

**Minutes of the
Social Welfare Advisory Committee (SWAC) Meeting
held on 29 March 2006**

Present

Ms Linda Lai, Deputy Secretary for Health, Welfare & Food (Family
and Women) (Acting Chairperson)

Mrs Cheung Ang Siew-mei

Dr Stephen Chow Chun-kay

Dr Miranda Chung Chan Lai-foon

Ms Christine Fang Meng-sang

Mr Quentin Fong

Mr Herman Hui Chung-shing

Dr Benjamin Lai

Mr Keith Lam Hon-keung

Mr Timothy Ma Kam-wah

Mr Tung Chi-fat

Dr Jimmy Wong Chi-ho

Ms Marina Wong Yu-pok

Mr Silva Yeung Tak-wah

Ms Lisa Yip

Ms Wendy Cheung (Secretary)

In Attendance

Health, Welfare and Food Bureau (HWFB)

Ms Salina Yan Deputy Secretary for Health, Welfare & Food
(Elderly Services and Social Security)

Mr Freely Cheng Principal Assistant Secretary for Health, Welfare &
Food (Family)

Ms Annie Kong Assistant Secretary for Health, Welfare & Food
(Family) 2

Social Welfare Department (SWD)

Mr Paul Tang	Director of Social Welfare
Ms Ann Hon	Assistant Director of Social Welfare (Subventions)
Mr Fu Tsun-hung	Chief Social Work Officer (Subventions)

Absent with Apologies

Mr Wilfred Wong Ying-wai (Chairman)
 Prof Japhet Sebastian Law
 Mr Vincent Lo Wing-sang
 Prof Tang Kwong-leung

Item 1 : Support after the Tide-Over Grant (TOG) Period to Non-governmental Organizations currently receiving TOG – Special One-off Grant (SWAC Paper No. 4/06)

Members discussed at the meeting in May 2005 the original proposal of support to NGOs after the TOG period to NGOs currently receiving TOG. After taking into account Members' views, the Administration had revised the proposal for Members' consideration at the meeting in July 2005. Subsequently, applications from NGOs had been invited and processed. The paper briefed Members of the latest position regarding SOG applications from NGOs currently receiving TOG. To date, SWD had completed processing a total of 116 applications, including 38 Scheme A and 78 Scheme B applications, involving a total amount of \$757.2 million. Training would be provided to the management boards of NGOs to strengthen their skills and knowledge on organizational governance, positioning/branding, change management, fund-raising, corporate social responsibility and governance, effective communication with staff and union in the near future.

2. Members made the following suggestions:
 - (a) it was generally agreed that SOG was a reasonable arrangement to assist NGOs in overcoming financial difficulties during the transition into the LSG subventions mode. However, the Government should make it clear that such assistance would not

be extended any further. NGOs concerned should also bear their own responsibilities in making the necessary arrangements and should not rely on support from the Government forever;

- (b) there were concerns as to what measures would be taken by the Government if some NGOs were unable to fulfill the undertaking for genuine reasons;
- (c) on training, ongoing sessions should be provided to facilitate participation of more NGO board members. Provision of the training materials in electronic format should also be considered;
- (d) there were still some hidden problems which might lead to financial deficits on NGOs, such as underestimated financial projections, inflations, etc. Therefore, the Government would consider providing other additional funding sources for NGOs to tap on for service quality improvement and infrastructure building, say under the existing Business Improvement Project (BIP) scheme;
- (e) staff morale, disparity in salary of staff employed for similar jobs and communication problems would also be the major challenges that NGOs had to tackle in the years ahead;
- (f) for those NGOs with grave difficulties in surviving under the LSG, termination of services or merging with other NGOs might be considered. It was agreed that the SWD should not intervene in the merging issue in a high-profile manner. However, it could facilitate those interested NGOs, say by organizing experience sharing sessions, providing examples of good practices, and assisting the NGOs concerned in developing the merger plans;
- (g) the Government should also provide assistance as appropriate to non-subsidized welfare agencies;
- (h) corporate governance, as well as effective communication and division of labour between NGO boards and management staff should be highlighted in the training for NGOs. Furthermore, training should not be limited to the board directors only, but be extended to the middle managers and frontline staff of NGOs as well. More comprehensive coverage on service marketing, networking and image building was crucial in enhancing their

capabilities in service re-engineering; and

- (i) the Government might need to strengthen control over the performance of management boards of NGOs. Some also took the view that the boards should comprise members with a variety of background and strengths. More people with dedication to serve the community should be involved.

3. The Government made the following responses:

- (a) on providing eight Scheme A applications with additional financial assistance on top of the two-times ceiling, SWD had taken into account in totality all relevant factors including whether during the preceding TOG period, the NGOs had already made full efforts in service re-engineering and organization restructuring, had been unable to obtain new resources, had little or no staff turnover and had accumulated little reserves. The Lotteries Fund Advisory Committee had given its approval for the eight exceptional applications after close examination on individual merits. The financial implication involved for these cases was \$18.3 million;
- (b) on the potential financial difficulties of some NGOs upon the expiry of TOG, SWD had critically examined their applications and discussed with management boards of respective NGOs their long-term financial planning, and hence resulting in our agreement with the NGOs on the amount of financial assistance for the SOG. Therefore, the Department was confident that the NGOs should be able to complete a smooth transition into the LSG subventions mode. Nevertheless, if individual NGOs encountered any problems in operating on the LSG, the Department would deal with them separately. The Department would also continue to maintain dialogue with the NGOs to ensure the provision of quality welfare services to people in need;
- (c) the suggestion on funding for training under the BIP would be considered further;
- (d) service re-engineering or merging was a possible option for some NGOs. However, it was not appropriate for SWD to proactively encourage NGOs to merge with others. The Department would try to facilitate those interested NGOs as far

as possible;

- (e) SWD had all along treasured partnership with the non-subvented agencies. Furthermore, the Government had all along provided rent and rates subsidy and supported their applications for welfare premises on concessionary rent. They were also welcome to apply for funding for projects under other funding sources such as the Lotteries Fund and the Partnership Fund for the Disadvantaged, etc; and
- (f) SWD had put in place close monitoring of the performance of NGOs and might penalize those which failed to meet the standard by withholding subventions. It was the Government's inclination to enhance the accountability of management boards of NGOs through provision of more relevant training rather than interference in their membership appointments or introduction of legislative measures.

Health, Welfare and Food Bureau
April 2006