needs study of the arts and cultural sector in Hong Kong.

- (7) PAS(West Kowloon Cultural District) is responsible for monitoring the performance of WKCDA in fulfilling its objectives and roles as stated in the WKCDA Ordinance, overseeing interface issues between arts and cultural facilities operated by WKCDA and those operated by the Government, liaising with WKCDA to oversee the institutional set-up and the establishment of governance mechanism for museum and performing arts venues, monitoring the progress in planning programmes and services by WKCDA for the opening of Phase 1 facilities in WKCD, overseeing WKCDA's policy and work in nurturing local arts talents, engaging stakeholders and building audiences, as well as housekeeping of WKCDA and overseeing its submission of reports to the Government in accordance with the WKCDA Ordinance. The officer is also responsible for providing secretariat support to the Advisory Committee on Arts Development and overseeing the establishment of a new funding scheme with matching grant elements under the Arts and Sport Development Fund (arts portion).