

For circulation

Legislative Council Panel on Constitutional Affairs

Existing practices of non-governmental organisations (NGOs) receiving welfare subventions on their employees taking up public office

Purpose

This paper presents to Members the results of a survey conducted by the Social Welfare Department (SWD) on existing practices of non-governmental organisations (NGOs) receiving welfare subventions on their employees taking up public office and follow-up actions.

Background

2. During previous discussion at the Constitutional Affairs Panel, the Administration reiterated the Administration's position that the arrangement regarding paid staff of NGOs taking up public office should be a matter between the NGO as employer and the individual as employee. Such practices are matters of an agency's human resources policy and very often reflect the mission of the agency in serving the community. In other words, each NGO, being an independent entity, should be allowed the autonomy and flexibility to determine the most appropriate arrangements applicable to its employees taking up public office. The Department however is vigorously maintaining the output and performance of subvented service units operated by these NGOs through a Service Performance Monitoring System.

3. In view of the large number of NGOs receiving welfare subventions and as part of the Department's effort to promote good management practice, SWD issued a set of relevant guidelines on the subject for NGOs' reference in February 2002 (**at Annex 1**). Individual NGOs are expected to formulate their own internal procedures on the subject based on these guidelines. To take stock of actual practices on the ground, SWD conducted a questionnaire survey on NGOs' arrangements for their employees taking up public office in July/August 2002.

Summary of Survey Findings

4. 176 out of 184 NGOs receiving welfare subventions had responded to the survey, representing a response rate of 96%. Among the remaining eight NGOs that had not responded, three have ceased operating subvented services since October 2002 while the other five are small NGOs, each receiving subventions of \$3 million or below for 2002-2003 and has a staff establishment of less than 50 posts.

5. Nearly three-quarters of the NGOs (i.e. 127 out of 176) which had responded to the survey require their employees to inform the management concerned on taking up public office. Among them, more than 90%, (i.e. 117 out of 127), require their employees to seek approval from the management concerned.

6. About 20% of the NGOs (i.e. 33 out of 176) which responded to the survey have their own internal guidelines in place for their employees taking up public office. More than one-third of them (i.e. 12 out of 33) have built into their relevant guidelines the requirement for their employees to contribute a portion of their allowance if they take up remunerated public office. Among those NGOs without the relevant guidelines, 18 said that they were in the process of developing such guidelines and 72 indicated that they would consider developing such guidelines, apparently in response to guidelines issued by SWD as best practices, while the remaining 53 were not considering the development of such guidelines at all. Most of these 50 odd NGOs are small ones, each with a staff establishment of 50 posts or less. Follow-up telephone enquiries to these NGOs were conducted. It was gathered that these NGOs generally had very few number of their employees taking up public office and hence the management did not regard this as a priority issue to tackle. They generally preferred to deal with such cases as they arose. An executive summary on the survey findings is at **Annex 2**.

The way forward

7. It is clear from the survey findings that NGOs in receipt of welfare subventions have adopted different arrangements in dealing with their employees' engagement in public office. The Administration recognizes that flexibility should be provided to these NGOs to decide on the detailed arrangements that can best suit their organisational culture, including accountability and transparency, management requirement and operational needs. However, for public accountability and transparency in NGOs receiving public funds, we maintain the view that individual NGOs should have such guidelines drawn up for staff reference. Whilst we can understand the low priority accorded to this subject by some smaller size NGOs, the Department feels that they should continue to be encouraged and

assisted in having such rules and practices in place.

8. The survey findings were discussed at a recent meeting of the Lump Sum Grant Steering Committee comprising representatives from NGO management, the HKCSS, staff and users. The meeting generally agreed with the Department's stance and considered it worthwhile to further promote good management practice by arranging sharing sessions amongst NGOs. It is hoped that by sharing experience in developing and implementing the guidelines with those NGOs which have not yet developed guidelines for their employees, more NGOs would have such rules and practices in place in due course.

Social Welfare Department

March 2003

Guidelines for NGOs receiving welfare subventions on Employees taking up Public Offices

Purpose

These guidelines are promulgated for reference by NGOs receiving welfare subventions regarding the issues relating to their employees taking up public offices.

Background

2. Under the present subvention policy, there is no rule governing how a subvented organization should treat its staff in terms of their participation in public offices. In response to concerns expressed by LegCo Members, the Social Welfare Department (SWD) sees the merit in promulgating some general guidelines for reference by the management of subvented welfare NGOs. These guidelines will help NGOs draw up their respective agency practices governing their employees taking up public offices.

3. With the introduction of the Lump Sum Grant (LSG) subvention system for welfare NGOs as from 1 January 2001, it is recognised that some general guidelines on the subject to be issued by SWD would be useful and necessary. While encouraging flexibility in using resources to meet community needs, the LSG mode of operation continues to lay emphasis on the proper use of subvention money, i.e. to fund the delivery of welfare services stipulated in the Funding and Services Agreement (FSA) which sets out clearly the respective duties and responsibilities of SWD as the funder and NGO as the service provider. NGOs have to satisfy the requirement that subvention money is spent in providing quality service, and meeting the performance standards as stipulated in the FSAs. That said, the Guidelines contained herein are intended for reference by all NGOs receiving welfare subventions, not only those operating on LSG.

4. The Department understands that it would not be practicable to prescribe a set of standardized guidelines for compliance by all NGOs receiving government subventions. In reality, the nature of public office and the demands of these appointments put on the appointees vary significantly from one to the other. The Department would not wish to see rigid rules and barrier that frustrate or inhibit people taking up public services appointments especially at a time when we are advocating a more open government and value the advice and input from

professionals and stakeholders in our work.

5. The guidelines are meant 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 subvention money on the other.

6. Each NGO, being an independent entity, should be allowed the autonomy and flexibility to determine how its financial and manpower resources be deployed and the actual course of action to take when employee occupying subvented positions takes up a public office. The proposed guidelines on staff taking up public offices should become part of the administrative procedures to promote and foster best management and human resource management practices. Individual NGOs are expected to formulate their own internal procedures on the subject based on these guidelines. SWD can offer advice to them in the process if necessary.

Guidelines for employees of NGOs receiving welfare subventions

7. As a general rule, an employee of a NGO receiving welfare subventions who wishes to take up public office should consult the Board Chairman/Agency Head in writing and obtain their consent before accepting the public office.

8. The employee should seek to understand and be sure that his/her involvement in the public office would not bring forth any negative effect to his/her service and performance in his/her post in the NGO before putting up the request.

9. In his/her written request for approval, the employee has to provide details of the tasks and responsibilities in the public office, including the expected workload, time involvement, constituency to be served, etc. to facilitate the management's assessment on his/her application. Details regarding the proportion of normal working hours and after-office hours to be spent in the public office should be clearly stated.

10. If there is any change in the duties/working condition of the public office which affects or may affect his/her service in the NGO, the employee should notify the Board Chairman/Agency Head in writing and obtain their consent to continue with the public office.

11. The employee should refrain from raising/campaigning for funds from

his/her Agency clients, advertise or perform election activities and obligations while on duty in the subvented organisation.

Guidelines for Board Chairman/Agency Head

12. While considering an employee's request for taking up a public office appointment, Board Chairman/Agency Head should consider if the employee's role and duties in the public office would have conflict of interest with the Agency and its service recipients. Besides, the extent of negative effects that may possibly be brought about by the employee's involvement in the public office to the normal discharge of his/her duties in the subvented services should be taken into account.

13. After granting approval to an employee to take up public office, Board Chairman/Agency Head should keep a clear and complete record of an employee's involvement in public office. The employee's performance should be reviewed during the regular staff appraisal exercise to ensure that his/her commitment in the public office has not caused any adverse effect to his/her normal duties. If the employee is found failing to fulfill his/her role or have deteriorated in performance, the Board Chairman/Agency Head should take appropriate measures to reconsider the approval for him/her to continue with the public office.

14. If an employee has to perform duties related to his public office in normal office hours, the Board Chairman/Agency Head may consider approval for the employee to take leave and/or to reshuffle his/her normal working hours to facilitate such activities. If an employee has to perform his public office duties in his office hours, there should be a proper record for the Board Chairman/Agency Head's information.

15. The Board Chairman/Agency Head is strongly advised to put in place a procedure of adjustment of salary/benefits for employees taking up remunerated public office after taking into consideration the proportion of normal working hours to be spent in taking up the public office.

16. Board Chairman/Agency Head should consult the staff and the Board of Directors when developing the Guidelines/Procedures for internal reference.

Enquires

17. Should you have any enquires regarding this circular, please contact Mr FU Tsun-hung, Chief Social Work Officer (Help Centre) at 2832 4307.

SWD/HC 601/2

Social Welfare Department

February 2002

Survey on the existing practices of non-governmental organisations (NGOs), which receive welfare subventions, on their employees taking up public office

Executive Summary

Response rate

On 4 July 2002, copies of questionnaire were sent to each of the then 184 non-government organisations (NGOs) operating SWD-subvented services. They were required to return the completed questionnaires on or before 15 August 2002. The response rate, including late returns, was 96% (i.e. 176 out of 184 NGOs). Among the remaining eight NGOs (184 less 176), three had ceased operating subvented services since October 2002 and the other five were small NGOs, each receiving subventions of \$3 million or below for 2002-03 and had a staff establishment of 50 posts or less.

Existing practices

2. Employees of nearly three-quarters of the NGOs (127 out of 176) are required to inform their management if they take up public office. More than 90% (117 out of 127) of these NGOs require their employees to seek approval from their management. When being notified or requested for the approval, nearly 90% (112 out of 127) of the NGO management bodies require their employees to provide details on their involvement in the public office, e.g. constituency they serve, workload, time involvement, remuneration etc. 87% (i.e. 110 out of 127) of the NGO management bodies do require their employees to report subsequent changes and to seek approval to continue taking up the public office after the change.

The guidelines

3. About 20% (33 out of 176) of NGOs, which completed the questionnaire, have internal guidelines for their staff taking up public office. These relevant guidelines can be accessed by both the NGO management and their employees in almost all cases. About 70% (23 out of 33) of the relevant guidelines were developed with staff consultation.

Key issues in the guidelines

4. Nearly 100% (32 out of 33) of the NGOs, which have the relevant guidelines, require their employees to obtain prior approval from their respective NGO management bodies for taking up public office. More than one-third of these NGOs (12 out of 33) have built into their relevant guidelines the requirement for their employees to contribute a portion of their allowance if they take up remunerated public office. 7 out of these 12 NGOs have even set down rules for adjusting the

salary/ benefits/ other terms of employment of those employees concerned. For the remaining 5 NGOs, one is developing the sets of rules for the above-mentioned adjustments, two are considering to develop such rules.

5. More than 80% (27 out of 33) of the NGOs, which have the relevant guidelines, will inform the employees concerned the reason(s) if their requests for approval to take up public offices are not approved. More than 60% (21 out of 33) of these NGOs have maintained an appeal mechanism for their employees if their requests for approval to take up public offices are not approved. For the remaining 12 NGOs, 4 are developing the appeal mechanism and 6 will consider to develop the appeal mechanism.

NGOs without the relevant guidelines

6. About 80% (143 out of 176) of NGOs do not have the relevant guidelines. 18 of them are developing the guidelines. Of the remaining 125 NGOs, 72 are considering to develop such guidelines. The remaining 53 NGOs said that they were not considering the development of such guidelines at the moment. General responses from these NGOs vide our telephone enquires were as follows: (a) a few of them preferred handling their employees' requests for approval to take up public office, if any, on an ad hoc basis and based on individual case merit; and (b) most of them considered this to be of a very low priority among their other administrative duties. Nearly three quarters of them (39 out of 53) are small NGOs, each with a staff establishment of 50 posts or less. The remaining one quarter (14 out of 53) belong to NGOs of medium size, each having a staff establishment of above 50 posts but not exceeding 500 posts.

Social Welfare Department
February 2003
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