



中華人民共和國香港特別行政區政府總部衛生福利及食物局  
Health, Welfare and Food Bureau  
Government Secretariat, Government of the Hong Kong Special Administrative Region  
The People's Republic of China

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30 June 2006

Secretary General  
(Attn.: Ms Doris Chan)  
Legislative Council Secretariat  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

Dear Ms Chan,

**Support after the Tide-Over Grant (TOG) Period  
to NGOs Currently receiving TOG  
- Special One-off Grant (SOG) and Other Support Measures**

Further to the Panel meeting held on 30 March 2006, the following documents are provided as requested -


- (a) Regarding the legal opinions on the effect of Enhanced Productivity Programme and Efficiency Savings on the Benchmark Salary of non-governmental organisations (NGOs) on LSG, the Department of Justice (DoJ) has reaffirmed that their legal advice has been incorporated in the Administration's response to the Panel as set out in LC Paper No. CB(2)1631/05-06(01). A Chinese translation of the LC Paper No. CB(2)1631/05-06(01) is attached at **Appendix I**.

- (b) Other information requested in the LC Paper No. CB(2)/2265/05-06 (02) is provided in **Appendix II**.

As requested by your Secretariat, the technical paper LSGSC 12/2003 is attached at **Appendix III**. It is worth pointing out that this paper is used to derive the amount for coming down to NGO's Benchmark as specified in paragraphs 2.6 and 2.7 of the Lump Sum Grant (LSG) Manual (Edition 2) (Extract at **Appendix IV**). As illustrated in the "Response of the Administration" in Appendix I, during the discussion of this technical paper in the LSG Steering Committee on 21 October 2003, it was agreed that NGOs should all try to achieve the Efficiency Savings. Therefore, the technical paper should be read in the context of the discussion in the meeting. Relevant paragraphs of the discussion, i.e. paragraphs 52 to 54 are set out in the Annex to Appendix I.

Should you have any enquiries, please feel free to contact me.

Yours sincerely,



( Annie Kong )

for Secretary for Health, Welfare & Food

Encl.

c.c. Department of Justice (Attn: Ms Mary Ho)  
Director of Social Welfare (Attn.: Miss Ann Hon)

在過渡補貼期屆滿後

為現時接受「過渡期補貼」的非政府機構提供支援

－特別一次過撥款及其他配套措施

當局的回應

在二零零五年十一月四日舉行的立法會福利事務委員會會議上，香港社會工作人員協會的一名代表提出了以下的意見：

*「歷年來，社會福利署（下稱「社署」）因推行資源增值計劃和節約措施，單方面從非政府機構整筆撥款中削減基準薪金 9.3%，違反了合約規定的責任。」*

2. 社署不但透過簡介會和信件知會所有非政府機構，而且亦在每個相關的財政年度中透過津助撥款信件，向有關機構說明整筆撥款會因應資源增值計劃和節約措施而作出調整。所有有關的非政府機構均知悉這些調整，並已簽署作實，表示接納有關安排。因此，非政府機構是充分知悉資源增值計劃和節約措施對整筆撥款（包括薪酬部分）的影響的。歷年來，社署從未因推行資源增值計劃和節約措施而單方面削減 9.3% 的整筆撥款。

3. 二零零零年十月發出的整筆撥款手冊（第二版）訂明，

個別非政府機構的整筆撥款的薪金部份是按基準薪金計算的，而基準薪金是根據該機構於二零零零年四月一日的認可人手編制，及二零零零年三月三十一日的薪級表上的中點薪金計算的。按照上文所述的議定安排，以後各年的整筆撥款的水平必須計算資源增值計劃和節約措施的影響。

4. 於二零零三年十月二十一日整筆撥款督導委員會第十三次會議上提交的討論文件，是一份有關計算方法的技術文件，其用途是計算非政府機構定影薪金所需遞減的數額，以調整到整筆撥款手冊（第二版）第 2.6 和 2.7 段所訂明的基準薪金：

*「有關基準會參照二零零零至零一年度之後生效的價格調整因素（即根據公務員薪酬調整增薪及減薪）予以調整，但對資助撥款額作出的其他劃一調整如資源增值計劃及節約措施等，將不會對基準造成影響。」*

這段文字不應被詮釋為當局承諾不會因應資源增值計劃和節約措施調整基準薪金。事實上，會議記錄的第 53 和 54 段闡明，所有非政府機構均應嘗試達至節約措施的目標（會議記錄的有關段落載於附件）。

5. 社署已向員工薪金高於基準的非政府機構清楚說明，如何把定影薪金遞減至基準薪金水平。資源增值計劃和節約措施是在整個政府全面實行的計劃，因此適用於包括社署在內的所有政府部門、受資助機構和非政府機構。實際上，在這個會議舉行之前，津助撥款已按照上述的議定安排，因應

資源增值計劃調整了接近三年。須遞減的定影薪金金額，不應用以抵銷政府因推行資源增值計劃和節約措施而節省的金額，這一點非政府機構是知悉和接受的。

(附件)

(節錄自「整筆撥款督導委員會」二零零三年十月二十一日第13次會議記錄)

5 2 . 主席講述有關推行總薪金基準津助額事宜的技術文件的摘要。她重申，在整筆撥款模式下推行有關基準津助額的目的，是為各項服務訂定標準成本，藉以公平地確保提供相同類別及層面服務的非政府機構可獲政府發放同一水平的資助。主席請委員參閱附件，當中簡單顯示總薪金津助額高於基準的機構如何每年以2 %比率逐年遞減薪金津助，直至相等於基準為止。她重申，有關基準會參照二零零零至零一年度之後生效的價格調整因素（即根據公務員薪酬調整增薪及減薪）予以調整，但對資助撥款額作出的其他劃一調整如資源增值計劃及節約措施等，將不會對基準造成影響。有關將於二零零四年一月生效的薪酬下調，一俟草案獲得通過，社署便會知會業界有關的詳情。

5 3 . 有關節約措施方面，主席告知委員，社會福利是少數獲准可在較長時間內達致節省目標的其中一個政策範圍。林正財醫生詢問衛生福利及食物局局長的經營開支封套中有否列明給予福利界的確實撥款數字。他指出，業界應獲告知有關的節約目標及推行詳情，並強調非政府機構在開始計劃應付節省目標的策略時，必須確定有關的資料。吳文穗先生亦希望主席告知業界社署達致節省目標的計劃。

5 4 . 主席表示，社署的一貫立場是盡量維持有關服務，並透過提高效率和重整服務等措施節省開支。業界如有更多時間推行節省開支的措施，這些目標會更容易達到。假如每年的下調比率是溫和的話，她希望所有非政府機構都會透過提高效率努力達致節省目標，一如二零零三至零四年度推行削減1.8 %津助額的情況。另外，社署會繼續精簡一些服務，包括把工作外判、把部門服務單位轉交非政府機構營辦，以及重整架構以精簡人手。她補充說，二零零三年一月起實施停止接受輪候入住安老院申請的政策，逐步終止提供安老院便成為社署推行的一項重要節約措施。雖然她建議非政府機構於過渡期補貼的期間不應採取任何激烈的措施，更改機構人員的薪酬條件，她認為業界於推行節約措施的後期應務實處理有關事宜。

**The Administration Responses to the  
Follow-up actions mentioned in the LC Paper No. CB(2)/2265/05-06 (02)**

**(I) Remuneration packages of different levels of senior staff and junior/frontline staff in NGOs before and after their organisations joined the Lump Sum Grant (LSG) subventions system**

- ◆ As stipulated in the LSG Manual issued in October 2000, SWD no longer imposes input controls with regard to staffing structures, levels of pay and individual items of expenditure under LSG. NGOs are given flexibility in the deployment of funds to meet the changing community needs in a timely manner. In line with the shift of SWD's monitoring focus from input controls to outcome monitoring, SWD does not keep information on NGOs' staff remuneration packages.
- ◆ While given the flexibility in determining their staffing structure so as to best serve the service users and meet the service demand, NGOs are required to observe the statutory staffing requirements and essential service requirements as stipulated in the respective funding and service agreements. SWD monitors NGOs' compliance of these requirements through the subvention inspections, review visits under the Service Performance Monitoring System and inspection visits paid by the Licensing Office.

**(II) Reasons for the drop in the number of Snapshot Staff from 2000 up to 1 April 2005, as well as the comparison with the drop in the number of staff in SWD during the same period**

- ◆ The numbers of Snapshot Staff as at 1 April 2000 and 1 September 2005 were 21,455 and 14,269 respectively. It represents an average annual turnover rate of 6.7%.
- ◆ According to the "Social Work Manpower Statistics" published by the Joint Committee on Social Work Manpower Planning, the turnover rate of NGO staff has all along been higher than that of SWD, either before and after the implementation of LSG, e.g. NGOs: 11.5%; SWD:2.0% in 1998-99 and NGOs: 11.1%; SWD:2.9% in 2003-04. The Joint Committee has not identified factors leading to the discrepancies but it is worth noting that NGO staff and civil servants are subject to very different terms and conditions on their employment, retirement and departure.
- ◆ Moreover, the turnover rates of NGO staff in 1998-99 (i.e. 11.5%) and 2003-04 (i.e. 11.1%) also do not suggest substantive correlation between the NGO staff turnover rate and the implementation of LSG, which started in 2000-01.

**(III) The Administration's plan and timetable on further improving the LSG subventions system, including ways to better enable stakeholders to reflect their views on the LSG implementation**

- ◆ 164 out of 175 NGOs (or 94%) have voluntarily joined the LSG. The subventions amount received by these 164 NGOs represent 99% of the total subventions allocated by SWD. The figures reflected the degree of acceptance by NGOs.
- ◆ There is no need for a review but areas to be enhanced will be identified on an on-going basis.

**(IV) How the Administration would ensure that NGOs on LSG would honour their contractual obligation to staff**

- ◆ Under Service Quality Standard 8, subvented NGOs are required to comply with all related ordinances, including the Employment Ordinance. SWD will conduct assessments and subventions inspections to monitor the compliance.
- ◆ Staff concerned may also report the non-compliance to SWD. For genuine non-compliant cases, SWD may withhold or even stop the subventions of the NGOs concerned.
- ◆ The existing mechanism is effective in ensuring NGOs honouring their contractual obligations to staff.

**(V) Impact of the LSG implementation on the NGOs concerned, such as their staffing structure, reasons for their staff attrition and the number of staff suffering injuries at work**

- ◆ The Administration does not see any direct correlation between the LSG implementation and staff attrition or injuries. According to the information of the Labour Department, the number of injuries per 1,000 staff in welfare sector in 2000 and 2005 were 33.0 and 27.1 respectively. The figures suggest that the staff injury rate has been on a decreasing trend upon the implementation of LSG.



## Lump Sum Grant Steering Committee

### Implementation of the Benchmark Under Lump Sum Grant

#### Purpose

At the last meeting on 13 June 2003, in the context of discussing the impact of the Efficiency Savings on NGOs' finances, the Department undertook to provide a technical paper on the Benchmark issue.

#### Background

2. Upon switching to Lump Sum Grant (LSG), NGOs with Snapshot Salary<sup>note 1</sup> above the Benchmark<sup>note 2</sup> Salary are given the Snapshot Salary in their LSG subvention. For NGOs with Snapshot Salary below the Benchmark Salary, they will receive the Benchmark in one step. This arrangement ensures that NGOs joining LSG will not receive an allocation less than what they should have got under the conventional subvention system. In addition, to safeguard Existing Staff, Tide-over Grants are provided up to 2005-06 for NGOs on LSG in cases where the projected salary of the Existing Staff who remain in the same NGO exceeds the salary portion of LSG in respect of the same group of staff. However, to achieve standard costs in the services and to equitably ensure that NGOs delivering the same type and level of services will receive the same level of funding from the Government, LSG has built into it the requirement for NGOs with Snapshot Salary above the Benchmark to come down to the Benchmark by gradual reductions to its Snapshot in steps of 2% per annum starting from 2006-07.

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<sup>note 1</sup> Lump Sum Grant provision allocated to NGOs consists of Salaries, Salary-related Allowances, Provident Fund, Other Charges and Recognized Fee Income. Snapshot Salary refers to the salary portion of LSG provision which is calculated on the basis of the Snapshot as at 1 April 2000.

<sup>note 2</sup> Benchmark only concerns the salary portion of the LSG provision to each NGO and is determined on the basis of the mid-point salaries of the pay scales as at 31 March 2000 of the NGO's recognized establishment as at 1 April 2000 in respect of service units subvented under two subvention modes, namely Model System and Modified Standard Cost System.

3. The above arrangements were conceived to ensure that all NGOs switching to LSG would have sufficient financial resources to operate their services and honour their contractual commitments with Existing Staff during the transitional period, i.e. up to 2005-06. NGOs switching to LSG are expected to carry out re-engineering measures within the agency with a view to meeting the requirement of delivering all Funding and Service Agreement services within the LSG provision at the Benchmark level, i.e. without TOG after 2005-06, and for NGOs above the Benchmark, they are additionally required to have their LSG Snapshot Salary provision brought down to the Benchmark Salary in line with other NGOs. To allow individual NGOs to do so at their own pace, it was agreed that NGOs with Snapshot above the Benchmark will have their LSG Salary portion reduced by 2% per year until they reach the Benchmark.

### **The Implementation**

4. Since the Benchmark concerns only the salary portion of the LSG provision, its determination would only take into account the price adjustment factors effected after 2000-01, i.e. salary increases and decreases, based on the civil service adjustments. Since 2000-01, there had been only two occasions of price adjustment to the PE portion of the LSG provision, namely a salary increase in 2001-02 and a salary reduction in 2002-03. On both occasions, a simple weighted average has been adopted to adjust the LSG provision. It is logical for the Benchmark to be adjusted likewise to ensure consistency. Other across-the-board adjustments to the subvention allocations such as Enhanced Productivity Programme and the Efficiency Savings will have no effect on the Benchmark.

5. For administrative simplicity and to moderate the reduction somehow, the Department proposes to calculate the 2% annual reduction as required using the “reducing balance method”, i.e. a reduction based on the adjusted Snapshot Salary for the concerned year (rather than based on the original Snapshot Salary at the baseline year) until the NGO reaches the Benchmark.

6. Taking account of the above, the implementation of the “2% annual reduction” in respect of NGOs above the Benchmark is illustrated at the Annex. Naturally, the length of period required to reach the Benchmark will vary from one NGO to another depending on the “over-provision” of their Snapshot Salary.

## **Overall Impact on NGOs**

7. Taking account of a few mergers, there are now a total of 153 NGOs operating on LSG. Slightly over half, or 79 are above-Benchmark NGOs, with the “over-provision” in their Salary provision ranging from 0.1% to 29.1%, totaling \$116 million in annual recurrent subventions. Our analysis of these 79 NGOs reveals that 51 of them will reach the Benchmark within three years; another 19 will do so two years later, i.e. taking a total of five years. This then leaves nine NGOs which are quite substantially above the Benchmark. However, these are very small NGOs and the total “over-provision” from these nine NGOs to be returned to SWD beyond the fifth year amounts to only \$740,000.

8. SWD will need to ascertain in due course whether the amounts to be clawed back from the “above-Benchmark” NGOs have to be returned to the Centre under the “financial envelope” system. If not, SWD will have greater discretion to sympathetically consider any appeal from those NGOs with genuine hardship or to redeploy the funds to meet growing demands in welfare services. In any case, we do not consider it an opportune time to come to an alternative arrangement which might be perceived as unfair by those NGOs “below the Benchmark” and would prolong the full implementation of LSG to arrive at standardising the cost of services.

## **Advice Sought**

9. Members are invited to note the contents of this paper and offer comments if any.

Subventions Liaison Section  
SWD/SL 101/3 II  
October 2003

**Illustration on Above-Benchmark NGO Coming Down by 2% Annually to Benchmark  
(With Salary Adjustment)**

	<b>Year</b>	<b>Salary Adjustment</b>	<b>Benchmark (\$)</b>	<b>NGO "A" Above Benchmark (\$)</b>	<b>NGO "B" Below Benchmark (\$)</b>
Mid-point Salary based on recognized establishment as at 1.4.2000	2000-01		100,000		
Salary based on Snapshot of staff strength as at 1.4.2000	2000-01			110,000	90,000
LSG Salary determined in accordance with paragraph 2.6 of LSG Manual	2000-01			110,000	100,000
LSG Salary	2000-01		100,000	110,000	100,000
	2001-02	2.56	102,560	112,816	102,560
	2002-03	(1.82)	100,693	110,763	100,693
	2003-04		100,693	110,763	100,693
	2004-05		100,693	110,763	100,693
	2005-06		100,693	110,763	100,693
2% Reduction to Benchmark for NGO above Benchmark	2006-07		100,693	108,547	100,693
	2007-08		100,693	106,377	100,693
	2008-09		100,693	104,249	100,693
	2009-10		100,693	102,164	100,693
	2010-11		<b>100,693</b>	<b>100,693</b>	<b>100,693</b>

**Assumptions:**

1. The above two NGOs have the same establishment but difference set of staff strength as at 1.4.2000.
2. The salary adjustments from 2003-04 onwards have not been taken into account.
3. For simplicity, full year effect is taken for the salary adjustment.
4. There is no cessation of any service unit during the period.
5. EPP and Efficiency Savings are excluded.

Extract from Lump Sum Grant Manual (Edition 2)  
- Paragraphs 2.6 and 2.7

## Model System

2.6 LSG replaces the Model System and consists of the total of Salaries, Salary-related Allowances, Provident Fund, Other Charges and Recognised Fee Income calculated as follows : -

(a) Salaries

- (i) First of all, the **Benchmark** for the LSG of each NGO is determined on the basis of the **mid-point salaries of the pay scales as at 31 March 2000 of its recognised establishment** (i.e. all approved posts including fractional posts) **as at 1 April 2000**;
- (ii) A **Snapshot** of staff strength of each NGO as at 1 April 2000 is taken and its salary subvention for 2000-01 under the current subvention rules is projected;
- (iii) This Snapshot is then compared with the Benchmark;
- (iv) Agencies with Snapshot **above** the Benchmark will receive the Snapshot. There will be no top-up and no claw-back except for adjustment as explained in paragraph 2.13 below. Their Snapshot will be reduced annually **in steps of 2% per annum** starting from 2006-07 to reach the Benchmark; and
- (v) For agencies with Snapshot **below** the Benchmark, they will receive the Benchmark **in one step** provided that their service has already been fully commissioned (otherwise in line with the agreed phased commissioning of the facility/service). Likewise, there will be no top-up and no claw-back except for adjustment as explained in paragraph 2.13 below.

Extract from Lump Sum Grant Manual (Edition 2)  
- Paragraphs 2.6 and 2.7

(b) Salary-related Allowances

Salary-related allowances include the provision for relief workers, hardship allowance, responsibility allowance, training allowance and cross-charging to the Hospital Authority. The provision for these items are based on the existing formulae or the amount recognised for 1999-2000.

(c) Provident Fund (PF)

Arrangements for Provident Fund (PF) are explained in paragraphs 2.17 to 2.20 below.

(d) Other Charges (OC) and Allowances

(i) The provision for OC is based on the existing recognised level; and

(ii) OC allowances include the provision for overtime allowance for drivers in day care centre for the elderly, special allowance on holiday for home help service, house parent allowance and incentive payment for sheltered workers. The provision for these items is based on the existing formulae.

(e) Recognised Fee Income

Income from fees recognised for the purpose of subvention is deducted from the LSG.

### Modified Standard Cost System

2.7 Those units under Modified Standard Cost System **which have been vetted** (including hitherto unvetted units undergoing regularisation) have their LSG calculated in the same way as units under Model System as explained in paragraph 2.6 above.