

立法會
Legislative Council

LC Paper No. CB(2)2443/04-05
(These minutes have been
seen by the Administration)

Ref : CB2/PL/WS

Panel on Welfare Services

Minutes of meeting
held on Monday, 11 July 2005 at 10:45 am
in Conference Room A of the Legislative Council Building

Members present : Hon CHAN Yuen-han, JP (Chairman)
Dr Hon Fernando CHEUNG Chiu-hung (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon LEE Cheuk-yan
Hon Bernard CHAN, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Dr Hon YEUNG Sum
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert Jinghan CHENG

Member absent : Hon Fred LI Wah-ming, JP

Public Officers attending : Item III
Ms Linda LAI
Deputy Secretary for Health, Welfare and Food
(Family and Women)

Mr Freely CHENG
Principal Assistant Secretary for Health, Welfare and Food
(Family)

Miss Annie KONG
Assistant Secretary for Health, Welfare and Food (Family) 2

Mr Paul TANG, JP
Director of Social Welfare

Miss Ann HON
Assistant Director of Social Welfare (Subventions)

Mr FU Tsun-hung
Chief Social Work Officer (Subventions)
Social Welfare Department

Mr Peter WONG
Senior Assistant Solicitor General

**Deputations
by invitation** : Item III

Staff Club of the Boys' and Girls' Clubs Association

Ms TANG Yin-ping
Chairperson

Union of Hong Kong Rehabilitation Agencies Workshop
Instructor

Mr YU Chi-ming
President

Mr SIN Kin-ming
Vice President

Social Welfare Organizations Employees Union

Mr LIU Wai-ying
Chairperson

Hong Kong Confederation of Trade Unions Committee of
Public Services (Social Services)

Miss LO Wing-kei
Organizing Secretary

Ms LAM Ying-hing
Organizing Secretary

Frontline Welfare Employee Union

Mr TAM Leung-ying

Mr KWONG Kwai-sang

Hong Kong Social Workers' General Union

Mr CHEUNG Kwok-che
President

Fighting for Social Welfare Alliance

Mr YUM Kwok-tung
Member

The Mental Health Association of Hong Kong Staff Union

Ms HO Yuen-ching
Vice Chairperson

Mr CHAN Chun-kuen
Representative

Hong Kong Social Workers Association

Mr CHUA Hoi-wai
President

Chinese Young Men Christian Association of Hong Kong
Association of Secretaries

Ms CHAN Pik-yan
Vice President

Staff Association of Hong Kong Young Women Christian Association

Ms SAU Lin-mui
Chairperson

The Hong Kong Council of Social Service

Mr Cliff CHOI
Business Director (Sector Development and Partnership)

Kwun Tong Methodist Social Service Employee Association

Mr CHAN Hoi-hing
Chairman

Community Care and Nursing Home Workers General Union

Mr CHENG Ching-fat
Exco Member

Clerk in attendance : Ms Doris CHAN
Chief Council Secretary (2) 4

Staff in attendance : Mr LEE Yu-sung
Senior Assistant Legal Adviser 1

Miss Mary SO
Senior Council Secretary (2) 8

Miss Maggie CHIU
Legislative Assistant (2) 4

I. Confirmation of minutes
(LC Paper Nos. CB(2)2203/04-05 and CB(2)2212/04-05)

The minutes of the special meeting held on 2 June 2005 and the regular meeting held on 13 June 2005 were confirmed.

II. Information paper issued since the last meeting

2. There was no information paper issued since the last meeting.

III. Items for discussion at future meetings

3. Members agreed to include the issue of rehab buses for disabled persons, referred for follow-up by the Panel at a special meeting of Finance Committee held on 13 April 2005, in the list of outstanding issues for discussion by the Panel.

III. Support after the tide-over grant (TOG) period to non-governmental organisations currently receiving TOG - the Administration's response to issues raised at the meeting 2 June 2005

(LC Paper Nos. CB(2)2213/04-05(01) to (03))

Views of deputations

4. Mr YUM Kwok-tung presented the joint submission (LC Paper No. CB(2)2213/04-05(03)) from the Fighting for Social Welfare Alliance, the Hong Kong Confederation of Trade Unions Committee of Public Services (Social Services), the Staff Club of the Boys' and Girls' Clubs Association, the Social Welfare Organisations Employees Union, the Frontline Welfare Employee Union, the Mental Health Association of Hong Kong Staff Union, the Chinese Young Men Christian Association of Hong Kong, the Association of Secretaries, and the Staff Association of Hong Kong Young Women Christian Association tabled at the meeting. Specifically, to address the worries of the welfare sector and the staff concerned, the following suggestions were made in the joint submission -

- (a) the Administration must secure over 50% of the support of staff concerned for the Special One-off Grant (SOG) proposal before implementation;
- (b) the Administration had the responsibility to ensure that all NGOs on the Lump Sum Grant (LSG) subventions system honoured their contractual obligations to staff captured in the snapshot of 1 April 2000 ("Snapshot Staff");
- (c) the Administration must clearly state that the benchmark salary of each NGO on LSG was determined on the basis of the mid-point salaries of the existing pay scales of its recognised establishment, i.e. all approved posts as at 1 April 2000;

Action

- (d) SOG should only be provided to those NGOs which had difficulty in meeting the contractual obligation to staff after the cessation of TOG in 2006-07. Hence, there should be no need to have SOG (Scheme B) which aimed at providing NGOs with financial resources to enhance their human resources practices;
- (e) in place of SOG (Scheme B), consideration should be given to setting aside a sum for all NGOs on LSG to apply, for the purpose of providing further training to staff for delivering quality care and services to the community and boosting staff morale;
- (f) the entry point and salary scale of all new recruits of NGOs on LSG should be identical to their counterparts in the Social Welfare Department (SWD);
- (g) an arbitration mechanism, comprising representatives from SWD, the Hong Kong Council of Social Service (HKCSS), staff unions and other interested parties, should be set up to review and settle disputes between management and staff sides of NGOs on LSG;
- (h) the Administration should make clear to all NGOs on LSG that they had to provide adequate manpower in the delivery of services;
- (i) the Administration should stop imposing further budget cuts on the welfare sector; and
- (j) arrangement similar to school-based management should be adopted in the welfare sector to promote democratisation of the sector.

Mr YUM however pointed out that even if the above suggestions were implemented, the worries of the welfare sector still remained. To address such, the Administration should expeditiously conduct a comprehensive review of the LSG subventions system, and TOG should continue to be provided to NGOs currently receiving TOG pending the outcome of the review.

5. Mr Cliff CHOI presented the views of HKCSS as detailed in its submission tabled at the meeting (LC Paper No. CB(2)2242/04-05(02) issued on 13 July 2005). Major views of HKCSS were summarised as follows -

- (a) HKCSS welcomed the Administration's willingness to provide financial assistance above two times of TOG at the 2005-06 level to those NGOs choosing SOG (Scheme A) but envisaged that the SOG would not be able to solve their financial difficulties for honouring their contractual commitment to the Snapshot Staff. HKCSS

hoped that the Administration would set out clear criteria for providing such additional financial assistance to NGOs, and should be based on the following conditions laid down when TOG was implemented in 2001. Namely, NGOs might warrant exceptional assistance if during the preceding TOG period (i) they had already made full efforts in service reengineering, (ii) they had little or no turnover of their Snapshot Staff, (iii) they had accumulated little LSG Reserve, and (iv) they had been unable to obtain new services. An appeal channel against the decisions made by SWD for not providing additional financial assistance should also be established;

- (b) regardless of which Scheme (A or B) under SOG NGOs had opted for, there must be provision in place requiring NGOs to continue to honour their contractual commitment to the Snapshot Staff. At the same time, the Administration had the responsibility to see that this was done;
- (c) the Administration should give an undertaking that it would not impose further budget cuts on the welfare sector. Otherwise, the Administration should, besides SOG, come up with another financial assistance scheme;
- (d) the Administration should expeditiously notify all NGOs on LSG of their respective benchmark salary, the determination of which should be based on the mid-point salaries of the existing pay scales of all its approved posts as at 1 April 2000 as agreed prior to the implementation of the LSG subventions system on 1 January 2001; and
- (e) HKCSS hoped that the Administration would consult the views of the staff side on the SOG proposal and respond positively to the request of making improvements to the LSG subventions system, so as to ensure that both service quality and staff stability could be safeguarded under SOG.

6. Mr CHUA Hoi-wai presented the views of the Hong Kong Social Workers Association as detailed in its submission tabled at the meeting (LC Paper No. CB(2)2242/04-05(01) issued on 13 July 2005). In particular, the Association urged the Administration to conduct a study to find out the impact on the service quality and the agencies and staff concerned in using the mid-point salaries of Snapshot Staff as the basis for determining benchmark salary of NGOs on LSG, so that appropriate actions could be taken to rectify any problem identified. The Lump Sum Grant Steering Committee (LSGSC) had in fact given their support several years ago that the aforesaid impact study should be carried out.

Mr CHUA pointed out that it had become quite apparent that setting the benchmark salary at mid-point of the salary scale was too low for those agencies which had a higher proportion of professional staff, such as those providing family counselling service, as opposed to those NGOs providing residential care service for the elderly which had a higher proportion of lower paid staff, such as personal care workers.

7. Ms LAM Ying-hing of the Hong Kong Confederation of Trade Unions advised the meeting of two very worrying findings from two recent surveys on the LSG subventions system. One survey revealed that over 90% of the respondents who were NGO managers indicated that the LSG provision had made it very difficult for the agencies to make ends meet. In another survey, over 90% of the respondents who were social workers revealed that they had a very low morale and held a very pessimistic outlook of their future in the welfare sector. Ms LAM further said that under LSG, many frontline staff had to spend a lot of time doing administrative work, such as filling out forms to SWD with regard to service performance, at the expense of serving their clients. Their time and efforts spent on painting a rosy picture of the service delivery had misled SWD to conclude that the quality of welfare services under LSG had not been compromised and that the Funding and Service Agreement (FSA) was an effective tool to monitor the service performance of welfare services subvented by SWD.

8. Mr LIU Wai-ying of the Social Welfare Organisations Employees Union also advised that the number of Snapshot Staff had dropped sharply from about 27 000 before the implementation of the LSG subventions system to lower than 15 000 at present. Mr LIU expressed concern that after the cessation of TOG, mass laying off of Snapshot Staff, particularly those at the junior level, would still occur even with the introduction of the SOG package. Mr LIU pointed out that over 10 000 of the existing some 15 000 Snapshot Staff had low educational attainment. If this group of staff was let go by agencies in order to save costs, it would be against the Government's policy of helping people with low educational attainment with little or no job skills to find jobs.

9. Mr CHEUNG Kwok-che of the Hong Kong Social Workers' General Union said that the situation of NGO management cutting the salaries of junior staff to increase the salaries of senior staff did occur. To his knowledge, one NGO had recently raised the salaries of the top three tiers of its staff for no apparent reason. Mr CHEUNG disagreed that the wastage rate of Snapshot Staff was 6% to 8%, as the base used by SWD was 40 000 staff. Mr CHEUNG also disagreed that the loss of Snapshot Staff was mainly due to natural wastage, as most of these staff were forced to leave their employ because of unreasonable work requirements imposed on them. Mr CHEUNG was of the view that SWD should not turn a blind eye to such a situation and leave all labour disputes between management and staff sides of NGOs to LSGSC for resolution.

Action

Mr CHEUNG further said that to his knowledge, a number of NGOs had already informed their staff of an across-the-board salary reduction of 10%-12% after the cessation of TOG on 1 April 2006. Some other NGOs were also considering letting go of their staff through VR and re-appoint them on a less favourable terms of employment. Mr CHEUNG pointed out that the reason why NGOs were doing these unscrupulous acts to their staff despite the about \$1.4 billion LSG Reserve held by them was because they were uncertain whether they could attain financial viability under LSG in the long run. The General Union had drawn up a set of proposals to address the existing frictions between management and staff sides of NGOs arising from the implementation of LSG. These proposals were in line with the principles of LSG and would not require additional subventions from SWD. Unfortunately, SWD considered conducting a review of the LSG subventions system unnecessary and had therefore refused to discuss with the General Union over the proposals at this stage. Mr CHEUNG also expressed concern that SWD only consulted the management side of NGOs and had all along ignored/ disregarded the views of NGO staff.

10. Mr YU Chi-ming of the Union of Hong Kong Rehabilitation Agencies Workshop told the meeting that prior to the implementation of LSG, a rehabilitation centre normally was staffed with one manager, one social worker, one class II instructor, six class III instructors, one clerical officer, one clerical assistant, one driver and four workmen. However, under LSG, the staffing of a rehabilitation centre had been reduced to only one social worker, one class III instructor, one clerical assistant, one driver and one workman. Moreover, the monthly salary of an instructor had been reduced from \$11,905 to \$6,950.

The Administration's stance

11. Director of Social Welfare (DSW) introduced the Administration's paper (LC Paper No. CB(2)2213/04-05(01)) which set out the Administration's revised proposal of support after the TOG period to NGOs currently receiving TOG, in response to the feedback and concerns collected at the special meeting of the Panel on 2 June 2005. In particular, DSW highlighted the following four areas where revisions to the original proposal had been made to better help NGOs achieve financial viability -

- (a) SWD would be prepared to assist those NGOs choosing SOG (Scheme A) but envisaged that the SOG capped at two times of TOG at the 2005-06 level would not be able to solve their financial difficulties in honouring their contractual commitment to the Snapshot Staff. Such additional financial assistance on top of the SOG amount would however only be considered under very exceptional circumstances on a case by base basis after examining the financial position of the NGOs concerned in detail with stringent

financial auditing;

- (b) the proposal of according priority to successful SOG (Scheme B) applicants in the allocation of new services during 2006-07 to 2007-08 was deleted;
- (c) no time limit would be imposed on when successful applicants of Schemes A and B under the SOG must use up the SOG; and
- (d) all NGOs on LSG would be allowed to keep the LSG Reserve accumulated during the financial years from 2004-05 to 2006-07 during which the 25% cap would not apply. NGOs requesting to extend the period of withholding of clawback for more than three years would need to provide detailed justifications for consideration by SWD on a case by case basis in accordance with the existing provision in the LSG Manual.

Late submission of the Administration's paper

12. Deputy Secretary for Health, Welfare and Food (Family and Women) DSHWF(F&W) explained that the Administration's paper could only be provided to the Secretariat in the morning of 9 July 2005, as opposed to one week prior to the meeting as was the established practice, was because the Administration wanted to take into account the views of LSGSC and the Social Welfare Advisory Committee (SWAC) on the revised proposal on the support after the TOG period to NGOs currently receiving TOG, if any, before presenting the revised proposal to members. As the revised proposal could only be submitted to LSGSC and SWAC for discussion last week, the Administration's paper could only be provided to members in the morning of 9 July 2005. The Administration had already advised the Secretariat early last week that the submission of paper for this meeting would be late this time.

Discussion

13. Mr LEE Cheuk-yan disagreed with the legal opinions given by the Administration in the Annex to the Administration's paper that the cessation of TOG and the introduction of SOG would not violate Article 144 of the Basic Law (BL 144) which stipulated that "The Government of the Hong Kong Special Administrative Region shall maintain the policy previously practised in Hong Kong in respect of subventions for non-governmental organisations in fields such as education, medicine and health, culture, art, recreation, sports, social welfare and social work. Staff members previously serving in subvented organizations in Hong Kong may remain in their employment in accordance with the previous system". Mr LEE made the following points to demonstrate why the legal

opinions provided by the Administration could not stand -

- (a) there was nothing in the SOG proposal stipulating that NGOs must not reduce the salaries of their Snapshot Staff, with the exception of aligning with the downward adjustment of salaries in the civil service, and must not greatly increase the working hours and/or the workload of their Snapshot Staff; and
- (b) there was no reason to provide SOG to NGOs which did not require further assistance in coping with salary increment of and providing personal emolument above mid-points for their Snapshot Staff upon the cessation of TOG, and allow them to utilise the SOG to implement voluntary retirement (VR) for their staff.

14. DSW responded as follows -

- (a) NGOs were obliged to honour their contractual commitment to staff and act in compliance with the labour legislation;
- (b) NGOs should realise the importance of maintaining good staff relations/management as the delivery of welfare services was heavily dependent on staff to do the job;
- (c) it was not the intention of the Administration using SOG to encourage NGOs to implement VR to reduce their number of staff. The reason for allowing NGOs to utilise SOG to implement VR for their staff, which was a request put forth by a number of NGOs, was to provide NGOs with greater flexibility in formulating a scheme that best suited their staffing and financial conditions. Before the implementation of any VR scheme, NGOs should consult their staff; and
- (d) allowing NGOs to implement VR for their staff was not confined to successful applicants of Scheme A or B. NGOs could use their own resources or LSG Reserve to implement VR scheme.

15. On the question of whether the SOG proposal would be in breach of the Basic Law, Senior Assistant Solicitor General said that it was essential that BL 144 be read together with BL 145 which required the Government of the Hong Kong Special Administrative Region (HKSAR) to develop and improve the pre-1997 social welfare system. That the guarantee for employment in clause 2 of BL144, i.e. “in accordance with the previous system”, should not be construed in isolation and should instead be read together with BL145 was made clear in the decision of the Court of First Instance in *Cheung Man Wai Florence v Director of*

Social Welfare, HCAL 25/1999, details of which were set out in paragraphs 3 to 5 of the Annex to the Administration's paper. The Administration had explained both in its paper and the oral presentation why the proposal was considered to be for the development and improvement of the social welfare system. Moreover, as mentioned in paragraph 9 of the paper, additional assistance to NGOs would be considered under very exceptional circumstances on a case by case basis. In view of the above, it was considered that the SOG proposal would not be in breach of the Basic Law.

16. Mr LEE Cheuk-yan said that it was no safeguard to Snapshot Staff to just simply say that NGOs had the obligation to honour their contractual commitment to their staff. NGOs could unilaterally change the terms of employment, and if the employees did not agree, they could be asked or made to leave. In the light of this, Mr LEE urged the Administration to stipulate in the SOG package that NGOs must honour their contractual obligations to the Snapshot Staff.

17. DSW responded that the responsibility to deal with the commitment to the Snapshot Staff lay ultimately with the NGOs. In respect of the Administration's responsibility under the LSG arrangement, it was to provide financial support to NGOs which had difficulties in coming down to and operating on the benchmark salary through TOG in the past few years, and through SOG to NGOs currently receiving TOG after the cessation of TOG.

18. Mr Albert CHAN said that the implementation of the LSG subventions system had disrupted the harmony of the welfare sector, which was at variance with the instruction made by the Chinese leaders and the pledge made by the new Chief Executive (CE) of the need to foster a harmonious society. Mr CHAN asked the Administration to cite the benefits which the welfare sector had gained from the implementation of the LSG subventions system.

19. DSW responded that under LSG, SWD no longer rigidly imposed controls on staffing structures, level of pay and individual items of expenditure. NGOs on LSG were given flexibility in the deployment of resources to meet evolving priorities and changing community needs. The fact that there was an increasing number of NGOs joining the LSG subventions system on a voluntary basis had proved its wide acceptance by NGOs. As resources were finite, it was incumbent upon the Administration to see that public resources were used in a most cost-effective manner. To ensure that the quality of welfare services subvented by SWD would not be compromised as a result of the NGOs concerned joining the LSG, NGOs were required to meet the performance standards set out in the FSAs and the Service Quality Standards drawn up between SWD and the NGOs operating the subvented services. DSW further said that under LSG, there was general improvement in the corporate governance of NGOs and increase in their accountability.

Admin 20. At the request of Mr Albert CHAN, DSW undertook to provide some samples illustrating the improvements that LSG had brought to welfare services after the meeting.

21. Dr Fernando CHEUNG asked the Administration whether it would re-consider the request of conducting a comprehensive review of the LSG subventions system raised at the special meeting on 2 June 2005, having regard to the phenomenon that experienced staff in the welfare sector were increasingly being replaced by less experienced ones hired on less favourable contract terms by NGOs in order to attain financial viability. As a result, service quality was seriously undermined and injuries at work, conflicts between existing and new staff and disputes between staff and management had increased. Dr CHEUNG said that the request was not unreasonable, having regard to the great controversies which the LSG subventions system had stirred up in the welfare sector and the facts that the LSG had been implemented for more than four years and the LSGSC had previously supported the carrying out of an impact study of LSG mentioned in paragraph 6 above.

22. DSHWF(F&W) responded that the Administration would not rule out a review of the LSG subventions system in the long run to look at areas to further improve the system. In the meantime, focus should be put on addressing the financial difficulties faced by some NGOs in meeting the contractual obligations to their staff after the cessation of TOG.

23. Dr Fernando CHEUNG enquired whether the Administration had a timetable for conducting a comprehensive review of the LSG subventions system, albeit in the long run. DSW responded that although no timetable had been set for such, the Administration would consider the need for reviewing the LSG subventions system in the next financial year when the issue of helping NGOs currently receiving TOG to attain financial viability had been addressed.

24. Mr James TIEN queried whether the root of grievances of NGO staff was due to the fact that the amount of subventions to NGOs had been reduced. If that was not the case, whether the root of grievances of NGO staff was due to NGO management unreasonably reducing the remuneration of junior staff at the expense of fattening up the remuneration and perks of senior staff. Noting that the number of the Snapshot Staff had been greatly reduced from 27 000 in 2000 to some 15 000 at present, Mr TIEN asked whether the Administration had the authority to take up the matter with the NGOs concerned.

25. DSW responded that there had been no reduction in the total amount of subventions to NGOs in the past five years. Instead there had been increases in the provision of welfare resources. In addressing the concerns of the welfare

sector that LSG might not have sufficient funds to meet their commitment to staff captured in the snapshot of 1 April 2000, SWD had introduced a TOG scheme, covering a five-year period from 2001-02 to 2005-06, to enable NGOs to honour their contractual commitments in terms of paying salary increments to the Snapshot Staff during the transitional period. DSW however pointed out that some NGOs might still have difficulty in attaining financial viability under LSG provision having regard to the enhanced productivity programme (EPP) and efficiency savings (ES) they contributed in the last few years. Hence, the Administration put forth the proposal of providing SOG to NGOs currently receiving TOG which still had difficulties in achieving financial viability after the TOG period.

26. As regards the reduction in the number of Snapshot Staff over the past few years, DSW said that according to reports submitted by NGOs, departure of Snapshot Staff was mainly due to natural wastage. To his understanding, the overall number of staff in the welfare sector had in fact increased despite the reduction in the number of Snapshot Staff. Although the salaries of newly recruited staff were lower than those of existing staff of comparable grade and rank, DSW said that such a situation was not unique to the welfare sector. DSW further said that the wastage rate only averaged about 6% to 8% a year on the basis that there were about 21 500 Snapshot Staff as at 1.4.2000, which was similar to the wastage rate of non-Snapshot Staff.

27. Mr James TIEN asked why LSG subventions system was only adopted in the welfare sector and not in other subvented sectors such as education.

28. DSW responded that the idea of implementing a LSG subventions system in the welfare sector was discussed as far back as 1994 to address the deficiencies of the then social welfare subventions system which had been criticised as inflexible, complex and bureaucratic. Through various amendments to the LSG proposal, the new funding arrangement was formally put in place in January 2001.

29. Mr Bernard CHAN declared that he was the chairman of HKCSS. Mr CHAN pointed out that NGO boards and management were reluctant to slash staff salaries, despite the fact that it was necessary to do so in order to keep the agencies afloat, as they had to face great pressure from staff. Mr CHAN further pointed out that the main reason why NGOs had to vary the terms of employment with their staff was because they were not sure whether they would be able to attain financial viability in the long run if they were required to achieve further EPP and/or ES in the future. Under LSG, agencies were required to meet their own bills under the LSG provision. Under these circumstances, NGOs which had not been able to obtain new services and had little or no turnover of their Snapshot Staff would be more prone to take more drastic measures on staff to attain financial viability. In the light of this Mr CHAN asked the Administration

what assistance it could provide to NGO management to better help them resolve conflicts with their staff arising from the implementation of LSG.

30. DSW responded that training had been provided to managers of NGO to enhance their corporate governance and staff management skills. Money had been provided to NGOs under the Business Improvement Project Scheme to improve their staff management and related issues. Guidelines on best practice on staff administration had been produced for NGOs. DSW further said that workshops were being conducted by HKCSS to assist less well-established NGOs on financial planning.

31. Mr Frederick FUNG echoed members' view of the need to conduct a comprehensive review of the LSG subventions system. Mr FUNG pursued the reason(s) why Snapshot Staff left their employment and asked whether the Administration had any information on the number of Snapshot Staff who opted for VR and then were re-hired by their previous employers or applied for jobs in other NGOs.

32. DSW advised that SWD had no knowledge of any VR that had been implemented by NGOs on LSG in the past years. DSW further said that the reasons why Snapshot Staff left their employment were generally due to retirement and changing jobs. On the number of Snapshot Staff who were re-hired by their previous employers or left their employ to apply for jobs in other NGOs, DSW said that SWD did not have the information. DSW further said that NGOs could not dismiss staff unilaterally with no valid reason(s) given, as they were bound by the employment contracts entered with staff.

33. The Chairman asked the Administration why it was so insistent on not conducting a comprehensive review of the LSG subventions system, which had created much concern and grievances in the welfare sector.

34. DSHWF(F&W) reiterated that the Administration would not rule out a review of the LSG subvention system in the long run to look at areas to further improve the system. In the meantime, focus should be put on addressing the financial difficulties faced by some NGOs in meeting the contractual obligations to their staff after the cessation of TOG. DSHWF(F&W) further said that there was no question of the Administration ceasing to provide support to NGOs in need under LSG. If that was the case, it would not introduce the SOG proposal after the TOG period to help NGOs address their difficulties in honouring their contractual commitments in terms of paying salary increments to the Snapshot Staff in one go. DSHWF(F&W) also said that should NGOs be required to achieve further ES and/or EPP in the future, the Administration would consider separate assistance to ensure that the implementation of such measures would not undermine their service quality and financial viability.

35. Mrs Sophie LEUNG said that arguing whether the LSG subventions system was the best vehicle in the delivery of welfare service was not meaningful, as the matter had been fully deliberated back in 1994. Mrs LEUNG further said that NGOs should adopt a positive attitude in coping with the changes brought about by the new funding system. To this end, Mrs LEUNG hoped that SWD could organise forums to help NGOs cope with changes arising from LSG. HKCSS should also render assistance and support to NGOs in this regard.

36. Mr LEUNG Kwok-hung said that the reasons given by the Administration for not conducting a comprehensive review of the LSG subventions system were unconvincing, and urged that the review be conducted expeditiously.

37. Mr LEE Cheuk-yan urged the Administration to conduct a study to find out how the LSG subventions system had impacted on the welfare sector. Mr LEE pointed out that an annual wastage rate of 6%-8% in the welfare sector was abnormally high, as the annual wastage rate in other sectors was generally around 1%-2%. It was also incumbent upon the Administration to find out whether the incidence of drastically reducing staff salary, as mentioned by a deputation in paragraph 10 above, was prevalent in the welfare sector. Mr LEE further questioned the need of providing SOG (Scheme B) to NGOs which had no difficulty in achieving financial viability and moreover had \$1.4 billion LSG Reserve.

38. DSW responded that whether an NGO on LSG had LSG Reserve was not an eligibility criterion for applying both Schemes A and B under the SOG. Most NGOs on LSG had LSG Reserve, although the amount held by them varied greatly. DSW further said that NGOs choosing Scheme B might suggest that they attached higher priority to enhance their human resources practices and planned to utilise their reserve on meeting their contractual commitments to the Snapshot Staff. A choice between Scheme A and Scheme B was a management decision for individual NGOs taking into full account of their specific staffing and financial conditions and the views of their staff.

39. Mr James TIEN said that the Liberal Party supported the implementation of LSG subventions system in the welfare sector. Mr TIEN however was of the view that the Administration had the responsibility to see that the incidents of increasing the salaries of higher echelon of NGOs at the expense of reducing junior staff salaries; and drastically slashing staff salaries should not occur without strong justifications. Subvention was public money and it was incumbent upon the Administration to see that it was spent wisely and in a proper manner, despite the fact that the responsibility of managing the subventions was placed squarely on NGOs under LSG.

40. DSW responded that SWD would continue to remind NGOs that as a matter of good practice that the incidents cited by Mr TIEN in paragraph 39 above should be avoided as far as possible.

Conclusion

41. Dr Fernando CHEUNG moved the following motion which was supported by all members present at the meeting -

“鑒於整筆過撥款在社會福利界引起很大爭議，已嚴重影響員工士氣及服務質素。本會要求政府立即全面及獨立地檢討整筆過撥款的實施情況。”

(Translation)

“That, in view of the facts that the LSG subventions system has caused great controversies in the welfare sector and has seriously undermined staff morale and service quality, this Panel requests the Government to immediately conduct a comprehensive and independent review of the implementation of the LSG subventions system.”

42. Mr Albert CHAN suggested and members agreed to request a meeting with CE within the next two weeks to press the Administration to conduct a comprehensive and independent review of the implementation of the LSG subventions system. Members also agreed that pending the outcome of the review, the Administration should continue to provide TOG to NGOs currently receiving TOG.

43. There being no other business, the meeting ended at 12:53 pm.

Council Business Division 2
Legislative Council Secretariat
15 August 2005