

立法會
Legislative Council

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LC Paper No. CB(2)2746/06-07
(These minutes have been
seen by the Administration)

Panel on Health Services and Panel on Welfare Services

**Minutes of joint meeting held on Monday, 25 June 2007, at 8:30 am
in the Chamber of the Legislative Council Building**

Members present : Panel on Health Services

Dr Hon Joseph LEE Kok-long, JP (Chairman)
Dr Hon KWOK Ka-ki (Deputy Chairman)
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Yuen-han, JP
Hon Bernard CHAN, GBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP #
Dr Hon YEUNG Sum
Hon LI Fung-ying, BBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Dr Hon Fernando CHEUNG Chiu-hung

Panel on Welfare Services

Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon TAM Yiu-chung, GBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung

Member attending : Hon CHEUNG Man-kwong

Members absent : Panel on Health Services
Hon Andrew CHENG Kar-foo
Hon LI Kwok-ying, MH, JP
Panel on Welfare Services
Hon Frederick FUNG Kin-kee, SBS, JP
(# Also members of the Panel on Welfare Services)

Public Officers attending : Item II
Dr York Y N CHOW, JP
Secretary for Health, Welfare and Food
Mr Patrick NIP, JP
Deputy Secretary for Health, Welfare and Food
(Health)1
Mr Freely CHENG
Principal Assistant Secretary for Health, Welfare and
Food (Family)
Miss Nancy LAW, JP
Director of Social Welfare (Acting)
Mr Shane SOLOMON
Chief Executive
Hospital Authority
Dr W L CHEUNG
Director (Cluster Services)
Hospital Authority
Miss Ann K S HON
Assistant Director of Social Welfare (Subvention)

Attendance by invitation : Item II(a)
Hong Kong Physiotherapy Association
Ms Polly M Y LAU
President

Ms CHAU Mei-wa, Rosanna
Vice President

Hong Kong Radiographers' Association

Mr Edward CHAN
Chairman

Association of Therapeutic Radiographers

Mr George CHIU
Chairman

Mr LEE Wing-yiu
Secretary

Hong Kong Public Consultant Doctors Group

Dr WONG Tak-cheung
Council Member

The Society of Hospital Pharmacists of Hong Kong

Mr SO Yiu-wah
Vice president

Hong Kong Occupational Therapy Association

Mr CHAN Yan-chi
Chairperson

Dr Kenneth FONG
Executive Committee Member

Frontline Doctors' Union

Dr Ernie LO Chi-fung
Chairman

Dr Augustine CHAN Tin-sang
Council Member

Hong Kong Biomedical Scientists Association

Mr HO Wing-yin
Advisor

Hong Kong Prosthetists and Orthotists Association

Mr Johnnes MAK
Chairman

Association of Hong Kong Nursing Staff

Mr William POON Tak-fai
Honorary Secretary

Miss LO Wai-man, Jennifer
Executive Officer

Hong Kong Practising Dietitians Union

Mr Terry TING
Chairman

Hong Kong Medical Association

Dr LEUNG Chi-chiu
Hon Secretary

Hong Kong Public Doctors' Association

Dr LEUNG Ka-lau
Council Member

Item II (b)

Hong Kong Social Workers' General Union

Mr CHEUNG Kwok-che
President

Staff Association of The Hong Kong Federation of
Youth Groups

Mr CHEUNG Chi-wai
Chairman

Staff Association of Hong Kong Young Women
Christian Association

Mr TSE Sai-kit
Secretary of Rights & Complaint Division

Fight for Social Welfare Alliance

Mr YUM Kwok-tung
Representative

Stewards Social Service Branch Staff Union

Mr LEE Siu-chung
President

Mr KOO Wing-hon
Vice President (External)

Union of HK Rehabilitation Agencies Workshop
Instructor

Mr YU Chi-ming
President

Mr SIN Kin-ming
Vice President

The Hong Kong Council of Social Service

Mr Joseph WONG Kam-man
Business Director (Corporate Management)

Hong Kong Federation of Social Work Students

Ms CHEUNG Shuk-fong
President

The Boys' & Girls' Clubs Association of Hong Kong
Staff Club

Ms TANG Yin-ping
Chairperson

Ms YIP Chung-sum
Committee Member

Hong Kong Social Workers Association

Mr CHUA Hoi-wai
President

Community Care and Nursing Home Workers General Union

Ms CHUNG Wai-ling
Chairperson

Hong Kong Confederation of Trade Unions Committee of Public Services

Mr TANG Wai-wah
Convenor

Staff Union of the Mental Health Association of Hong Kong

Mr LUI Kwan-chung
Chairman

Chung Shak-hei (Cheung Chau) Home for the Aged, Ltd. Employees General Union

Mr LEUNG King-chuen
Chairman

Clerk in attendance : Miss Mary SO
Chief Council Secretary (2)5

Staff in attendance : Ms Amy YU
Senior Council Secretary (2)3

Mr Chris LAI
Senior Council Secretary (2)7

Ms Sandy HAU
Legislative Assistant (2)5

Action

I. Election of Chairman

Dr Joseph LEE was elected chairman of the joint meeting.

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II. Implications of the 2006 Starting Salaries Survey findings on the subvented organisations in the healthcare and welfare sectors

(LC Paper Nos. CB(2)2233/06-07(01) to (09), CB(2)2046/06-07(07), CB(2)2105/06-07(01) and CB(2)2271/06-07(01) to (08))

(a) Meeting with deputations from the healthcare sector

Views of deputations

2. The Chairman invited representatives from the following organisations to give views on the implications of the 2006 Starting Salaries Survey (SSS) findings on the subvented medical sector.

Hong Kong Physiotherapy Association

3. Ms Polly LAU presented the views of Hong Kong Physiotherapy Association as set out in its submission (LC Paper No. CB(2)2233/06-07(02)). Specifically, the Association was of the view that the starting salary for physiotherapist grade at basic rank in the civil service and the Hospital Authority (HA) should be revised upwards to point 16 of the Master Pay Scale (MPS), which was the recommended revised benchmark pay for degree and related grades for approval by the Finance Committee (FC) of the Legislative Council with effect from 1 August 2007. The Association pointed out that at present, all physiotherapists at entry rank possessed at least an undergraduate degree in physiotherapy, with the majority of them also holding post-graduate qualification in physiotherapy. Under section 4 of Physiotherapists (Registration and Disciplinary Procedure) Regulation (Cap. 359 sub. leg. J), a person who graduated after 1 January 1995 must possess an undergraduate degree in physiotherapy awarded by the Hong Kong Polytechnic or The Hong Kong Polytechnic University in order to be qualified for registration as a physiotherapist in Hong Kong.

Hong Kong Radiographers' Association

4. Mr Edward CHAN presented the views of Hong Kong Radiographers' Association as set out in its submission (LC Paper No. CB(2)2233/06-07(03)). Notably, the Association was of the view that the starting salary for radiographer grade at entry rank in the civil service as well as HA should be revised upwards to MPS 16, which was the revised benchmark pay for degree and related grades recommended by the Administration as a result of the 2006 SSS. The Association pointed out that all Part I and Part II registrants with the Radiographers Board were bachelor degree holders or equivalent in radiography. The entry qualification requirement for radiographers in both the civil service and HA was an undergraduate degree in radiography.

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Association of Therapeutic Radiographers

5. Mr George CHIU introduced the submission of Association of Therapeutic Radiographers (LC Paper No. CB(2)2233/06-07(04)) which urged that the starting salary for radiation therapists in the entry rank in HA should be adjusted upwards to MPS 16 on the grounds that the entry qualification for radiation therapists was an undergraduate degree in radiography. The Association was also of the view that HA should recognise the length of service of its staff appointed on or after 1 April 2000 by awarding them one pay point for each year they had served in HA, instead of awarding them only one pay point should their pay was equal to or higher than the revised starting salary for their rank.

Hong Kong Public Consultation Doctors Group

6. Dr WONG Tak-cheung urged the Administration to provide HA with adequate subvention to enable it to bring the pay of its doctors in line with their counterparts in the civil service.

Society of Hospital Pharmacists of Hong Kong

7. Mr SO Yiu-wah introduced the submission of the Society of Hospital Pharmacists of Hong Kong (LC Paper No. CB(2)2271/06-07(01)) which called upon HA to address the pay disparity of serving pharmacists at the entry level appointed on or after 1 April 2000 and serving pharmacists at the entry level appointed after the implementation of the revised starting salaries for certain civil service grades on 1 August 2007 if approved by FC. The Society pointed out that the starting salary for pharmacists at the entry level in HA was lowered from MPS 27 to MPS 22 on 1 April 2000 in connection with the downward revision of starting salaries for the civil service with effect from 1 April 2000, whereas the starting salary for pharmacists at the entry level would be increased by five pay points to MPS 27 on the implementation date of the revised starting salaries. The Society also called upon HA to draw reference from the revised starting salaries in the civil service and apply it to the rank of Resident Pharmacist which was non-existent in the civil service.

Hong Kong Occupational Therapy Association

8. Dr Kenneth FONG highlighted the following suggestions from the Hong Kong Occupational Therapy Association -

- (a) the pay scales of serving HA staff at the entry rank employed on or after 1 April 2000 should be adjusted in accordance with the revised starting salaries in the civil service resulting from the 2006 SSS and the 2007-2008 civil service pay adjustment;

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- (b) the Administration should scrap the Lump Sum Grant (LSG) subvention system for the welfare sector and re-link the pay scales of subvented organisations providing welfare services with those in the civil service; and
- (c) the starting salary for the occupational therapist grade at the entry rank should be adjusted upwards to the benchmark pay for degree and related grades in the civil service at MPS 16.

Frontline Doctors' Union

9. Dr Ernie LO presented the submission of Frontline Doctors' Union (LC Paper No. CB(2)2233/06-07(05)) which requested HA to -

- (a) reinstate the starting salary, incremental jump, omitted points and maximum pay point of doctors at entry rank to the level prior to 1 April 2000;
- (b) recognise the length of service of serving doctors at entry rank employed on or after 1 April 2000 by awarding them one pay point for each year of service in HA; and
- (c) expeditiously come up with way(s) to realise items 9(a)-(b) above and date(s) of implementation.

10. Dr LO pointed out that according to a recent survey conducted by the Union, some 80% of frontline doctors had indicated their intention to leave HA after obtaining specialist qualification if HA failed to eradicate pay disparity between frontline doctors employed before 1 April 2000 and on or after 1 April 2000.

Hong Kong Biomedical Scientists Association

11. Mr HO Wing-yin presented the views of Hong Kong Biomedical Scientists Association as set out in its submission (LC Paper No. CB(2)2233/06-07(06)). Specifically, the Association requested HA to -

- (a) align the starting salary for Medical Laboratory Technician (MLT) grade at entry rank with the revised starting salary for the MLT grade at entry rank in the civil service; and
- (b) suitably adjust the salaries of serving MLTs affected by the downward adjustment of starting salary in April 2000.

The Association also requested the Administration to put the MLT grade at entry rank under its qualification group (QG) for degree holders instead of for

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diploma holders, having regard to the fact that the training of MLTs in Hong Kong had been upgraded to degree level since 2004.

Hong Kong Prosthetists and Orthotists Association

12. Mr Johnnes MAK presented the views of Hong Kong Prosthetists and Orthotists Association as set out in its submission (LC Paper No. CB(2)2233/06-07(07)). Specifically, the Association requested that -

- (a) the starting salary for prosthetist-orthotists at entry rank should come under the QG for degree holders in the civil service at MPS 16, having regard to the fact that the entry qualification for Prosthetist-Orthotist II (POII) in HA was an undergraduate degree in prosthetics and orthotics; and
- (b) HA should apply the conversion arrangement for those serving civil servants who would be affected by the recommended revised starting salaries as a result of the 2006 SSS (thereafter referred to as "affected serving civil servants") to those serving POIIs whose starting salary was decreased by two pay points in April 2000.

Association of Hong Kong Nursing Staff

13. Mr William POON presented the views of Association of Hong Kong Nursing Staff as set out in its submission (LC Paper No. CB(2)2233/06-07(08)). Specifically, the Association requested the Administration to -

- (a) set the starting salary for nurses in the entry rank according to their educational qualification and prevailing market condition, in order to attract and retain good calibre staff; and
- (b) provide sufficient funding to HA to enable it to recognise the length of service provided by serving nurses at the entry rank employed on or after 1 April 2000.

Hong Kong Practising Dietitians Union

14. Mr Terry TING introduced the Hong Kong Practising Dietitians Union's submission (LC Paper No. CB(2)2233/06-07(09)) which urged HA to -

- (a) reinstate the starting salary of dietitians at the entry rank to the level prior to 1 April 2000 at MPS 18, having regard to the fact that the current entry requirement for dietitians was a Master's degree or a Post-graduate diploma; and

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- (b) recognise the length of service of serving dietitians employed on or after 1 April 2000 by awarding them one pay point for each year of service.

Hong Kong Medical Association

15. Dr LEUNG Chi-chiu presented the views of Hong Kong Medical Association (HKMA) as set out in its submission (LC Paper No. CB(2)2271/06-07(02)) tabled at the meeting. Specifically, HKMA requested that -

- (a) the Administration and HA should reinstate the salary structure of doctors at the entry rank to the pre-April 2000 level;
- (b) HA should recognise the length of service and working experience of serving doctors employed on or after 1 April 2000; and
- (c) the Administration should expeditiously address the unfair employment terms of contract doctors in the Department of Health (DH).

Hong Kong Public Doctors' Association

16. Dr LEUNG Ka-lau said that the Hong Kong Public Doctors' Association concurred with the requests made by the Frontline Doctors' Union in its submission to the meeting. Dr LEUNG further said that the Administration should not walk away from the problem of pay disparity amongst frontline doctors in HA on the grounds that the salary structures of HA staff had been delinked from the pay scales of civil service, as it was the primary funding source of HA and all HA Board members were appointed by the Chief Executive. Dr LEUNG pointed out that at present, a HA doctor was getting a pay higher than his counterparts despite the fact that his length of service was shorter simply because he was employed before 1 April 2000 when the starting salary for his rank then was pitched at MPS 32 as opposed to MPS 27 with effect from 1 April 2000. Furthermore, doctors at entry rank who were employed on or after 1 April 2000 were generally employed on a fixed-pay-point contract, as opposed to his counterparts employed before 1 April 2000 who were entitled to incremental jump and omitted points.

The Administration's response

17. Secretary for Health, Welfare and Food (SHWF) said that -

- (a) the pay and other appointment matters of staff working in HA were matters between HA as the employer and its employees.

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Under Section 10 of Schedule 3 to the Hospital Authority Ordinance (Cap. 113), HA had the statutory power to determine the pay or pay adjustment of its staff;

- (b) although historically HA pay scales resembled closely those of the civil service, HA had over the years implemented various reforms on staff's remuneration structures, amongst which the 2000 Medical Reform Grade had put in place a new Resident pay scale to cater for the arrangement of specialist training for Residents;
- (c) as the salary structures of staff in HA had been delinked from the pay scales of the civil service, the recommended revised starting salaries and the conversion arrangement for affected serving civil servants would have no direct impact on HA staff. Nevertheless, it was the Government's intention to return \$138 million to HA in the context of the present exercise of adjustment of starting salaries for the civil service. The \$138 million was the amount deducted from the annual recurrent subvention to HA from 2005-2006 onwards as a result of the 1999 SSS;
- (d) in line with the established practice, following a civil service pay adjustment, the Government would adjust the subventions for those organisations with funding price-adjusted on the basis of the formulae including a factor of civil service pay adjustment. An additional annual subvention of about \$1.09 billion would be provided to HA on the basis of the weighted average of the 2007-2008 civil service pay increase, i.e. 4.72%, subject to FC's approval of the proposed civil service pay adjustment in July 2007;
- (e) with the additional annual subvention of about \$1.2 billion, HA would be in a better position to improve staff retention and attract new recruits; and
- (f) it was regrettable that HA staff who were employed on or after 1 April 2000 had their starting salaries lowered because of the reduction in Government funding to HA due to economic downturn. This situation was, however, not unique to HA, and prevalent in the whole community, including the civil service and the private sector.

Discussion

18. Dr KWOK Ka-ki said that in view of the pay disparity amongst doctors at the entry rank employed before 1 April 2000 and on or after 1 April 2000,

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the turnover rate of HA doctors had risen to some 6.7% recently. To improve retention, Dr KWOK urged the Administration to provide sufficient funding to HA to enable it to eradicate such pay disparity so as not to undermine quality of care to patients.

19. SHWF reiterated that HA had full autonomy to use its subvention in determining how it wished to remunerate its staff. In terms of funding to HA, it was the Government's intention to return \$138 million to HA, which was the amount deducted from the annual recurrent subvention to HA from 2005-2006 onwards as a result of the 1999 SSS, and to provide HA with an additional allocation of about \$1.09 billion if the proposed 2007-2008 civil service pay adjustment was approved by FC in July 2007. SHWF further said that although the pay scales of HA doctors at the entry rank resembled those of DH doctors prior to 1 April 2000, it should be pointed out that their take-home pay was not the same in that HA doctors were provided with cash allowance whereas DH doctors were provided with a less generous and time-limited housing benefits. SHWF however considered that with the additional subvention, HA should adjust the starting salaries of its healthcare staff at entry rank upwards in order to attract suitable candidates.

20. Chief Executive, HA supplemented that with the various reforms on staff's remuneration structures implemented by HA over the years, it was very difficult for HA to re-align its pay scales with those of the civil service. For instance, despite the fact that DH doctors appointed on or after 1 June 2000 were no longer granted pension benefit, HA had continued to provide its doctors with cash allowance which was essentially in lieu of pension. Chief Executive, HA pointed out that there were numerous ways to remunerate staff other than those adopted by the civil service. HA would continue to strive to provide competitive remuneration packages to attract new recruits and retain staff. On the adequacy of the additional annual subvention of \$1.2 billion to HA, Chief Executive, HA said that no decision had yet been made on whether to distribute the money evenly amongst all HA staff or use it to address historical pay anomalies. HA would carefully consider the views expressed by deputations on staff's remuneration structures and incorporate these views where justified in its continuous dialogue with the Administration with regard to the funding level to HA.

21. Miss CHAN Yuen-han asked -

- (a) what actions would be taken by HA to address the rising staff turnover rate brought about by the phenomenon of unequal pay for the same work in HA; and
- (b) whether the Administration and HA would adjust upwards the starting salaries of those healthcare professional grades, such as

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physiotherapist and radiologist, whose entry qualification had been raised from higher diploma level to degree level.

Dr Fernando CHEUNG raised similar questions.

22. Responding to Miss CHAN's first question, SHWF said that the Administration agreed that there was a need to narrow down the pay disparity of existing HA staff at entry ranks, such as rewarding trainee doctors (medical graduates under specialist training) who had obtained specialist qualification with pay increments. Apart from its plan of providing HA with an additional annual subvention of about \$1.2 billion, the Administration would, where justified, provide additional subvention to HA to enable it to attract new recruits and improve retention.

23. As regards Miss CHAN's second question, SHWF said that when the Administration agreed to fund local universities to run programmes to train nurses and allied health professions, such as physiotherapist and radiologist, some years ago, the Administration had made clear then that the starting salaries of these healthcare professionals in the civil service would continue to come under the QG for diploma holders. On whether HA should raise the starting salaries of its nurses and allied health professions who held an undergraduate degree in their respective field, SHWF said that it was entirely up to HA to determine such having regard to the prevailing market pay and other related factors.

24. The Chairman said that being the biggest employer of healthcare professionals in Hong Kong, HA should take the lead, instead of taking reference from the prevailing market entry pay, in determining the starting salaries of its healthcare staff at the entry rank. At the same time, it was incumbent upon the Administration to provide HA with the necessary funding to achieve such.

25. SHWF responded that the Administration had all along accorded high priority to the funding arrangement for HA. To relieve the financial pressure faced by the HA, the Administration had made an one-off funding of \$650 million to HA and provided an additional recurrent funds of about \$300 million to HA in 2006-2007. Noting its increasing operating cost pressures, the additional \$300 million per annum would continue to be provided to HA for the three years from 2006-2007 to 2008-2009. This should provide more certainty and would help to strengthen HA's financial position and support the initiatives it undertook. In the coming year, efforts would continue in working out the long term funding arrangement for HA.

26. Mr LEE Cheuk-yan said that to provide an additional funding of some \$900 million from 2006-2007 to 2008-2009 would not help to address the problem of unequal pay for the same work in HA, having regard to the fact that

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the bulk of the new money had and would be used on service improvements rather on improving staff's remuneration. Mr LEE asked HA whether it intended to raise the starting salary of its staff at the entry rank in accordance with the revised starting salaries to be implemented in the civil service, apply the conversion arrangement for affected serving civil servants on serving HA staff employed on or after 1 April 2000 and increase the maximum pay point of staff to the level prior to 1 April 2000; if so, whether it had calculated the sum required and would seek such additional funding from the Administration accordingly. Dr YEUNG Sum also asked HA whether it also intended to seek to reinstate the omitted points provided to trainee doctors employed before 1 April 2000.

27. Mr Vincent FANG said that it was opportune time for HA to address once and for all the problem of unequal pay for the same work among different grades and ranks in HA. This was because the longer term human resources arrangements for HA would be hinged on healthcare financing and healthcare services reform, the public consultation of which was expected to take place later in the year.

28. SHWF reiterated that apart from its plan of providing HA with an additional annual subvention of about \$1.2 billion as a result of the 2006 SSS and the proposed 2007-2008 civil service pay adjustment, the Administration would, where justified, provide additional subvention to HA to enable it to attract new recruits and improve retention. In view of the large number of HA staff involved and the complexity of HA staff's remuneration structures, more time was needed for both HA and the Administration to work out measures to attract new recruits and improve retention and calculate the costs entailed.

29. Chief Executive, HA supplemented that HA's focus was on improving the total remuneration package of its staff to make it competitive with the private sector, rather than following slavishly what was being done in the civil service. In the case of trainee doctors, the more pressing issue at hand was to improve their exit salary, rather than their starting salary, in order to retain as many as possible the some 200 trainee doctors who would obtain specialist qualification this year. Chief Executive, HA further said that omitted points were created back in the 1990s in response to the then market condition. To reinstate omitted points to the pay scales of doctors or other healthcare professions in HA might not be necessary, having regard to the current market condition.

30. Responding to the Chairman's enquiry on when HA would complete its review on the total remuneration packages of its staff, Chief Executive, HA said that work in this regard was expected to take some months.

31. In closing, the Chairman said that HA should carefully consider the views expressed by deputations and members at the meeting in its review of

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Admin the total remuneration packages of its staff, and revert to the Panel later. Where necessary, another meeting would be convened to follow up on the matter.

(b) Meeting with deputations from the welfare sector

Views of deputations

32. At the invitation of the Chairman, representatives from the following organisations gave their views on the implications of the 2006 SSS findings on the subvented welfare sector -

- (a) Hong Kong Council of Social Service
(LC Paper No. CB(2)2271/06-07(05));
- (b) Hong Kong Social Workers' General Union;
- (c) Hong Kong Federation of Social Work Students;
- (d) Hong Kong Social Workers Association
(LC Paper No. CB(2)2271/06-07(07));
- (e) Stewards Social Service Branch Staff Union;
- (f) Fight for Social Welfare Alliance;
- (g) Staff Association of The Hong Kong Federation of Youth Groups
(LC Paper No. CB(2)2271/06-07(04));
- (h) Staff Association of Hong Kong Young Women Christian Association;
- (i) Union of HK Rehabilitation Agencies Workshop;
- (j) The Boys' & Girls Clubs Association of Hong Kong Staff Club
(LC Paper No. CB(2)2271/06-07(06));
- (k) Community Care and Nursing Home Workers General Union;
- (l) Hong Kong Confederation of Trade Unions Committee of Public Services;
- (m) Staff Union of the Mental Health Association of Hong Kong
(LC Paper No. CB(2)2105/06-07(01)); and

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- (n) Chung Shak-hei (Cheung Chau) Home for the Aged Ltd. Employees General Union.

Notably, the above deputations urged the Administration -

- (a) to honour its contractual obligation to non-governmental organisations (NGOs) on LSG that the benchmark salary, which was the basis for determining the LSG allocation for individual NGOs, should be based on the mid-point salaries of the pay scales as at 31 March 2000 of their recognised establishment as at 1 April 2000, by returning the 9.3% deducted from their annual LSG provision over the years as a result of Enhanced Productivity Programme (EPP) and Efficiency Saving (ES);
- (b) to provide sufficient funding to NGOs on LSG to enable them to remunerate their staff at the levels similar to their counterparts in the civil service and to put in place a mechanism to ensure that this was being done, having regard to the facts that the work of staff of subvented organisations was essentially the same as their counterparts in the civil service and that there was no meaningful reference pay for staff of subvented organisations in the private sector as over 90% of welfare services were provided by subvented organisations; and
- (c) to conduct a comprehensive review of the LSG subvention system. The present lack of monitoring by the Administration on how NGOs concerned remunerated their staff had led to high turnover and poor morale, and had discouraged young people from working in the welfare sector.

The Administration's response

33. SHWF said that -

- (a) subject to the approval of FC to increase the starting salaries of certain civil service grades and the proposed 2007-2008 civil service pay adjustment, some \$330 million would be allocated to NGOs, despite the fact that the salary structures of staff in the subvented NGOs on LSG had been delinked from those of the civil service since the implementation of the LSG subvention system on 1 January 2001. The Administration expected that NGOs would use the additional allocation to improve the remuneration of their staff;
- (b) the Administration had provided assistance in the past in the form of the Tide-Over Grant and the \$900 million Special One-off

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Grant to help NGOs cope with their financial difficulties and to meet their contractual obligations;

- (c) in commissioning new subvented services in future, the LSG provision would be calculated with reference to the mid-point salaries of the prevailing pay scales in the civil service;
- (d) the Administration had urged NGOs to enhance corporate governance to address the grievances of their staff over employment terms and practices. The Administration would continue to organise training sessions to assist NGOs in this regard; and
- (e) the LSG subvention system was well received by the NGOs, as evidenced by the fact that 164 out of 175 subvented NGOs had joined the LSG subvention system voluntarily. That said, without changing the LSG policy, the Administration would continue to work in close partnership with NGOs and their staff to improve the implementation of the LSG subvention system.

Discussion

34. Dr YEUNG Sum, Mr LEE Cheuk-yan and Mr CHEUNG Man-kwong urged the Administration to provide sufficient funding to NGOs on LSG, including returning the 9.3% subvention reduction over the years as a result of EPP and ES, to enable NGOs to remunerate staff at the levels comparable to those in the civil service.

35. SHWF responded as follows -

- (a) although NGOs on LSG had complete flexibility in determining the remuneration of their staff, the Administration had provided additional funding as a result of the 2006 SSS and the impending civil service pay adjustment so that NGOs could adjust upwards the salaries of their staff;
- (b) it was not appropriate to compare the salaries of staff of NGOs on LSG with those of their counterparts in the civil service, without taking account of other relevant factors such as the working condition and promotional prospect. Moreover, with the proposed additional funding of some \$330 million, the Administration expected that NGOs would be able to adjust the pay of their staff to a reasonable level in the light of market conditions; and

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- (c) EPP and ES were implemented across the whole public sector, including Government departments and subvented bodies. The Administration had made no promise that the "benchmark" for calculating LSG would not be subject to EPP and ES. Also, in implementing these initiatives, the Administration had taken into account the actual financial situation of the NGOs concerned, and various exemptions from EPP and ES were given to small NGOs.

36. Miss CHAN Yuen-han disagreed that the LSG subvention system had worked smoothly, as the system had resulted in poor staff morale and high turnover. Miss CHAN shared the views with the deputations that a comprehensive review of the LSG subvention system should be expeditiously conducted. Dr Fernando CHEUNG concurred.

Motion

37. Dr Fernando CHEUNG moved the following motion -

"本委員會促請政府在調整社福界薪酬時應以下列原則處理——

- (一) 規定非政府機構必須將有關撥款全數應用於員工薪酬調整；
- (二) 應有計劃地實現同工同酬，包括在非政府機構或政府之內，以及改善非政府機構與政府之間的同工不同酬情況；
- (三) 全面檢討整筆撥款安排及競投外判的制度；及
- (四) 立即遵守實行整筆撥款安排時的承諾，將撥款基準回復至 2000 年 3 月 31 日之中點薪金水平。"

(Translation)

"That this Panel urges the Government to adopt the following principles in dealing with the pay adjustment of the social welfare sector -

- (a) requiring non-governmental organizations (NGOs) to use the relevant funding entirely for pay adjustment of their staff;
- (b) implementing systematically equal pay for equal work within the NGOs and the Government, and improving the

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situation of different pay for the same work between the NGOs and the Government;

- (c) reviewing comprehensively the lump sum grant arrangement and the system of contracting out of services through competitive bidding; and
- (d) honouring immediately the commitment made in implementing the lump sum grant arrangement by reverting the benchmark level of funding to the mid-point salary level as at 31 March 2000."

The Chairman put the motion on vote. Seven members attending the meeting voted for and no members voted against the motion. The Chairman declared that the motion was carried.

38. In closing, the Chairman urged the Administration to ensure that NGOs on LSG would fully utilise any upward adjustments of LSG funding in adjusting upwards the salaries of their staff.

39. There being no other business, the meeting ended at 10:45 am.

Council Business Division 2
Legislative Council Secretariat
25 September 2007