

立法會
Legislative Council

LC Paper No. CB(2)1585/99-00

(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

LegCo Panel on Welfare Services

**Minutes of special meeting
held on Monday, 6 December 1999 at 9:00 am
in Conference Room A of the Legislative Council Building**

- Members Present** : Hon CHAN Yuen-han (Chairman)
Hon HO Sai-chu, SBS, JP (Deputy Chairman)
Hon David CHU Yu-lin
Hon LEE Cheuk-yan
Hon Eric LI Ka-cheung, JP
Hon LEE Kai-ming, SBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon YEUNG Sum
Hon LAW Chi-kwong, JP
- Members Absent** : Hon Cyd HO Sau-lan
Hon YEUNG Yiu-chung
- Public Officers Attending** : Item I - Review of the social welfare subvention system

Mr Robin GILL
Deputy Secretary for Health and Welfare 3

Mr Andrew K P LEUNG
Director of Social Welfare

Mrs Marion LAI
Deputy Director of Social Welfare (Administration)

Mrs June SHERRY
Assistant Director of Social Welfare (Subventions)

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Item II - Proposed amendments to the Mental Health Ordinance

Mr Robin GILL
Deputy Secretary for Health and Welfare 3

Mr Augustine CHOI
Commissioner for Rehabilitation

Dr Monica WONG
Principal Medical and Health officer
Department of Health

Dr W M KO
Deputy Director (Operations)
Hospital Authority

Dr Beatrice CHENG
Executive Manger (Professional Services)
Hospital Authority

**Deputations
by invitation**

: Hong Kong Council of Social Service (HKCSS)

Ms Kay KU
Assistant Director (Development)

Ms Virginia CHAN
Assistant Director (Agency Service)

Committee on Agency Finance & Administration, HKCSS

Mr TIK Chi-yuen (Chairperson)

Dr Joyce CHANG (Vice Chairperson)

Ms Victoria KWOK

Ms Nora YAU

Ms Elaine WONG

Ms Margaret YIU

Mr NGAI Kong-yiu

Mr CHAN Wing-leung

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Hong Kong Social Workers Association

Mrs Justina LEUNG

Mr CHUA Hoi-wai

Fighting for Social Welfare Alliance

Mr CHEUNG Kwok-chu

Mr WONG Tak-shun

Mr WAI Wai-kang

Ms CHEUNG Wai-lin

Personal Care Workers & Home Helpers Association

Mr AU Kin-leung

Hong Kong Polytechnic University Students' Unions - Applied
Social Studies Departmental Society

Mr WONG Chung-heng

Clerk in Attendance : Ms Doris CHAN
Chief Assistant Secretary (2) 4

Staff in Attendance : Mr LEE Yu-sung
Senior Assistant Legal Adviser

Ms Joanne MAK
Senior Assistant Secretary (2) 4

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I. Review of the social welfare subvention system

(LC Paper Nos. CB(2)286/99-00(04) and CB(2)526/99-00(01) - (03))

Mr TIK Chi-yuen of the Hong Kong Council of Social Service (HKCSS) said that HKCSS supported the direction of the proposed lump sum funding system as the existing subvention system was too restrictive and inflexible. He said that improvements should be made to enhance cost-effectiveness in the delivery of welfare services.

2. Mr TIK said HKCSS was of the view that the Administration should take into account the concerns of non-governmental organizations (NGOs), staff and service recipients in working out the details of the implementation arrangements of the new system. In addition, he made the following points -

- (a) the Administration should ensure that adequate funding was allocated to NGOs under the new subvention system to enable them to honour their employment contracts with their existing staff and there should not be pay cuts. The funding should also be adequate for NGOs to offer to their new recruits employment terms which were comparable with the civil service.
- (b) Under the new system, the level of funding allocated to NGOs should not be less than their existing level to avoid adversely affecting their operation.

3. As regards the competitive bidding system, Mr TIK said that it represented a fundamental change to the existing allocation system and HKCSS was very concerned about its effect on the service quality. He requested the Administration to note that continuity of a NGO in providing a welfare service was very important to the service quality and it must be ensured. He also pointed out that as the Administration lacked experience in implementing a competitive bidding system in the welfare sector, it should complete its review of the home care and meal services recently allocated through this system before taking the system forward.

4. Mr TIK requested that the working group recently set up to study the details of the new subvention system should include representatives from HKCSS and the staff. In addition, any recommendations made by the working group should have full consultation with the sector.

5. Miss Justina LEUNG of the Hong Kong Social Workers Association (the Association) criticized that the consultation exercise held on the proposals lacked transparency. She said the Association was of the view that the ultimate objective of the proposals was to cut cost. As a competitive bidding system encouraged a bidder to lower the price in order to obtain a service contract, the Association was worried that service quality under the system would be compromised. It urged the Administration to cease further contracting out welfare services through competitive

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bidding.

6. Mrs LEUNG further stressed that the following principles should be upheld in the delivery of welfare services-

- (a) service recipients' interests should be taken into account and no one should be denied access to welfare services because he/she was unable to pay;
- (b) emphasis should be put on the quality and continuity of service;
- (c) appropriate conditions conducive to maintaining stability of staff should be put in place to facilitate them to have long-term career planning and pursue professional development; and
- (d) NGOs should enjoy enhanced flexibility in their use of resources so that they could better meet the needs of users for welfare services.

Mrs LEUNG concluded her speech by inviting members to note the recommendations made by the Association as set out in paragraph 6 of its submission which was tabled.

7. Mr CHEUNG Kwok-chu and other representatives of the Fighting for Social Welfare Alliance (the Alliance) expressed dissatisfaction with some of the new measures implemented by SWD, such as the Enhanced Productivity Programme and the employment of non-civil service staff at 70% of the basic salary by the department. They pointed out that under a competitive bidding system, it was very often the bidder offering the lowest price to get the tender. Therefore, the NGO concerned probably would have to control cost by cutting the salaries of staff and, in fact, the salaries of some home helpers had recently been reduced. The representatives pointed out that in the future when no input control was exercised under the new system, NGOs might use measures like hiring part-time and/or temporary staff only to replace permanent staff in order to cut cost. The Alliance urged SWD to stop contracting out any more welfare services through the competitive bidding system.

8. The Alliance also expressed objections to the proposed lump sum funding system and pointed out that it would seriously affect stability of services. It considered that in case NGOs were unable to cope with the budgetary constraints under the lump sum funding system, they would have to close down, or charge the users at cost, and in either case users would suffer. Mr WONG Chung-heng of the Hong Kong Polytechnic University Students' Unions echoed the views of the Alliance and further suggested that the Administration should issue a White Paper on Social Welfare for public consultation on all these proposed fundamental changes.

9. Mr AU Kin-leung of the Personal Care Workers & Home Helpers Association pointed out that under the contracting out arrangements of meal service, there was a lack of coordination between the domiciliary care teams and the meal providers. The

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meal providers under the new arrangements had little knowledge of the needs and conditions of their clients. He considered that it would result in great deterioration in service quality.

10. Dr YEUNG Sum said that he strongly opposed the competitive bidding system. He referred to the case of Australia which had also introduced this system to welfare services and it was found that the system not only affected the continuity of services but also put small NGOs at a great disadvantage in competing with others for service contracts. Dr YEUNG was worried that under a competitive bidding system, NGOs would try all means to cut cost and service quality would be compromised. He said that this had been evidenced in the poor construction quality found in public housing. He further pointed out that the lump sum funding system, which was supported by some NGOs, and the competitive bidding system did not need to go together. Dr YEUNG stressed that consideration must be given to maintaining staff morale of the sector in working out the details of the lump sum funding system. He proposed that the working group on the new subvention system should include representatives from HKCSS, the Association and the Alliance.

11. Mr LEE Cheuk-yan sought the views of HKCSS on how to ensure that individual NGOs would not implement pay cuts under the lump sum funding system. In response, a representative from HKCSS said HKCSS would not accept the lump sum funding system if the welfare of staff was affected. He believed that if NGOs were given sufficient funds by the Government under the proposed system, they had no reason to implement pay cuts as they were also accountable to their staff and staff associations. He agreed with Dr YEUNG Sum that the lump sum funding system and the competitive bidding system did not have to be complementary. He was of the view that the working group on the new subvention system should give priority to discussing the lump sum funding system and the competitive bidding system should be shelved.

12. Mr LEE Cheuk-yan took the view that the combined effect of implementation of the lump sum funding system and the competitive bidding system in the welfare sector would reduce welfare provisions. A representative from HKCSS said that it was hard to guess the real motive of SWD at this stage and said that HKCSS viewed these two systems as two separate issues, which should be considered based on their own merits. Deputy Secretary for Health and Welfare 3 (DS(HW)3) pointed out that the Government had no intention of cutting welfare expenditure through the current proposals. He said that, in fact, there would be over \$380 million for developing new welfare services funded by the Government in the next three years.

13. Mr David CHU Yu-lin supported the improvements to be made to the existing subvention system, which had imposed too many stringent input control. He considered that it was wasteful of resources for the Government to be involved in the detailed management of the NGOs and therefore it should allow them greater freedom and flexibility in managing their resources. On the other hand, he considered that NGOs should demonstrate to the Administration that they had the ability to manage

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their resources and develop a competitive system for allocation of resources within the sector.

14. DS(HW)3 thanked the deputations for giving their views on the issue. He assured members that arrangements would be made by the working group on the new subvention system to meet staff associations in the next few weeks to discuss in detail their concerns. He emphasized that the Government valued its partnership with the NGO sector and it had already been engaged in many consultation exercises with the sector on these proposals. He explained that from the Administration's point of view, one of its major objectives of the service re-engineering task was to ensure that the resources available were really targetted at meeting the current day needs of the community. Therefore, one of the objectives of the Service Performance Monitoring System was to ensure that this target was met by putting emphasis on the output control. He reiterated that there would be no reduction in welfare expenditure under the proposals and that the Administration valued the contributions of NGOs and their staff to welfare services in Hong Kong. He said he did not envisage that the proposals would lead to staff redundancy or major changes in the employment terms and staff benefits since there was not going to be any reduction in welfare provision. In response to concerns about possible abuses in the use of resources by individual NGOs under the new system, DS(HW)3 said that the Administration would need to look at this in greater detail. It would further explore how to develop a new financial and management system to ensure that resources would be used in the most accountable and cost-effective manner.

15. Mr LAW Chi-kwong said that he was opposed to the competitive bidding system. In addition, he considered that the medium term plans of the service units should be drawn up by the service units themselves and SWD should not interfere. DS(HW)3 said he envisaged that the medium term plans would be drawn up through the collaborated efforts of the Administration and NGOs. As SWD might not have the necessary manpower to examine the programme plans submitted by 2 800-plus service units at the same time, a more realistic approach would be used to do the planning on a service programme basis. Mr LAW Chi-kwong was of the view that SWD should monitor the performance of NGOs by output control and it was unnecessary for it to interfere in the medium term plans.

16. Mr LEE Cheuk-yan pointed out that despite the Administration's repeated assurance that there would be no reduction in welfare provisions, the Administration had already clearly cut its services as seen from the policy that additional school social worker posts would be created by re-deployment of resources from the existing youth services. He considered that it was obvious that the Administration had no intention to increase welfare provisions to meet new needs arising from demographic changes. In response, DS(HW)3 assured members that the Administration was not cutting welfare expenditure on youth services but was only transferring resources within the youth portfolio to meet current needs. He added that the proposal had been widely supported by the welfare and educational sectors.

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17. Mr LEE Cheuk-yan requested the Administration to confirm whether it had negotiated price with one the bidders during the recent tendering exercise for contracting out arrangements for meal service. He also asked the Administration to provide a list of the welfare services which would be contracted out. Deputy Director of Social Welfare (Administration) (DDSW(A)) said in that tendering exercise, SWD had negotiated price with some bidders. She said this was done after SWD had completed studying the bidders' bids and was satisfied that they were able to meet the requirements on service quality. She said that SWD had negotiated price with these bidders because it found that the price offered was higher than what SWD had budgetted for that service unit. In fact, they were the highest scorers in their respective units as far as the assessment was concerned. She added that SWD had checked the relevant Government regulations on tendering and was sure that the negotiation did not contravene such regulations.

18. Mr Eric LI Ka-cheung declared interest as the chairman of HKCSS and expressed concern about the future consultation process with the welfare sector on these proposals. He reiterated the need for representatives from HKCSS and frontline staff to be included in the working group. In response, DS(HW)3 said that the Administration was still in the midst of the consultation exercise. He proposed to meet with staff associations to go through their concerns as the working group would have to deal with a number of issues on which the staff might not have direct interest. He added that a member of HKCSS had already been appointed to the working group who would assist in consulting members of HKCSS, including the staff associations, on any issues of concern to them. In addition, he pointed out that DSW had already written to all existing subvented NGOs to seek their views on the proposals.

19. Mr HO Sai-chu expressed reservations about the proposed competitive bidding system and the practice of price negotiations. He asked when the Administration would conduct a review of the recent tendering exercise in respect of home care and meal service. DDSW(A) replied that a full review would be made on the tendering exercise when it was completed.

20. Mr Fred LI Wah-ming proposed the following motion which was seconded by Mr LEE Cheuk-yan -

"That the LegCo Panel on Welfare Services objects to the competitive bidding system; and SWD should consult NGOs, staff and users of services before it further expands the lump sum funding subvention system."

21. Mr Eric LI Ka-cheung pointed out that as a pilot scheme for the competitive bidding system had already started, the motion should be amended to object to further contracting out welfare services through competitive bidding. Mr HO Sai-chu agreed and added that when the proposal for contracting out the meal service of Community Care Services was discussed at the meeting on 10 May 1999, the Panel did not express objection to it. Mr Fred LI Wah-ming said he did not object to the amendment proposed by Mr Eric LI Ka-cheung but pointed out that he was against the competitive

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bidding system no matter how far it had proceeded. The Chairman suggested to amend the first part of the motion to the effect that the Panel objected further contracting out welfare services through competitive bidding.

22. Members passed the following motion unanimously -

"That the Legislative Council Panel on Welfare Services strongly objects to further contracting out welfare services through competitive bidding, and urges the Social Welfare Department to consult social services organizations, staff and users of services before it further implements that policy. At the same time, this Panel also urges the Government to consult the above three parties before it further expands the lump sum funding subvention system."

Adm

Adm

23. DS(HW)3 said that the Administration did not intend to put out any new services under the competitive bidding system until 1 April 2000 the earliest. It would be engaged in dialogue with NGOs and staff associations in the following weeks. The Chairman requested the Administration to report to this Panel by March 2000 its way forward with the competitive bidding system.

II. Proposed amendments to the Mental Health Ordinance - Organ Donation by Mentally Disordered or Handicapped Adults
(LC Paper No. CB(2)526/99-00(04))

24. Mr LAW Chi-kwong asked whether the proposed amendments would prevent a mentally disordered or handicapped person from donating an organ for transplant to his/her father or mother even if this person was the only one who could look after this mentally disordered or handicapped person. Commission for Rehabilitation pointed out the proposed amendments sought to stipulate that a third party could not give consent to an organ donation on behalf of a mentally disordered or handicapped person, who was incapable of understanding the general nature and effect of the organ transplant operation. However, mentally disordered or handicapped persons who were able to give consent to donate would not be prevented from doing so nor would their ability to receive an organ be affected by the proposed amendments. He added that the Administration did not accept that the removal of an organ for transplant purposes could be regarded as "treatment" which was in the best interests of the donor.

25. Members had no further questions. They noted that Senior Assistant Legal Adviser would examine the legal aspect of the Amendment Bill when it was submitted to LegCo for scrutiny.

26. The meeting ended at 10:45 am.

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5 April 2000