For information **FCRI(98-99)19**

NOTE FOR FINANCE COMMITTEE

Supplementary Information on
Lotteries Fund Head 341 Non-Recurrent Grants
Subhead 820 Sheng Kung Hui Diocesan Welfare Council
A Purpose-built Welfare Complex for the Elderly
at Tseung Kwan O Area 22, Sai Kung

INTRODUCTION

At the meeting on 30 October 1998 in considering FCR(98-99)38 on a capital grant of $104,223,000 from the Lotteries Fund to Sheng Kung Hui Diocesan Welfare Council (DWC) for the construction of a welfare complex for the elderly at Tseung Kwan O, the Administration undertook to provide further information concerning -

(a) DWC's commitment to raise funds to meet 20% of the capital cost of the welfare project;

(b) costs for comparable projects; and

(c) the procedures and selection criteria followed by Social Welfare Department (SWD) in selecting Non-Government Organisations (NGOs) to operate welfare projects.

THE ADMINISTRATION'S RESPONSE

COMMITMENT OF 20% OF CAPITAL COST

2. DWC has undertaken to secure a sponsor to contribute 20% of the recognised final capital cost of the welfare complex (estimated at $26,056,000) in return for naming the complex after the sponsor. DWC has confirmed that a sponsor has been identified and that the contribution has been secured.

/COSTS .....

COSTS FOR COMPARABLE PROJECTS

3. The following projects recently approved comprise projects of stand-alone purpose-built care-and-attention (C&A) homes and their respective capital cost per bed is as follows -

	DWC C&A Home Tseung Kwan O *(to be completed in 2000)*	**Fung Kai C&A Home Sheung Shui** *(to be completed in 1999)*	**Yan Chai C&A Home Tsuen Wan** *(completed in 1998)*	**Average cost**
Capital cost per bed	$260,000	$280,000	$290,000	$276,000

Notes - (i) Costs are at fourth quarter 1997 price level.
(ii) Site formation, external works, furniture and equipment, and consultation fees are excluded.
(iii) Multi-service centre portion of the C&A home is excluded.

4. The capital cost per bed for the DWC's project is 6% lower than the average cost.

5. As regards recurrent costs, the subvention paid by Government to a NGO-run C&A home is $108,300 per place per year, whereas the average price of purchasing a place under the Enhanced Bought Place Scheme (EBPS) is $92,000. It should be recognised that subvented C&A homes enjoy a more favourable Schedule of Accommodation as well as staffing ratios. The purchase price of EBPS from private operators, on the other hand, contains the cost of premises and a profit element. It would therefore appear that provided that prescribed service standards are met, the EBPS is a more cost-effective alternative to providing subsidised residential care for the elderly. We have been very successful with the introduction of the EBPS and have purchased 660 places from private care homes since the beginning of the 1998-99 financial year.

6. Direct purchase of residential care places from the private sector also enables us to provide the much needed residential care places within a short

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timeframe, as construction and commissioning of subvented C&A homes would usually take about two to three years. It is the Government's objective to pursue a mixed mode of service delivery in the provision of quality residential care places. We will continue to review the strategy and monitor market response to the EBPS to ensure adequate supply of subsidised places in a timely and cost-effective manner.

PROCEDURES AND SELECTION CRITERIA TO SELECT NGOs TO OPERATE WELFARE SERVICES

7. The SWD Welfare Services Allocation Committee (WSAC) is responsible for selecting NGOs to operate welfare services. The Committee is chaired by the Deputy Director of Social Welfare (Administration) and comprises the Deputy Director of Social Welfare (Services) and the Assistant Directors of other Service Branches.

8. The following procedures and selection criteria are adopted in selecting suitable NGOs to operate welfare services -

(i) the Department maintains a Comprehensive List on NGOs which are bona fide non-profit making organisations and registered as charitable institutions under section 88 of the Inland Revenue Ordinance;

(ii) NGOs on the list will be invited to apply for operation of new/current welfare service units;

(iii) comments on the merits of individual NGO applications are obtained from the relevant SWD's Service Branches, and Regional Officers and District Social Welfare Officers;

(iv) all applications together with the assessment at (iii) above are presented to WSAC for consideration and selection;

(v) WSAC will award welfare service units to the most competitive applicant NGO in accordance with the guidelines below -

(a) as regards new agencies or agencies not having relevant previous experience, the organisation in question must be properly incorporated, non-profit making, with appropriate management and professional capability and previous

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experience elsewhere. Consideration will be given to the nature and objective of the organisation. The activities and programme proposed, the type of clientele to be served, the organisation's audited accounts and availability of alternative financial resources are also taken into account;

(b) as regards the agencies with previous experience, their past performance, the current rate of expansion and their potential commitments elsewhere are taken into consideration before the service is allocated;

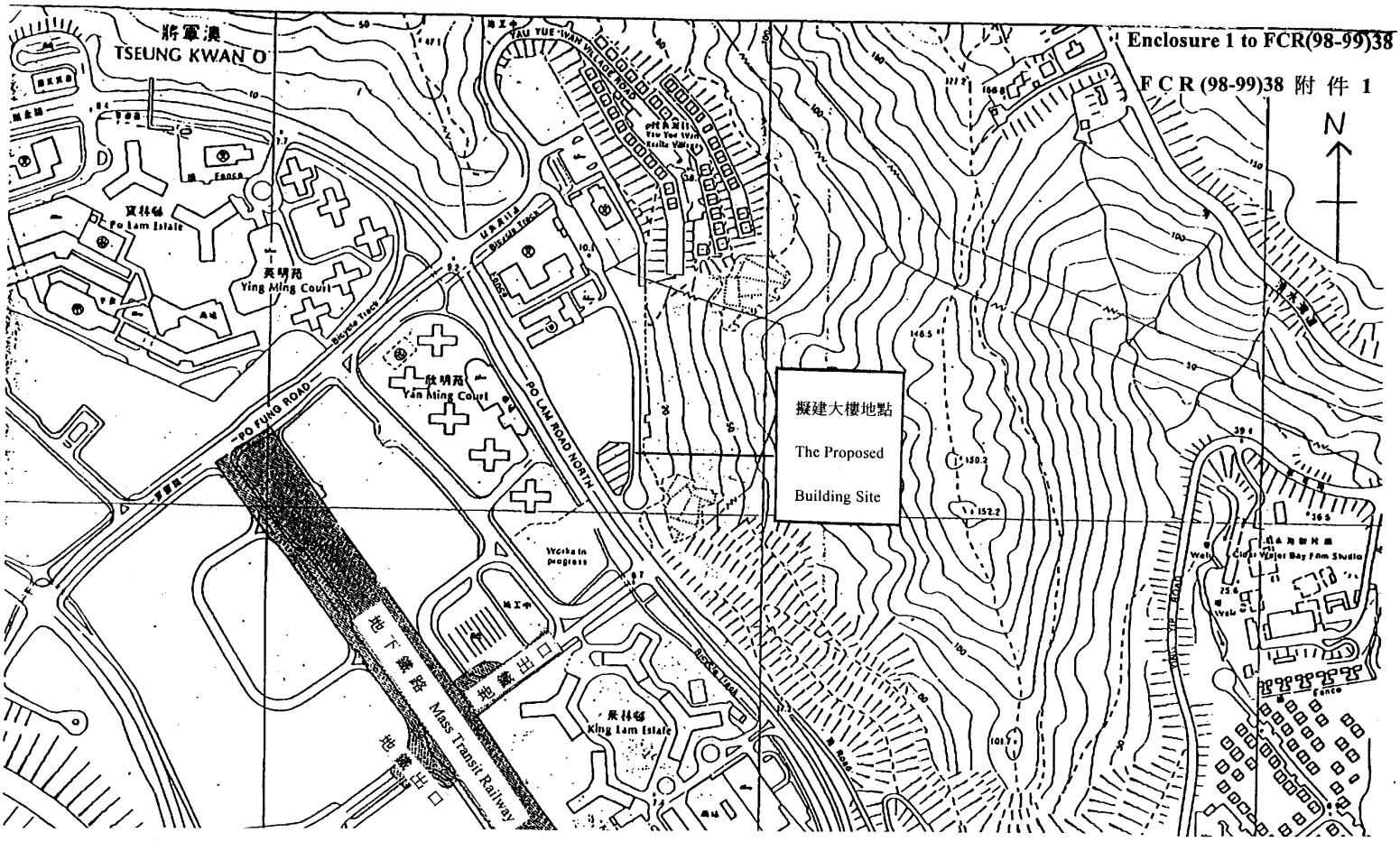
(c) where there is more than one suitable agency applying for a project, in addition to the above considerations, the following factors are also taken into account -

- the number of related service units of the agency in a particular locality;
- the need for sharing of experience between agencies in providing the same service in the locality;
- familiarity with the local scene;
- the utilization and deployment of resources, particularly supervisory staff, to ensure optimum use of resources and to improve the standards of service delivered; and
- the level of financial contribution to the project by the applicant NGO.

(vi) notifications will be issued to successful applicants and unsuccessful ones with explanations; and

(vii) appeal cases will be re-examined and results will be notified to the applicants.

Health and Welfare Bureau
January 1999



西貢將軍澳第22區聖公會教區福利協會護理安老院暨長者綜合服務中心

DWC's Care and Attention Home cum Multi-service Centre for the Elderly at Tseung Kwan O Area 22, Sai Kung