

Appendix 1

THE HONG KONG COUNCIL OF SOCIAL SERVICE

4th Meeting of

The Standing Committee on Sector and Capacity Development (2018-19)

Date : 21 May 2019 (Tuesday)
Time : 2:30 pm – 5:00 pm
Venue : Room 103, 1/F, Duke of Windsor Social Service Building,
15 Hennessy Road, Wanchai, Hong Kong

Present:

Ms. YEUNG Kin-ha, Yvonne	Hong Kong Young Women's Christian Association
Ms. YEUNG Yee-ching, Noel	Kwun Tong Methodist Social Service
Ms. CHAN Ching-yee, Susan	Evangelical Lutheran Church Social Service – Hong Kong
Mr. AU YEUNG Wai-hong, Peter	Heep Hong Society
Ms. Judy KONG	InspiringHK Sports Foundation
Ms. LI Siu-fan, Perina	The Salvation Army
Ms. LO Ka-lok, Annie	Hong Kong Family Welfare Society
Mr. NG Wang-tsang, Andy	The Society of Rehabilitation And Crime Prevention, Hong Kong
Mr. SUEN Kwok-tung, Eddie	SAHK
Mr. TSANG Kin-ping	Hong Kong Alliance for Rare Diseases
Ms. WONG Sim-yim, Rebecca	Hong Kong Sheng Kung Hui Welfare Council Limited

Apology:

Ms. CHAN Pui-yi	Hong Kong Christian Service
Dr. LUI Wai-ling, Annissa	Hong Kong Lutheran Social Service, The Lutheran Church - Hong Kong Synod

In attendance:

Mr. Cliff CHOI (Secretary)	HKCSS
Ms. CHEUNG Lai-wah	HKCSS
Ms. Stella HO	HKCSS
Ms. Lois LAM	HKCSS
Mr. Tony LEE	HKCSS
Ms. Hindy Kai	HKCSS
Ms. Kiki Wong	HKCSS
Ms. Meiling Yeung (Recorder)	HKCSS

1. Confirmation of minutes of the last meeting (Appendix 1)

The minutes of the last meeting was confirmed.

2. Confirmation of the Agenda

The agenda was confirmed.

3. Matters Arising - Membership Review

Ms. CHEUNG Lai-wah briefed the suggestions made to the revision of membership admission criteria and related membership issues in the first meeting of Task Force on Membership Review, including eligibility criteria, areas and definitions of social services to HKCSS constitution and admission procedures. The second meeting would be held in early June.

4. Highlights of work units (Appendix 2 – Progress Report)

The progress report was sent to all Members before the meeting.

4.1 LSG Review (MLS)

Ms. CHEUNG Lai-wah highlighted the progress of cost apportionment proposal. In order to address the issue of Cross Subsidization raised by Government, Audit Commission and LegCo members, the draft proposal suggested that two different levels of Central Administration Office expenses and Direct Service costs should be apportioned, according to the various appropriation lines as agreed with the participated NGOs who had attended focus groups.

There were conservative opinions towards the proposal on separated accounts for subvention on central administration. The principle on cost apportionment aimed to ensure the accountability in the deployment of resources for NGOs and provide charitable foundations with reference to optimal level of central administrative costs in service provision.

The proposal would be sent to Specialized Committee on Sector Finance and its Sub-group on Cost Apportionment for further comment before sending to all subvented Agency Members. Agency Heads Meeting would be held on 4 June to collect their views before submitting to Social Welfare Department (SWD).

Ms. YEUNG Yee-ching, Noel drew Members' attention to the issue that non-subsidized NGOs might be facing a current deficit on central administration. Noel queried the use of reserve to support central administration due to restricted use of service budget. Ms. CHEUNG Lai-wah and Ms. YEUNG Kin-ha, Yvonne reconfirmed the necessity of calculating mechanism of different sizes of organizations, and addressing specific situations of organizations that might affect cost calculation.

The consultant for the Review had issued the agency questionnaire in mid April 2019. Response rate was around 60%. The second questionnaire to agency staff was finalizing. The major concern on the questionnaire was sampling, including the sampling method, exclusion of part-time staff, stratified sampling towards different professions of staff, sampling among NGOs, etc. The third questionnaire to service users was revising. The controversial issue was the question on participation in agency board meetings, which was later revised to the participation of agency meetings and types of meetings.

4.2 IRD issue (MLS)

Mr. Cliff CHOI invited Members to take note to the submission to Labour and Welfare Bureau (LWB) to support the liaison with IRD about the objection grounds on tax recovering issue. The matter aroused in late March that IRD issued recovery notices to some agencies for recovering tax of business and trade services, and the retrospective period was 6 years. The Council would prepare a submission to LWB to provide justifications for a grace period, 2-3 years, for i/ tax planning; ii/ clarifying taxable and non-taxable services; iii/ service restructuring to meet the tax-exempted status. The submission would also clearly identify the scopes and principles of service aligned with social and charitable objects of NGOs. Cliff also remarked the difficulties of certain services/ business to be included in tax exempted services. Those services/ business included property leasing, funeral or columbaria services, second hand shops and green product retailing, clinics, and B2B services to corporate. The issue would be further discussed in the Agency Heads Meeting on 4 June.

4.3 Award Scheme of Small NGOs (MLS)

Ms. CHEUNG Lai-wah briefed Members an Award Scheme of Small NGOs would be launched with the support of a family foundation. The scheme would engage different stakeholders such as foundations, corporate, professional bodies, etc in the selection panel. The scheme would be rolled-out in the last quarter of 2019 and a ceremony of

the award would be launched in the first quarter of 2020.

Members concerned that the conflicts of interests and absence of user views were critical in the proposed formation of selection panel, in which funders' views were dominated with preferences and recognitions might be given to their NGO partners. Mr. Cliff Choi explained that the scheme also aimed provide an opportunity for them to understand the strengths and contribution of self-financed small NGOs, and sincerely hoped they would become supporters of small NGOs in future.

4.4 Changes of Techdonation eligibility requirement and O365 cloud service status (IXRC)

Mr. Tony LEE updated the changes of NGOs subscriptions to free Microsoft cloud service in techdonation scheme. The first change was the reclassification of registration of NGOs when renewing the registration status. NGOs were required to subscribe the free licenses separately for each service unit, instead of a sole subscription for the whole agency. Some services such as central administration and age services (e.g. residential services) were excluded in the eligibility of free application subscription. Under the new policy, NGOs might be able to obtain more free licenses for agency uses, but also need to pay more for charity licenses for central administration and other ineligible services.

The second change was the desktop version of O365 was no longer available in the near future. NGOs using O365 might need to migrate their existing systems to the new O365 cloud service. ITRC completed the pilot migration for 3 NGOs and would keep evaluating the merits and demerits in the migration process. After migration, the systems would allow automatic update but only be available for internet access.

4.5 Template for reserve and investment policy (GPP)

Ms. Stella HO briefed Members the recent work on template for NGO reserve and investment policy. The survey finding indicated that less than 50% of NGOs having their own reserve policy. The proposed template would serve as a guideline for NGOs to formulate their own policies on reserve and investment. An expert group, with members from NGO boards and professional accountants has been formed to discuss the framework of template. The template was expected to be ready in early 2020.

4.6 Personal Data Privacy Protection information package (GPP)

Ms. Stella HO reported the information package on Personal Data Privacy Protection information with the support of PwC. The objectives of the package were to raise NGOs' awareness of the importance of data privacy protection and to enhance their regulatory compliance. The council was planning to organize a seminar for agency members in November 2019 on this issue.

4.7 Updates on Greater Bay Area Social Service Development (ICA)

Ms. Hindy KAI reported ICA had invited NGOs to submit their difficulties and concerns towards registration under Overseas NGO Law, and three submissions from NGOs were received. In the meeting of Steering Committee on Work in Mainland China, the case provided by Agency for Volunteer Service (AVS) was selected to submit to Constitutional and Mainland Affairs Bureau for consideration.

4.8 Soliciting views for welfare and non-welfare executives' learning and sharing (HKCSSI)

Ms. Lois LAM reported that research results about the training needs conducted recently. The findings showed the training needs of non-welfare executive staff e.g. induction to the social service sector. Lois invited members to advise outline for the induction courses.

5. Date of next meeting

The next meeting will be held on 24 July 2019 at 2:30pm at Room 103.

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