Minutes of the Fourth Meeting of the Lump Sum Grant Steering Committee
held on 1 August 2001

Present

Mrs Carrie LAM                              (Chairperson)
Director of Social Welfare

Dr LAM Ching-choi                           Medical Director, Haven of Hope Christian Service

Mr KWAN Kin-shing                          Director, HK Student Aid Society

Mr Timothy CHAN                            Director, Richmond Fellowship of Hong Kong

Mrs Grace CHAN                             Director, Hong Kong Society for the Blind

Ms Christine FANG                         Chief Executive, Hong Kong Council of Social Service

Mr YU Chi-ming                             Representative, Fight for Social Welfare Alliance

Mr NG Man-sui                              Representative, Fight for Social Welfare Alliance

Mr NG Yut-ming                             Representative, Fight for Social Welfare Alliance

Mr LEE Wing-wai                            Assistant Director (Subventions and Performance Monitoring), Social Welfare Department

Mr FU Tsun-hung                             Chief Social Work Officer, Social Welfare Department (Secretary)
Absent with apologies

Mrs Julie LEE
Chairperson, Parents’ Association of Pre-school Handicapped Children

Mr Ng Shui-lai
Director, Hong Kong Christian Service

Mrs Justina LEUNG
Representative, Hong Kong Social Workers Association

Confirmation of Minutes of Last Meeting

The minutes of last meeting were confirmed with no amendment.

Matters Arising

Service User Education

2. Mr T.H. FU reported that the Help Centre, with the assistance of Mrs Julie LEE, had a meeting with a group of parents of mentally handicapped children on 24 May 2001. In the meeting, it was suggested that the Help Centre should issue guidelines on fee charging, basing on the rules as stipulated in the LSG Manual. Moreover, the Help Centre was also requested to produce leaflets with a more user-friendly language to explain SQSs concerning service user rights. The Help Centre would follow up with the suggestions made.

Empirical Study on the Impact of LSG Implementation

3. Mr LEE Wing-wai reported that he had discussed with some academics on the idea of conducting a longitudinal study on the impact of LSG implementation. SWD would prepare a paper on the framework of the Study for discussion at the next meeting.

Complaint Case Related to Training Allowance

4. The Chairperson said that the complaint was finally resolved and
in the process, she had personally met with the Chairman of the agency. She considered that the complaint was more a result of miscommunication between the board, the management and staff sides, rather than any malicious attempt of management to mis-treat staff. She was assured by the Board Chairman that plans to strengthen the management structure, especially the communication channel, were in hand.

5. Mr NG Man-sui opined that the issue, which was resolved after a prolonged period and only after DSW’s personal intervention, reflected inadequacy in SWD’s authority to monitor NGOs’ malpractice. In response, the Chairperson said that the Boards were publicly accountable bodies being accorded with the responsibility for good management, and SWD would not hesitate to intervene when the situation warranted and she was confident that NGO Boards would take the intervention from SWD seriously. Nonetheless, allowance had to be made in the initial period when all concerned were learning and adapting to the change.

6. Mr YU Chi-ming pointed out that some NGOs were still not clear about the special arrangements made by SWD for Training Allowance. He suggested and Members agreed that SWD should issue a further memorandum in Chinese to NGOs, reminding them the proper arrangement, with a copy to the Alliance so that they could help explain the situation to staff concerned.

Programme Assistant (PA) and Care Assistant (CA)

7. The Chairperson informed the meeting that the take-up rate was in general satisfactory and SWD was collecting the returns on the survey of the profile of PAs and CAs from NGOs concerned.

8. Mrs Grace CHAN reflected her observations that the turnover rate was high and she attributed the cause to the low pay. Nevertheless, Mr LEE Wing-wai pointed out that the pay for PAs and CAs in fact was reasonable when taking the economic situation and the general employment into consideration. For sharing of experience to make the scheme a more successful one, the meeting was told that SWD would conduct a sharing session with participating NGOs together with PAs and CAs themselves. The Chairperson felt that this was really not a LSG implementation issue and advised that further deliberations or follow up would be pursued in another context.
Best Practice Modules (BPMs)

9. Mr T.H. FU reported in the meeting that a briefing session was jointly organised by SWD and Independent Commission Against Corruption (ICAC) on 14 June 2001 with participation from frontline manager/staff. As suggested by the participants, ICAC was considering to produce two more BPMs, one on Inventory Control and another on Construction Work. Moreover, SWD had sent out invitation to NGOs for their participation on a voluntary basis in the assignment study by ICAC on Procurement Procedures and Staff Administration.

(Post-meeting note: As at 15 August 2001, six NGOs had indicated interest to participate.)

Complaints

10. Mr T.H. FU presented to Members the record on the hearing of the complaint case relating to Baptist Oi Kwan Social Services (the Agency) and also the minutes of the meeting of the two roster Members, namely Dr LAM Ching-choi and Mr Timothy CHAN, on the conclusion of the case.

11. Dr LAM pointed out that the hearing, being the first of its kind, was of significant implications to the welfare sector and had bearing on the future operation of the hearing mechanism. He and Mr Timothy CHAN had therefore adopted a very cautious and prudent attitude in handling the case.

12. Dr LAM and Mr Timothy CHAN then made a brief summary of the hearing and findings, and gave a summary of their observations and recommendations.

Medical Allowance

13. As medical allowance being granted by the Agency to its staff was not a “subventable” item, it was beyond the jurisdiction of the Steering Committee to investigate and comment on the arrangement.

Annual Leave

14. The Agency’s arrangement had not breached the Employees Ordinance, which was also the basis for calculation of the subvention provision for relief worker allowance from SWD. In other words, the Agency had not violated the Lump Sum Grant Manual.
Provident Fund

15. Dr LAM and Mr Timothy CHAN commented that although they were aware of the Agency’s intention to give all the staff members, both existing/new and also subvented/non-subvented, the same treatment in provident fund arrangement, they opined that the Agency had breached their pledge to honour the contractual commitment for their existing staff while SWD had made special arrangement (viz. through providing for PF contribution for existing staff on a reimbursement basis) for them to honour such a commitment. Moreover, they commented that the Agency had not given a reasonable account over the difference on the staff opinion towards the provident fund arrangement in two surveys conducted at different time points, i.e. before and after the complaint. They recommended SWD requesting the Agency to reinstate the original provident fund arrangement for existing staff.

No Fringe Benefit for Newly Employed Staff

16. The Agency should be given autonomy in deciding the pay package for newly recruited staff. SWD should not intervene as long as the arrangement had not breached the relevant ordinance. Any indication that the Agency’s arrangement had violated the LSG spirit could not be established.

Dismissal of Experienced Staff

17. Concerning the FSWA’s accusation that the Agency had dismissed experienced staff as a measure to cut cost and accumulate savings, the Agency was requested to provide figures on staff leaving the Agency from 1998-99 to 2000-01. After examining the figures, it was found that there was no unusual trend and the complaint could not be substantiated.

No Salary Increment

18. During the hearing, Mr NG Yut-ming pointed out that there were complaints that the management of the Agency had given instruction to frontline supervisors that only staff with excellent report should be given salary increment. After examining the policy on salary increment and the related figures provided by the Agency, it was concluded that there was insufficient ground to prove the Agency having taken special arrangement to avoid granting salary increment to staff members.
19. Out of the six staff members who had launched complaint against the Agency, four were not subvented staff and accordingly their complaints were beyond the jurisdiction of the Steering Committee. Amongst the remaining two, one had already settled the labour dispute with the Agency through the Labour Tribunal and there was an agreement that both parties would not take further action concerning the dispute. For the remaining case, upon examining the details as provided by both parties, there were no evidence to suggest that her dismissal was related to LSG implementation, nor in relation to her husband’s dismissal as claimed. However, it was suggested that the Agency should initiate improvement measures on staff appraisal procedures.

20. Mr NG Yut-ming thanked Dr LAM and Mr Timothy CHAN for their effort in conducting the hearing in an efficient and fair manner. He, however, commented that the papers, including the record of the hearing and the recommendation of Dr LAM and Mr Timothy CHAN, were only sent to him the day before the meeting and he had no chance to discuss the content with the staff who launched the complaint. He also advised that the practice to delete the names of the complainant in the document should be consistent. Moreover, the record of the hearing should include the remarks made by the complainants, who had voiced out in the hearing that launching the complaint was meant to be an expression of dissatisfaction towards the Agency’s administration, instead of individual grievance.

21. The Chairperson remarked that the paper presented to Members was a confidential document for Members’ discussion in the meeting. Members’ views would be taken into consideration when the final report on the hearing was produced after endorsement of its content by Members in the meeting. The final report would also form SWD’s submission to the Legislative Council which had after a case conference on the complaint referred it to the Steering Committee for action but wished to be kept informed of development.

22. Mr NG Yut-ming further commented that he in principle agreed that the LSGSC should not intervene into issues not related to LSG implementation. However, he was of the opinion that the issue related to medical benefit and leave arrangement might have involved change of the contract of existing staff, and he considered such change violated the spirit of LSG. He further opined that though the Agency had consulted the staff in the process, the staff were under pressure in making their decision during the consultation process. Regarding the number of staff being dismissed, Mr NG pointed out that the increase in exact number
though appeared to be small, the percentage increase was in fact a quantum jump. Mr NG also raised his query over the number of staff who were not given a salary increment in 2000-01. He said that he got the information that many staff in fact had not been given salary increment in 2000-01. Finally, Mr NG would like to point out that although there might not be concrete evidence pointing to the conclusion that the Agency had cut staff benefit as a result of LSG implementation, he was of the opinion that LSG had impact over the Agency’s HRM policy which was not in the favour of the staff.

23. Dr LAM, in response to Mr NG’s comment suggested the meeting to have a discussion on whether the LSG Steering Committee should intervene into NGOs’ change of contractual terms of their staff if the items concerned benefits which were not covered by SWD subvention and had been funded by the Agency’s own resources.

24. The Chairperson said that the issue had to be approached from probably different angles. Strictly speaking, LSG did not change the policy of subvention; if certain fringe benefits were not subvented under the conventional mode, these were provided by NGOs to their staff at the discretion of NGOs. There was no ground for SWD to intervene into changes to those non-subventable items because unlike Provident Fund, SWD had no obligation and made no funding provision for the continued provision of those benefits. On this basis, she therefore endorsed the roster Members’ view that the LSG Steering Committee and the mechanism to hear complaints set up under the Steering Committee was not in a position to deal with those issues. However, on a broader front, SWD was expecting NGOs to adopt good practices including those in HRM and the NGOs’ record or efforts in those aspects would be taken account of in SWD’s assessment of the agency. With that relationship between SWD and NGOs, she would not rule out that in situations of complaints about an agency unilaterally revising their contractual obligations to existing staff to the latters’ detriment, SWD might still intervene and take up the issue with the agency. However, it had to be accepted that for fringe benefits not subvented, SWD would have no sanctions to require compliance by the agency. She hoped she had made the situation clear.

25. Mrs Grace CHAN added her comment that the management should get the agreement of the staff side if there was any change in the contractual agreement and issue to the affected staff a new employment letter to state out the new terms of employment.

26. Dr LAM further commented that for the case of the complaint, communication between the staff and management side was insufficient.
Moreover, the practice of asking the staff to make an on-the-spot decision was not a good practice for staff consultation.

27. Mr NG Man-sui expressed that FSWA wished the management to conduct genuine consultation with staff. At the same time, he was resigned to the fact that the staff side would always be in a disadvantageous position in the consultation process because of lacking bargaining power, especially at a time when security of job was a major concern. He anticipated that the staff who refused to accept the management’s decision would finally be dismissed, at the best with the compensations required by the law. He commented that SWD would have no control over NGOs in this particular aspect. Regarding the Chairperson’s comment that SWD would not intervene into change of employment conditions if the items concerned were not from subvention provision, Mr NG Man-sui expressed his disappointment. He expressed that when the issue on honouring the contractual commitment was put to sector for deliberation, there had never been such a differentiation. He had a feeling that the sector was being misled.

28. The Chairperson strongly disputed Mr NG’s comment. She recapitulated that when the LSG package was discussed, the Administration had made special financial arrangements to enable NGOs to honour the contractual commitment with the existing staff. Examples are PF contribution and training allowance. It was obligatory that the NGO should honour their commitment to their staff with SWD provision. SWD would enforce such obligation to her best effort, and she thus could not accept the comment that the sector was misled in this aspect. It would however be going too far to require SWD to mandate NGOs to do things beyond the subvention purview as the obvious question to be asked was whether SWD was prepared to pick up the needed expenditure. She further remarked that she would expect NGOs to be good managers in managing their staff issues and change of employment condition was one of the areas that NGOs’ management should handle carefully. She pointed out that as stated in the LSG Manual, SWD would take into account NGOs’ good management practices and process in assessing their performance.

29. Mr Timothy CHAN commented that it was not desirable for the case to be made public while the case was being heard by the LSG Steering Committee but regretably this was the situation in the Oi Kwan case. In response, Mr NG Yut-ming remarked that it was not out of FSWA’s initiative to disclose the case to the press, but was an act upon the request of the press. Mr Timothy CHAN and Mr NG Yut-ming also had a discussion over whether the LSG Steering Committee should look into complaints concerning action by NGOs that had taken place before
the Agency switched to LSG. The Chairperson gave her comment that the prime consideration should be on whether the issue involved violation of the LSG spirit, instead of the time factor.

30. Dr LAM further gave his comments on the procedure in conducting the hearing over complaints. First, as the hearing would be a traumatic experience to both the agency and the staff concerned, he was of the opinion that there should be a mechanism to vet the case before inviting them to the hearing. He considered it unfair for the staff to be informed that their cases were outside the jurisdiction of the Steering Committee only when they were at the hearing. He would wish the cases to be vetted before conducting the hearing in future. Secondly, he suggested not to encourage cross-examination between the two parties to avoid heated and prolonged arguments, which would further hinder a rational resolution. It was better for the Members on duty to make clarifications relevant to the decision. Thirdly, he also suggested not to make on-the-spot conclusion, as the Members on duty should examine all the data collected in the hearing before making the conclusion. Fourthly, he opined that the FSWA should not represent the complainant if there was no written consent because the hearing process very often covered personal data. He further commented that he was not aware of the fact that one of the complainants, who finally withdrew the complaint, had not given written consent for FSWA to represent his/her case before he agreed to the request on taping the hearing process. He expressed that he would have requested the Secretary of the LSG Steering Committee to seek legal advice in this aspect if he was well informed that the complainants had not given written consent to FSWA beforehand.

31. Mrs Grace CHAN also reminded FSWA representatives to avoid conflict of interest when they were the Members on duty of the hearing in future.

32. The meeting concluded that the Secretariat would provide a full report after the meeting, which should also cover recommendation on the hearing procedures.

(Post-meeting note: On Mr NG Yut-ming’s query over the Agency’s data on withholding salary increment, the Agency was requested to provide further information for Members’ consideration.)

Enhanced Productivity Programme (EPP)

33. The Chairperson revealed to the Members that the returns from the NGOs sector on EPP proposals were quite discouraging. SWD was now calculating the final figure on the EPP achievement, but she was not
optimistic that the EPP target could be achieved through the proposals submitted by the sector. Mrs Grace CHAN remarked that her agency had made much effort to meet the requirement. The Chairperson said that EPP had no direct relevance on the work of the Steering Committee and should be pursued and discussed in another context.

Business Improvement Project (BIP)

34. The Chairperson informed Members that SLFAC Members at the 5 July meeting had endorsed the framework on the BIP with a number of suggestions to better clarify its objective and scope. SLFAC had helpfully advised that SWD did not have to revert to SLFAC for further endorsement on the revised guidelines. The application procedure was under examination and SWD would invite the first batch of invitation in mid to late August.

Energy Saving Project

35. Members were informed that EMSD had completed the visits to 6 NGOs and the Help Centre would follow up with the project. As this was more an EPP initiative, the Chairperson informed that further reporting on the progress would not be done in this forum.

Guideline on Corporate Governance (LSGSC Paper 11/2001)

36. Mr LEE Wing-wai presented to Members the LSGSC Paper on the subject. The Chairperson remarked that she was encouraged by the positive response from NGOs Boards in the consultation process. NGOs in general supported the production of guideline on good practice. She said she had taken on board the suggestion that a right tone and approach, i.e. to facilitate but not mandate, should be set for the Guideline, in her draft Preface which was sent to Members for comments. She emphasised that the Guideline was for reference instead of compliance by NGO Boards. She advised that SWD would compile a final version after taking into consideration the comments given by the sector.

37. Ms Christine FANG opined that legal advice should be sought in respect of the legal liability of Board Members. She was also of the opinion that when the Block Insurance Scheme was reviewed, the issue of indemnity insurance should be taken into account.
Adjustment of LSG Figure  
(LSGSC Paper 12/2001)

38. The Chairperson briefed Members on the content of the Paper and pointed out that SWD had completed the reassessment of the appeals from NGOs. After taking into consideration the financial implications, SWD decided to take Members’ earlier advice that adjustments should be made to the 2000-01 LSG according to the reassessment result. NGOs would be informed of the adjustment in mid August and actual adjustments would be effected in September. Members expressed appreciation of the Department’s approach to this matter.

Taking up of Public Office by Employees of Subvented NGOs  
(LSGSC Paper 13/2001)

39. Mr LEE Wing-wai presented to Members the Paper on the subject. He informed Members that the issue, in particular on deduction of salary when the NGO employee took up remunerated public offices, was discussed in the LegCo Panel on Constitutional Affairs. While recognising that subvention money was meant for funding the delivery of welfare services set out in the Funding and Service Agreement, SWD saw the merit in promulgating some general guidelines for reference by the management of subvented NGOs, helping them to draw up their respective agency practices governing employees taking up public offices to ensure that the subvention money was spent in providing quality service under the FSA. At the same time, SWD also fully considered the importance to strike a pragmatic balance between encouraging and enabling staff to take up civil duties in community participation on the one hand and proper use of public money on the other. As a result, SWD had presented to the LegCo Panel in their meeting on 9 July 2001 a set of guidelines and recommended to issue them to NGOs in the context of “Best Practices” after consulting the LSG Steering Committee. The proposed guideline, especially in respect of adjustment to salary where the public office was remunerated, was to be promulgated for reference, rather than for compliance. Moreover, SWD was of the view that in the absence of a service-wide subvention policy stipulating any requirement to withhold or adjust subventions for such purpose, it was not appropriate for SWD to enforce the rule in subvented welfare NGOs. As a matter of fact, the arrangements put in place by the Hospital Authority and tertiary education institutes were initiated by the respective organisations themselves.
40. Mr NG Shui-lai, though absent from the meeting, sent in his comment that there were in actual fact no subvented NGOs but NGOs receiving subvention to deliver welfare services required by government. It was therefore the NGO management’s responsibility in deploying the staff to fulfill the mission of the NGO. The government should not impose strict control on NGOs on this matter. Mrs Justina Leung also sent in comment and suggested the LSG Steering Committee to refer this subject to HKCSS, who could then organise sharing sessions for NGOs and consider developing some principles and guidelines by making reference to the practices and views of the NGOs.

41. Dr LAM pointed out that some NGOs’ mission was to serve citizens of a particular district, and it was normal for the NGO to support her staff to contribute to district affairs as part of their duty. He did not see the reason why salary should be deducted in such cases of public service endorsed and supported by the employer agency. Referring to the suggestion of involving HKCSS, the Chairperson said that HKCSS had produced some similar guidelines but this approach was not accepted by the LegCo Panel. Some LegCo Members’ ultimate objective was to require Government to mandate which SWD was resisting on the grounds as mentioned above. She hoped the NGO sector or HKCSS could make their views better known to the LegCo so that a more pragmatic approach would be taken.

42. After some discussion, Members generally supported the Department’s stance on the matter. Upon the request of Mrs Grace CHAN and Ms Christine FANG, Mr LEE Wing-wai would pass to them the minutes of the LegCo meeting when available so that NGOs could consider doing something from their end.

(Post-meeting notes: The draft minutes of the LegCo Panel Meeting was passed to Mrs Grace CHAN and Ms Christine FANG for reference on 16 August 2001.)

**Survey on NGO Boards**  
**(LSGSC Paper 14/2001)**

43. Mr LEE Wing-wai presented to Members the paper on the proposal to conduct a survey on NGO Boards. He informed Members that, subject to the endorsement of SLFAC, the Hong Kong Polytechnic University would be commissioned to form a research team to conduct a survey on NGO Boards. The survey was intended to build up a comprehensive database on NGO boards and board membership
composition; to gauge information on NGO board governance, board composition, board members’ perception and expectation of their own roles and responsibilities, attitude towards welfare reform, and organisation effectiveness; and to identify areas of NGO board governance that could be enhanced to improve board effectiveness and thus organisational performance.

44. In response to Ms Christine FANG’s concern that it was important to maintain independence and confidentiality in the process, Mr LEE Wing-wai explained that the database of the Board profile would be a collective profile instead of a CV type profile. Moreover, the data collected in the survey would be analyzed by the research team to maintain confidentiality in the process. Members were also informed that Dr CHAN of the research team would be ready to present the questionnaire to Members, who would serve as a focus group to test run the questionnaire. Members supported the proposal in the Paper.

Any Other Business

45. Mr YU Chi-ming presented to Members a complaint referred by the Hon LEE Cheuk-yan. The complaint alleged that an agency deployed workman and drivers to carry out duties, which should be conducted by trained workshop instructors. Mr T.H. FU would follow up the case with Mr YU and conduct an investigation into the case. Members were of the general consensus that issues that were purely staff conflicts not related to Lump Sum Grant implementation might be referred to the Labour Department direct in future.

(Post-meeting note: Upon further clarification with Mr YU Chi-ming, Mr T.H. FU had contacted the NGO concerned on 6 August 2001 for their explanation/response to the complaint.)

46. Mr NG Yut-ming asked about the monitoring procedure for “no better than” principle. He enquired whether it was possible for SWD to issue to NGOs the fringe benefit on-cost for reference. The Chairperson explained that the on-cost concept was complicated and given the differential between the civil service package and the subvention extended to welfare NGOs for the purpose, she considered this not an imminent issue of concern. SWD would need to seek clarification from other parts of the Government with a view to drawing up some guidelines. She informed Members that the internal audit team of SWD was examining the issue and would inform the Members once ready. In the meantime, NGOs were welcomed to seek clarification from the Help Centre if they planned to change the salary structure for their staff.

13
47. Members from FSWA enquired about the arrangement for the back payment of salary adjustment for 2001-02. They were particularly concerned over whether back payment would be issued to staff leaving the agency after 1.4.2001. Members were informed that salary adjustments for NGOs subvented staff were effected from 1 April as in the case of civil servants and SWD would soon announce to the sector the procedure for applying for supplementary provision for salary adjustment purpose and a briefing session would also be conducted. Members from the FSWA would be invited to the Briefing to let the staff side know the procedures in details.

(Post-meeting note: The procedure for application of supplementary provision for salary adjustment was issued on 23 July 2001 and a Briefing Session was conducted on 2 August 2001.)

48. Mrs Grace CHAN expressed that for NGOs above the benchmark, they should be given new projects to enable them carrying out re-engineering procedures such that they could survive after the 5-year tide-over period. The Chairperson explained to her that the revised and improved allocation procedures for the new service units aimed at achieving greater transparency and better quality and innovation could not be adjusted to suit this purpose. She would encourage all NGOs to try their best to secure new service units and SWD would hold debriefing session for NGOs not able to get the project such that continuous improvement could be achieved in the process.

**Date of next meeting**

49. The Meeting was adjourned at 12:45 pm. The Fifth Meeting would be conducted on 25 September 2001 at 10:00 am at Room 802 of SWD Headquarters.