

立法會
Legislative Council

LC Paper No. CB(2)1972/14-15

(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

**Minutes of meeting
held on Monday, 11 May 2015, at 10:45 am
in Conference Room 1 of the Legislative Council Complex**

- Members present** : Hon CHEUNG Kwok-che (Chairman)
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Ronny TONG Ka-wah, SC
Dr Hon LEUNG Ka-lau
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Frankie YICK Chi-ming
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
- Members absent** : Hon CHAN Yuen-han, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEUNG Che-cheung, BBS, MH, JP
- Members attending** : Hon LEE Cheuk-yan
Hon KWOK Wai-keung

**Public Officers : Item III
attending**

Mrs Elina CHAN
Principal Assistant Secretary for Labour and Welfare
(Welfare) 3
Labour and Welfare Bureau

Miss Cecilla LI
Assistant Director of Social Welfare (Elderly)
Social Welfare Department

Items III and V

Mr Kenneth WOO
Chief Executive Officer (Subventions/Planning)
Social Welfare Department

Items IV and V

Mr Kenneth CHENG
Principal Assistant Secretary for Labour and Welfare
(Welfare) 1
Labour and Welfare Bureau

Ms Carol YIP, JP
Director of Social Welfare
Social Welfare Department

Mr KOK Che-leung
Assistant Director of Social Welfare (Subventions)
Social Welfare Department

Item V

Mr LAM Ka-tai, JP
Deputy Director of Social Welfare (Services)
Social Welfare Department

Ms Ada FUNG, JP
Deputy Director of Housing (Development &
Construction)
Housing Department

Miss Rosaline WONG
Chief Estate Surveyor (Commercial Properties)
Housing Department

Clerk in attendance : Mr Colin CHUI
Chief Council Secretary (2) 4

Staff in attendance : Ms Catherina YU
Senior Council Secretary (2) 4

Miss Maggie CHIU
Legislative Assistant (2) 4

Ms Ada TANG
Clerical Assistant (2) 4

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

[LC Paper Nos. CB(2)1247/14-15(01) and CB(2)1358/14-15(01)]

Members noted that the following papers had been issued since the last meeting –

- (a) Referral from Legislative Council ("LegCo") Members' meeting with Sha Tin District Council members on 29 January 2015 on expediting construction of medical and health centre and nursery centre in Ma On Shan [LC Paper No. CB(2)1247/14-15(01)]; and
- (b) Letter dated 28 April 2015 from Dr Hon Fernando CHEUNG requesting the Panel to discuss issues relating to welfare of refugees [LC Paper No. CB(2)1358/14-15(01)].

II. Items for discussion at the next meeting

[LC Paper Nos. CB(2)1390/14-15(01) to (02)]

- 2. Dr Fernando CHEUNG said that since the discussion of ways to

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improve situation of refugees, torture claimants and asylum seekers (hereinafter referred to as "protection claimants") in Hong Kong by the Panel in January 2014, changes had been made to the service arrangements for protection claimants. According to his understanding, food coupons instead of in-kind food items would be offered to protection claimants and the food providers would be increased from one to three. He further said that notwithstanding the substantial increase in rental of accommodation for protection claimants in the past year, the accommodation allowance for protection claimants had not been increased. He considered it necessary to discuss the welfare of protection claimants before the Administration had finished its reviews of the terms of new service contracts for protection claimants.

3. Members agreed that the Panel should discuss at the next meeting scheduled for 8 June 2015 "Pilot Scheme on Community Care Service Voucher for the Elderly" proposed by the Administration and "Issues relating to welfare of refugees, torture claimants and asylum seekers".

III. Setting up a new contract residential care home for the elderly at Ancillary Facilities Block of Choi Yuen Road public rental housing development, Sheung Shui

[LC Paper Nos. CB(2)1390/14-15(03) to (04)]

4. At the invitation of the Chairman, Assistant Director of Social Welfare (Elderly) ("ADSW(Elderly)") briefed members on the Administration's proposal to construct a 100-place contract residential care home for the elderly ("Contract RCHE") in the public rental housing ("PRH") development of the Housing Authority ("HA") at the site of Choi Yuen Road, Sheung Shui ("the subject site"), with the construction cost to be met from the Lotteries Fund.

5. The Chairman drew members' attention to Rule 83A of the Rules of Procedures regarding personal pecuniary interest to be disclosed. He reminded members to declare interests in the matter under discussion, if any.

Review of the ratio of subsidized to non-subsidized residential care places

6. Dr Fernando CHEUNG and Mr POON Siu-ping said that notwithstanding members' repeated requests for the Administration to increase the ratio of subsidized to non-subsidized places ("the ratio") in contract RCHEs, the ratio in the proposed Contract RCHE remained at 6:4. They asked whether the Administration would increase the ratio.

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7. Principal Assistant Secretary for Labour and Welfare (Welfare)3 ("PAS(LW)(Welfare)3") responded that the ratio of 6:4 was only a reference for planning purposes. The provision of residential care places in the vicinity and other relevant factors would be considered in deciding the numbers of subsidized and non-subsidized places in an RCHE. There were cases in which different ratios were adopted in contract RCHEs. A new provision allowing the Administration to reserve the right to adjust the ratio during the contract period had been added to all new service contracts. This would give the Administration the flexibility to make necessary adjustment to the ratio having regard to various factors.

8. The Chairman was of the view that the Administration should consider using the ratio of 8:2 instead of 6:4 for RCHEs as a reference for planning. He said that if funding of the proposed Contract RCHE was obtained on the basis of a ratio of 6:4, it would be difficult to adjust the ratio later because a higher ratio would require more funding. He called on the Administration to increase the ratio to 8:2 in its funding proposal to the Finance Committee ("FC"). PAS(LW)(Welfare)3 responded that members' concern about the ratio was well noted. The Administration would keep in view the situation and consider adjusting the ratio. She, however, could not commit at this stage that the ratio of 8:2 would be adopted in the funding proposal to FC.

Construction cost and commencement of operation of the Contract RCHE

9. Mr POON Siu-ping enquired about whether the construction cost of the proposed Contract RCHE would be capped at \$55.122 million. Chief Executive Officer (Subventions/Planning) ("CEO(S/P))" responded that while a cap had not been imposed on the construction cost of the proposed Contract RCHE, the Housing Department ("HD") had already taken account of such factors as inflation in estimating the construction cost. The Administration would monitor the construction cost in conjunction with HD and in case it exceeded the current estimated cost, the Administration would seek the supplementary funding according to the established procedures.

10. Dr Fernando CHEUNG said that although some of the construction works in the subject site had already commenced, the contract for the operation of the proposed Contract RCHE was expected to be awarded in 2021. He expressed concern about the long lead time and called on the Administration to speed up the process. Sharing a similar view, Mr POON Siu-ping enquired about when the Contract RCHE would come into operation.

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11. CEO(S/P) responded that the PRH development project would be carried out in two phases. The first phase covered the construction of three PRH domestic blocks and the relevant works were in progress. The construction works of the ancillary facilities block would be carried out in the second phase. The site for the ancillary facilities block was now used as a temporary parking lot which would be relocated to the site of the first phase upon completion of the construction works of the public car park thereat. The construction works of the ancillary facilities block were expected to commence in February 2018 and scheduled for completion in around the second or third quarter of 2020. ADSW(Elderly) supplemented that the Administration aimed to award the contract for the operation of the proposed Contract RCHE in around the second or third quarter of 2021. According to past experience, operators would usually require 10 to 11 months for carrying out the preparatory works after having been awarded a contract. It was expected that the Contract RCHE would commence operation in 2022. The Administration would endeavor to compress the necessary process as far as practicable.

12. Dr Fernando CHEUNG said that as the subject site was located near Sheung Shui MTR station and many parallel trading activities took place near the station, the Administration should ensure smooth traffic and convenient access for the elderly persons and their family members to the proposed Contract RCHE. ADSW(Elderly) responded that the Administration would make appropriate arrangements in this regard.

13. In response to Dr Fernando CHEUNG's enquiry about the provision of day care centres for the elderly ("DEs") in the subject site, ADSW(Elderly) said that a 40-place DE would be provided in the ancillary facilities block in the subject site.

Allocation of PRH units to family members of residents of the Contract RCHE

14. To facilitate family members of residents of the proposed Contract RCHE to visit the residents more frequently, Mr CHAN Han-pan suggested that the Social Welfare Department ("SWD") should discuss with HD according priority to these family members in allocating PRH units in the subject PRH development. ADSW(Elderly) said that under the existing mechanism, elderly persons on the Central Waiting List for long-term care services ("CWL") could indicate their preference for the location of RCHEs or for specific RCHEs. Elderly persons who had indicated preference for RCHEs might need to wait for a longer time.

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15. Mr CHAN Han-pan said that the proposed Contract RCHE could also serve as a community health care centre to provide services such as providing influenza vaccination and giving health talks for the elderly persons in the vicinity. PAS(LW)(Welfare)3 responded that elderly persons would easily receive the necessary health care and support services from some 210 subvented elderly centres and more than 10 elderly health centres under the Department of Health in the territory.

Provision of subsidized residential care places

16. Referring to the latest list of follow-up actions of the Panel, Mr LEUNG Kwok-hung said that the Administration had yet to provide its responses to members' enquiry about the provision of residential care places raised at previous meetings. He sought clarification of the 7 175 elderly persons with inactive status on the waiting list mentioned in Annex 1 to the Administration's paper (LC Paper No. CB(2)1390/14-15(03)) and requested the Administration to provide a breakdown of the number of subsidized care-and-attention ("C&A") places, contract C&A places and conversion home C&A places.

17. ADSW(Elderly) responded that for elderly persons who had chosen to receive subsidized community care services, their applications on CWL would be changed to "inactive cases". They might request at any time to re-activate their applications for long-term care services with their waiting positions resumed according to the original application dates. As at end-February 2015, there were 7 175 elderly persons with inactive status on CWL. She said that C&A places were provided under different funding modes in subvented RCHEs, contract RCHEs and RCHEs participated in the Enhanced Bought Place Scheme. She would provide members with a breakdown of these C&A places. Mr LEUNG Kwok-hung was of the view that the number of waitlistees for RCHEs had been understated by discounting the 7 175 elderly persons.

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(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(2)1944/14-15(01) on 21 July 2015.)

18. In response to the Chairman's invitation of views, members present supported in principle the submission of the relevant funding proposal to FC for consideration.

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IV. Salary adjustment arrangement for staff in non-governmental organizations receiving Lump Sum Grant Subvention

[LC Paper Nos. CB(2)1226/14-15(01), CB(2)1278/14-15(01) and CB(2)1390/14-15(05)]

19. At the invitation of the Chairman, Director of Social Welfare ("DSW") briefed members on the salary adjustment arrangement for staff in non-governmental organizations ("NGOs") receiving Lump Sum Grant ("LSG") subvention. She explained that Civil Service Pay Adjustment ("CSPA") was usually approved before the end of a LegCo session and additional subventions on salary adjustment ("additional subventions") were provided for subvented NGOs in around September. Having regard to the normal timetable, some staff members of these NGOs might choose to depart the NGOs in September or October after they had received salary adjustment. As there was a wide time gap between the expected date for receiving the additional subventions from SWD (i.e. in around August or September 2014) and actual date of such receipt (i.e. in February 2015), the number of staff members who had departed subvented NGOs in 2014-2015 was larger vis-a-vis that in previous years. In accordance with the information collected from some 140 subvented NGOs during visits, many of them had indicated that they were reviewing their salary structure and additional subventions arrangements. If delay of FC's approval of CSPA was envisaged in future, the Administration would discuss salary adjustment arrangement with subvented NGOs as early as practicable.

Guidelines on salary adjustment arrangements under the Best Practice Manual ("BPM")

20. Mr LEE Cheuk-yan said that there were backpay problems even when proposals of CSPA were approved by FC in June or July in the past. As such, the timing of FC's approval of CSPA had no bearing on backpay for staff of subvented NGOs. In his view, the problems stemmed from deficiencies in and lack of monitoring of the salary adjustment mechanism of NGOs. He asked whether it was stipulated in BPM that NGOs should provide backpay for serving staff as well as those who had departed the organizations before the payment date of salary adjustment.

21. The Chairman said that NGOs had different cut-off days for providing backpay, which included the approval dates of the 2014-2015 CSPA by the Executive Council and by FC, the date on which SWD issued the letter to NGOs, the approval date of the salary adjustment by the board of directors of NGOs, the date on which staff of NGOs were informed of the salary adjustment, the date on which SWD allocated the additional subventions, etc.

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The different cut-off days had rendered staff not able to plan for a better timing for job changes.

22. DSW responded that BPM had been brought into implementation in July 2014. Salary adjustment was one of the Level One guidelines (i.e. guidelines that NGOs were expected to follow unless there were strong justifications not to do so) under BPM. According to BPM, in spending the subventions on salary adjustment, NGOs were required to either adjust the staff salary by the same respective percentage of the CSPA or spend the full amount of the additional subventions for staff. All NGOs were able to satisfy this requirement. As there was no consensus among NGOs that they should provide backpay for staff members who had departed the organizations, the backpay arrangement was not included in BPM. The Chairman said that it was a requirement under BPM that NGOs should spend the additional subventions on the designated purpose by making timely adjustment to the salary for all staff members subvented by LSG.

23. Mr KWOK Wai-keung said that there was a loophole in the existing mechanism as some subvented NGOs did not provide backpay for staff who had departed the organizations before the payment date of salary adjustment. He opined that filibustering by some Members had caused a delay in FC's approval of the 2014-2015 CSPA, resulting in a wider time gap between the expected payment date and the actual payment date of salary adjustment. The number of staff who had departed the organizations within this period of time became larger and had compounded the problem.

24. As subvented NGOs were required to spend the additional subventions on salary adjustment for the designated purpose under BPM, Mr KWOK Wai-keung enquired about how the Administration would handle cases in which the relevant guidelines were not followed. He said that an NGO did not provide backpay for one of its staff members who had left the organization on 24 January 2015. He asked whether the Administration would regard such a case as arrears of salaries and whether the Labour Department ("LD") would take up such case.

25. DSW responded that under the LSG subvention system, subvented NGOs should have flexibility in utilizing the subvention and autonomy in determining the salary structure and salary adjustment for their staff. She clarified that the provision of backpay for staff of subvented NGOs who had left the organizations was not a requirement under BPM. As such, non-provision of backpay for these staff members was not arrears of salaries and LD would not have such cases to follow up. Apart from the letter of 20 January 2015, SWD had been communicating with subvented NGOs and

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encouraging them to discuss the salary adjustment arrangements with their staff. NGOs were reminded that their staff should be duly informed of the salary adjustment arrangements and NGOs should state the reasons for the decision.

26. Mr KWOK Wai-keung said that as BPM was prepared in collaboration with subvented NGOs, their staff and the Administration, it was an agreement of these parties. BPM would eventually serve no purpose if the Administration continued to allow subvented NGOs to ignore the guidelines therein. In his view, verbal undertakings by subvented NGOs to make salary adjustments for their staff should be honoured. He urged the Administration to plug the loophole so that departed staff of NGOs would also be entitled to backpay.

27. DSW responded that in utilizing the additional subventions, subvented NGOs had different considerations, e.g. human resource management, salary adjustment policies set out in the terms and conditions of the employment agreements or contracts, or staff manual etc. Some NGOs hoped to clear up wages-related issues with the staff concerned upon their departure. It was expressly stated in some employment agreements or contracts that backpay would not be provided for staff who had departed the organizations. Staff of these NGOs were well aware of such arrangement. That said, the Administration agreed that the existing salary adjustment arrangements should be enhanced.

28. Mr POON Siu-ping took the view that whether non-provision of backpay for staff who had departed the organizations were not arrears of salaries was subject to dispute as the staff concerned had actually worked in the organizations. He enquired about whether the Administration would require subvented NGOs to provide backpay for departed staff in future.

29. DSW responded that some subvented NGOs were reviewing their salary structure, salary levels and salary adjustment arrangements. NGOs should consult and inform their staff of these arrangements as early as practicable and set out the relevant arrangements in the employment agreements/contracts/staff manuals. She reiterated that subvented NGOs had the autonomy in this regard under the LSG subvention system. Mr POON Siu-ping opined that given that NGOs were using public money, the Administration should have a role to play in the subject matter. Before discussing with NGOs, the Administration should have a stance on the provision of backpay for departed staff by NGOs.

30. DSW said that the LSG Steering Committee had discussed the subject matter at length. The Administration's stance was that subvented NGOs

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were duly informed that the additional subventions were backdated to 1 April 2014. While they had autonomy on the additional subventions, NGOs were expected to adjust salary for their staff with such retrospective effect. The welfare sector was well informed of the Administration's stance on salary adjustment.

31. Mr CHAN Chi-chuen said that according to the Administration, subvented NGOs were only encouraged, but not required, to provide backpay for their serving staff. He was gravely concerned that subvented NGOs were given too much autonomy in the disbursement of backpay and some of them might choose not to provide backpay even for their serving staff. Pointing out that civil servants who left the service after April were entitled to backdated salary adjustment, Mr CHAN Chi-chuen and Dr Fernando CHEUNG said that the same arrangement should apply to departed staff of subvented NGOs and the Administration should impose such a requirement on subvented NGOs.

32. The Chairman said that as annual CSPA was made having regard to changes in cost of living, salary adjustment should therefore be provided for both serving and departed staff. Factors such as staff performance, the spirit of employment agreements/contracts, etc. were therefore irrelevant in considering the provision of backpay. The Administration should uphold this principle and impose conditions on service contracts with NGOs to ensure that the problem would be rectified.

Utilization of additional subventions for salary adjustment

33. Mr TANG Ka-piu said that it was unfair not to provide departed staff of subvented NGOs with backpay. He asked whether there were any guidelines on how the unused additional subventions should be used.

34. DSW responded that NGOs should either adjust the salaries by the same percentage of CSPA or spend the full amount of the additional subventions for salary adjustment. According to BPM, NGOs could opt for either one of these arrangements and some of them had adopted both arrangements. While NGOs would have different arrangements for the unused additional subventions, they were reminded that the additional subventions were meant for salary adjustment for their staff. Some NGOs had spent the additional subventions in the form of incentive payments to recognize the contributions of their staff. NGOs considered that the amount of money used for incentive payment was a component of their salary policy. Mr TANG Ka-piu was concerned that some NGOs would deliberately withhold backpay for departed staff so that their senior management staff could receive a larger sum for bonus.

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35. Mr CHAN Chi-chuen asked whether NGOs could use the amount of additional subventions, which was saved from not providing backpay for departed staff, for incentive payments for serving staff. He asked whether an NGO could use this amount in full for incentive payment for the best performer of the organization. DSW responded that it would depend on the salary policy of individual NGOs and their manpower situation.

36. Mr Frankie YICK said that so long as NGOs acted according to the terms and conditions of the employment agreements or contracts, he did not consider non-provision of backpay for departed staff a major cause of concern. In his view, allowing NGOs to have flexibility under the LSG subvention system was appropriate as it would facilitate better use of resources. NGOs had to maintain their service quality in order to sustain. To this end, they should review and adjust the level of salaries so as to retain quality staff. He opined that making use of the additional subventions for giving incentive payments to good performers could motivate them to do even better. He did not see any problem with this arrangement.

37. DSW said that many NGOs had reflected that they were able to provide more incentives to encourage good performers because they had the flexibility to utilize the subvention under the LSG subvention system. They could also implement more measures for human resource management. The Administration hoped that NGOs could draw on the experience and good practices among themselves so as to make improvements on human resource management, financial management, corporate governance and accountability. NGOs' management and governing boards should conduct review on whether NGOs had complied with the Level One requirements under BPM and whether they had adopted the Level Two guidelines in the past financial year through the use of the self-assessment checklist. NGOs were required to submit the first self-assessment checklists to SWD by the end of October 2015. It was the Administration's plan to conduct sharing sessions for NGOs to share their experience and practices on the implementation of BPM.

38. In response to the enquiry of Mr KWOK Wai-keung and Mr TANG Ka-piu about the numbers of subvented NGOs which had provided backpay for staff who had departed the organizations and which had not done so, DSW said that around half of the subvented NGOs had done so. Mr LEUNG Kwok-hung cast doubt on how the Administration could improve the LSG subvention system if it did not have an idea of the seriousness of the problem. In his view, NGOs which had refused to provide backpay for departed staff ignored the principles of fairness, equity and "equal pay for equal work" and had abused their autonomy. These basic

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principles should form the basis for NGOs to exercise their autonomy. The Administration should take steps to rectify the problem and make improvements to the LSG subvention system.

39. Dr Fernando CHEUNG said that the purpose of the additional subventions was for providing an inflation-based salary adjustment for staff of NGOs. It was also stated in BPM that NGOs were required to spend the additional subventions on salary adjustment for the designated purpose by making timely adjustment to the salary for all staff members subvented by LSG. However, some NGOs had neglected this requirement. He queried why the Administration did not ask NGOs to respect the purpose of the additional subventions. He asked whether NGOs were allowed to disregard BPM and whether the Administration considered that bonus payments by NGOs should be disallowed. In his view, the LSG subvention system lacked monitoring and BPM did not serve its purposes. Mr CHAN Chi-chuen also questioned about the effectiveness of BPM.

40. DSW responded that the issue of whether departed staff should be provided with backpay was raised during the discussions with the stakeholders about guidelines on salary adjustment under BPM. A conclusion had been reached at that time that backpay for departed staff would not be addressed in BPM. She said that incentive payments provided by NGOs for their staff constituted a portion of salaries. These payments were not bonuses as NGOs were non-profit-making organizations. Some NGOs wished to motivate or retain staff by giving them incentive payments. The Administration hoped that NGOs would make better use of the additional subventions and improve their salary adjustment policies in future. The Administration was discussing the subject matter with NGOs which were also reviewing their practices in this regard.

41. DSW added that BPM sought to provide guidelines for NGOs on human resource management, financial management, corporate governance and accountability as well as enhance transparency, with emphasis on communications with and accountability for staff members.

42. Dr Fernando CHEUNG was gravely concerned that the Administration considered that incentive payments constituted a portion of salaries. He said that some NGOs had spent the additional subventions on paying bonus of a large amount to serving staff. In the case of Neighbourhood Advice-Action Council ("NAAC"), all its serving staff received a bonus equivalent to 1.7 months' salary and a bonus amounting to \$180,000 odd was provided for its Executive Director. NAAC was one of the top 10 organizations receiving the largest amount of government

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subventions and the annual subventions allocated to NAAC was some \$300 million. Part of their funds were mainly secured from donations. Had donors known that NGOs would use the donations for paying bonus to staff, they would not wish to donate. In order to save up a larger sum for bonus payments, some NGOs might recruit fewer employees and reduce staff remuneration, resulting in deterioration of their service quality. He was gravely concerned that when NGOs wished to use the reserves on bonus payments, they would not keep up their service quality. Provision of bonus payment for staff of NGOs should be forbidden, otherwise, the spirit of charitable services and the essence of welfare organizations would be ruined. He strongly urged the Administration not to treat issues in relation to bonus payments lightly. Otherwise, there would be profound implications on the social welfare sector.

43. DSW responded that the Administration noted the social welfare sector's concerns about incentive payments. A mechanism was in place for requiring NGOs to have strong justifications for major decisions, e.g. resource deployment. NGOs were also required to establish a mechanism for seeking the support of their governing boards or management committees of these decisions and put the relevant discussions on record. While NGOs were required to use the LSG reserve for the intended services, they could also use the reserve for enhancing service quality and staff training and service development.

44. Mr LEE Cheuk-yan said that NGOs should not be allowed to utilize the additional subventions at will. The provision of backpay for all serving and departed staff should be a condition of NGOs' service contracts and should be included in BPM.

45. The Chairman expressed his strong objection to NGOs providing bonus for their staff. As the main source of funding for NGOs was either government subventions or donations, the portion of additional subventions which had not been paid to departed staff as backpay should be refunded to the Administration. Otherwise, the services subvented by LSG would be affected.

Review of the LSG subvention system

46. Mr LEUNG Kwok-hung said that there was no difference between bonus or incentive payments in essence as a large amount of the unused additional subventions of some NGOs had gone into the pockets of their senior management staff. In his view, NGOs receiving LSG should be subject to stringent monitoring as public coffer was involved. He expressed

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grave concern about the Administration's laissez-fair attitude towards these NGOs and called on the Administration to make changes to the LSG subvention system.

47. Dr KWOK Ka-ki said that some departed staff of NGOs were not provided with backpay as a result of the autonomy given to NGOs under the LSG subvention system. He asked how the Administration would handle such cases and whether the Administration would continue to condone NGOs' non-provision of backpay. He also asked whether the Administration would review the LSG subvention system.

48. DSW responded that a comprehensive review on the LSG subvention system was conducted in 2008. The LSG Independent Review Committee had met more than 100 stakeholders and received 133 submissions. Many stakeholders took the view that the LSG subvention system had its merits. NGOs were in the course of enhancing their salary adjustment policies.

49. The Chairman said that the Administration should consider segregating the additional subventions from LSG and making clear to NGOs that the additional subventions were not part of LSG. The additional subventions should not be provided for NGOs at the commencement of the service contracts but in the second year of the contract period. If the additional subventions had not been exhausted, NGOs had to return the balance to the Administration. DSW responded that the suggestion ran against the spirit of LSG.

Salary adjustment policies for employees of contract RCHEs

50. Expressing concern that salaries of employees of contract RCHEs would not be adjusted in accordance with CSPA, Mr TANG Ka-piu said that the Administration should review the existing arrangement and consider linking salary adjustment of these employees with CSPA. He was also concerned that some NGOs might reduce their head counts by outsourcing some of their subvented services under LSG so as to narrow the room for backpay claims.

51. DSW responded that it would be difficult to arrange salary adjustment as CSPA for staff of contract RCHEs because it was a separate mechanism. The Administration would draw the attention of operators of contract RCHEs to consider including in employment agreements or contracts that salaries of staff would be adjusted according to inflation upon renewal of contracts. Providers of outsourced services were also bound by the terms and conditions in the relevant contracts. Assistant Director of Social

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Welfare (Subventions) ("ADSW(Subventions)") supplemented that given the shortage of supply of paramedical staff, NGOs were allowed to procure these services from the market in order to satisfy the requirements under the Funding and Service Agreements.

NGOs' contributions to mandatory provident fund ("MPF")

52. Mr LEE Cheuk-yan expressed his great dissatisfaction at the standard 6.8% MPF provision for subvented NGOs. In his view, such a rate was too low and consideration should be given to modelling on the approach adopted by teaching staff in subvented schools under which a contribution to MPF was made on incremental basis. He sought information on the amount of the LSG reserve and the reserve of MPF of subvented NGOs.

53. DSW responded that the LSG reserve was slightly more than \$2.6 billion, which was about the same level in the past five years. She said that the level of LSG reserve kept by an NGO was capped at 25% of NGO's operating expenditure. Any unused subventions above the 25% cap should be refunded to the Government in the following financial year. Provident Fund ("PF") reserve for non-snapshot staff should be spent on commitment for MPF. A standard 6.8% of salary at mid-point for MPF was provided for subvented NGOs to meet the contractual commitment. NGOs had flexibility to contribute MPF for staff above 6.8%.

54. ADSW(Subventions) supplemented that subvented NGOs would increase the MPF provision for their non-snapshot staff. One of the proposed enhancements for the LSG subvention system was to transfer surplus from the PF for snapshot staff to the PF reserve for non-snapshot staff, hoping to improve subvented NGOs' PF contributions to non-snapshot staff. At Mr LEE Cheuk-yan' request, ADSW(Subventions) undertook to provide information on the contribution to MPF by individual NGOs receiving LSG Subvention.

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V. Setting up social welfare facilities (excluding welfare blocks) in public housing premises

[LC Paper No. CB(2)1390/14-15(06)]

55. At the invitation of the Chairman, DSW, Deputy Director of Housing (Development & Construction) ("DDH(D&C)") and Chief Estate Surveyor (Commercial Properties) ("CES(CP)") briefed members on the existing arrangements regarding the provision of welfare facilities in PRH developments.

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Provision of welfare facilities in PRH developments

56. Mr Frederick FUNG said that the Administration should not play down the provision of residential welfare facilities in PRH developments because of its impact on public housing supply. In formulating PRH development plans, the Administration should not focus on the supply of public housing and neglect the needs for community facilities, particularly that for residential care homes ("RCHs") for the elderly and persons with disabilities ("PWDs"). He said that the Administration's planning for the provision of RCHs was poor and it lacked a timetable for such provision although the waiting time for these services was exceedingly long. In his view, low priority was given to RCS as far as resource allocation was concerned. He wondered whether it was because the Administration wished to save costs. He considered it necessary to invite representatives from the Development Bureau, Planning Department ("PlanD") and HD to attend a Panel meeting to further discuss the subject matter.

57. DSW responded that as the provision of different types of facilities (including community, education, welfare, etc.) in a PRH development would be constrained by allowable floor area, increasing the provision of one type of facility would result in a reduction in the provision of the others. On the other hand, the conversion of PRH domestic flats into RCHs would reduce the number of rental units of PRH estates. SWD and HD would collaborate with the relevant government departments to plan for the provision of PRH flats and community facilities in a comprehensive manner.

58. DDH(D&C) supplemented that if welfare facilities were proposed and were preliminarily assessed as feasible, the initial proposals would be included in the planning briefs of the PRH developments concerned. A number of such proposals had already been included in the planning briefs. CES(CP) added that feasibility studies would be conducted if there were proposals for converting suitable empty bays at the ground level of domestic rental blocks in existing PRH developments into welfare premises. As regards the proposals to convert existing PRH units into RCHs, the restrictions and requirements imposed on the design of these facilities and the views of the local community including those of both stakeholders and domestic residents should also be considered. Moreover, the conversion of existing PRH units into RCHs would imply a reduction in the number of rental units and result in an adverse impact on public housing supply.

59. Mr TANG Ka-piu enquired about the measures adopted by the Administration to convert premises of HA, e.g. parking spaces and kindergartens, into welfare facilities. He also sought examples of converting

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domestic units located at lower floors of PRH blocks into welfare facilities. CES(CP) undertook to provide the relevant information.

60. Mr LEUNG Kwok-hung said that notwithstanding the scarce land resources and acute shortage of PRH supply, the Government had sold some of the land which was previously occupied by PRH estates to private developers. He enquired about the alternatives for increasing the supply of RCS if the Administration considered incorporation of RCHs in PRH developments not feasible.

61. DSW responded that restrictions on building height, headroom, corridor width, lift facilities, parking spaces, etc. for RCHs would impose technical difficulties on converting domestic units into RCHs. There were, however, successful examples of converting non-domestic facilities such as car parks, schools, etc. into RCS facilities. Mr LEUNG Kwok-hung said that since the divestment of HA's retail and car parking facilities to the Link Real Estate Investment Trust, the Administration had no control on the use of these commercial premises. He was of the view that the Administration could not come up with any concrete proposals for incorporating RCS in PRH developments. He further said that the Chief Executive ("CE") had pledged in his Manifesto for CE Election 2012 that special attention would be given to the housing and care needs of the elderly in the middle and lower income groups, and land for the construction of integrated housing and care facilities for the elderly would be provided. He took the view that CE had not delivered his pledge.

Planning criteria for provision of welfare facilities in PRH developments

62. While the Administration had started to provide more welfare facilities in PRH estates, Dr Fernando CHEUNG said that the provision of welfare facilities in PRH developments was not a standard arrangement. In his view, the Administration should take into account the needs of residents and the community for welfare services in formulating PRH development plans.

63. DSW responded that the Administration had strived to identify suitable sites for welfare facilities. In 2015-2016, construction works were ongoing or under planning for 99 welfare facilities to be incorporated in 28 PRH developments. These facilities included RCHs for the elderly and PWDs, integrated family service centres, integrated children and youth services centres, etc. When a development area or site was identified as having potential for PRH development, PlanD and HD would collaborate

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with the government departments concerned. SWD would also examine the demand for and supply of welfare facilities in a district and explore whether the relevant site could accommodate the required facilities.

64. Dr Fernando CHEUNG said that concrete criteria and procedures should be drawn up at the planning stage for determining the types of facilities to be included in PRH developments and estimating the scale of such facilities. DDH(D&C) responded that the provision of welfare facilities would depend on individual projects and the needs of the community concerned. HD would discuss with PlanD and the relevant government departments in this regard. DSW supplemented that the Hong Kong Planning Standards and Guidelines ("HKPSG") provided criteria for determining the scale, location and site requirements of various land uses and facilities.

65. Dr Fernando CHEUNG said that HKPSG only provided basic planning principles and, in some cases, the Government did not follow these guidelines. He requested the Administration to provide detailed information on the planning criteria and process for the provision of welfare facilities in PRH developments so that the public could have a clearer picture in this regard. DSW undertook to provide the relevant information.

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66. The Chairman was of the view that the problem of lacking suitable premises for welfare services would exacerbate. To mitigate this problem, the Administration should consider constructing taller welfare facilities blocks in future and making use of lower floors of PRH domestic blocks for the provision of welfare facilities. Suitable vacant non-domestic units as well as some empty bays which were designed for ventilation for PRH estates could also be deployed for welfare uses. As many welfare service facilities such as integrated community centres for mental wellness, community district support centres for PWDs, etc. were located at temporary premises, the provision of welfare facilities in PRH developments should not be confined to RCHs. He enquired about whether domestic units on lower floors of PRH blocks, vacant domestic and non-domestic units and empty bays in PRH estates would be used for the provision of welfare facilities.

67. DDH(D&C) responded that in new PRH developments, the Administration would consider providing welfare facilities on higher floors of welfare blocks if the provision complied with the statutory requirements. Welfare facilities would be provided on lower floors of PRH blocks in some new PRH estates where feasible. Given the acute demand for public housing, the Administration should take into account the potential adverse impact on public housing supply in considering provision of welfare facilities in PRH developments on a case-by-case basis.

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68. The Chairman said that the Administration should consider applying to the Town Planning Board ("TPB") for exemption of certain requirements for welfare facilities. DDH(D&C) responded that the lead time required for processing applications by TPB would exert pressure on the PRH construction process and might have an impact on the Five-year PRH Construction Programme. The Chairman took the view that these problems could be resolved if the Administration planned ahead of time.

VI. Any other business

69. Dr Fernando CHEUNG said that arising from the recent incident in which the Police wrongly accusing an autistic man of manslaughter, he had written to the Chairman requesting the Panel to discuss enforcement agencies' procedures for dealing with PWDs or persons with special needs (including mentally incapacitated persons) and support provided under the social welfare system for them on law-related issues (LC Paper No. CB(2)1458/14-15(01) which was tabled at the meeting). He suggested that the Panel should discuss the subject matter in June 2015 and invite representatives from the Security Bureau and the Police to join the discussion.

70. The Chairman said that he would explore whether a joint meeting of the Panel on Welfare Services ("WS Panel") and the Panel on Security or a special meeting of the WS Panel should be held to discuss the subject matter in June 2015. Members agreed.

(Post meeting note: The Panel would hold a special meeting on 13 June 2015 to discuss the subject matter with the Administration and receive views from deputations. Members of the Panel on Security would be invited to join the discussion.)

71. There being no other business, the meeting end at 1:20 pm.

Council Business Division 2
Legislative Council Secretariat
28 July 2015