

## **Hong Kong Council of Social Service**

Paper for discussion at the LegCo Panel on Welfare Services on

December 6, 1999

### **Basic Principles**

It is HKCSS's mission to maintain and enhance quality social services. We are committed to accord top priority to the interests and benefits of our service users, many of whom are from the disadvantaged groups. In the search for a new subvention mode and our comments on competitive bidding, these basic principles are upheld.

### **Part One**

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| <h3><b>Call for an Adequate Lump-sum Grant</b></h3> |
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1. Adequate Lump-sum grant should form the basis for discussion on the future subvention mode. It should enable agencies and their staff to continue to provide quality services to service users. Because the actual delivery of social welfare services is through the human service of workers employed in the subvented agencies, job insecurity will affect staff morale and quality of services. Hence, the new subvention mode should enable the agencies to :
  - a. honour their employment contracts with existing subvented staff.
  - b. salary provisions for new recruits should not be less than those of the civil servants.

2. The introduction of a new subvention mode should be as smooth as possible. The Snapshot Lump-sum approach is proposed to be the starting point from which more in-depth discussion on the future subvention mode could be made.

The main feature of this approach is to :

- *Take a snapshot of the subvention level of individual agencies and use it as the agency baseline for that particular agency, Provident Fund (PF) included.*

As the Snapshot Lump-sum approach is based on the existing subvention provisions, it will create the least disruption to the operation of subvented agencies, this minimizing any undesirable effects on staff and service users.

3. With reference to LC Paper No. CB(2)286/99-00(04) – paper provided by the Administration, the Council has the following specific comments :

- a. Re: para 5-8 of the above-mentioned LC paper.

The Council disagrees with the Government’s proposal to introduce the measure of “annual programme plan” and “medium term plans” for each of the 3000 service units, which need to be approved by the government to tie in with adjustments to the agencies annual budget. This proposed mechanism of using modified versions of Funding and Service Agreements and Service Quality Standard document of individual agency as a means of welfare planning and review is inappropriate because overall planning and policy-making should be formulated at the Hong Kong wide central level. The needs of the society should be established by the joint efforts of the government, Legislative Council, NGOs and the people in the society. Delegating such responsibility and power to civil servants at the middle to frontline executive levels is an inappropriate delegation of power and is counter-productive to overall planning.

- b. Re: para 13 & 14 of the LC paper –

The Council objects to the proposal to allocate new service units not yet allocated to NGOs through a competitive bidding process. For our detail reasoning on competitive bidding, please refer to Part Two of this paper.

c. Re: para 15 of the LC paper - The Way Forward.

- (i) We urge the Government to accept our repeated requests for 3 representatives of the Council to serve on the Government's Working Group entrusted to work on details of the Lump-sum mode. The Council has, over the years, been examining, together with the Government and NGOs, on the policy and implementation of the social welfare subvention system. The subvented agencies are users of the subvention system, therefore, they should be able to contribute to the deliberations of the funding system by drawing on their knowledge and experience in the matter.
  
- (ii) In order to involve the major stakeholders in the formulation of the Lump-sum mode details, our Council supports the participation of staff representatives in the Working Group. This will encourage ownership of the scenarios to be developed on the Lump-sum mode.
  
- (iii) Since the Lump-sum mode proposal is of critical concern to the sector, we urge that the Working Group should mainly focus on the Lump-sum mode proposal. It should immediately draw up proposed scenarios on the details of the mode, including calculation formula and impact analyses on the major stakeholders. Thereafter, full consultation within the sector should proceed.

## Part Two

### Call for a Stop to Competitive Bidding

1. Introducing competitive bidding as a means to allocate social welfare service units is in fact a fundamental change to the current social welfare system, not a mere administrative measure. The Council therefore calls for a halt to further implementing competitive bidding in the subvented sector. The immediate follow up action after the “halt” is for both the Government and the NGOs to carefully examine the pros and cons of competitive bidding, including its short-term and long-term implications to the major stakeholders, in particular to the service users.
2. We would like to point out two basic areas of concern :
  - (a) As distinct from the business sector, social welfare, being a human service, hinges on the establishment of a therapeutic relationship between the service users and the worker. Stability and continuity of this helping relationship therefore determines to a large extent the outcome of the helping process. Competitive bidding creates an environment in which such relationships become vulnerable. It would be especially so for service users who need long-term care and who are less skillful to express themselves.
  - (b) The provision of social welfare is very much community-based. It takes substantial amount of time for agencies to accumulate knowledge, expertise and credentials within the community basing on which long-term service planning for the community could be carried out. The change from the existing subvention method to periodic contractual arrangement threatens agencies’ ability to know and plan for the community.
3. There is practically no local experience in the area of competitive bidding for social welfare services. SWD had decided to pilot the use of Competitive Bidding for home care and meal services. The bidding process of home care service has just been completed and the service is due for implementation on December 1, 1999. As for the meal service, no providers have been confirmed yet. While the

impact of competitive bidding on services to clients is yet to be scrutinized, any claims at the moment for its being successful would be premature. The Council believes that a comprehensive evaluation study has to be conducted on the following aspects : the bidding process , the necessary indicators for service standards, the quality of service delivered by the successful bidders as well as users' satisfaction level.

4. Overseas experience could be used for local reference. However, they must be interpreted in the context of the individual country's political, economic and social environments. The report of the November 99 study visit to Australia by the members of the Social Welfare Advisory Committee as well as reports on lessons learnt from other countries could also provide reflection and reference required in the detailed examination of key issues on competitive bidding.
5. It is only prudent for the Government to first find out whether it is the right direction before taking a major step in a matter affecting thousands and thousands of people.

HKCSS  
December 1, 1999