

### LCQ3: Social enterprise

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Following is a question by the Hon Frederick Fung and a reply by the Secretary for Home Affairs, Mr Tsang Tak-sing, in the Legislative Council today (October 31):

#### Question:

Regarding the work on promoting the development of social enterprises (SEs), will the Government inform this Council:

(a) of the progress of work of the Enhancing Self-Reliance Through District Partnership Programme; the total number of applications received in the second batch, the reasons why some applications were not approved, and list out the details of each of the approved programmes (including the type of programme, name of applicant organisation, amount of grant, target beneficiaries, district(s) where the programme operates, as well as the number(s), type(s) and wage level(s) of jobs expected to be created);

(b) whether it will consider further introducing SEs to districts where the problem of poverty is more serious (including Sham Shui Po, Kwun Tong, Tuen Mun and Yuen Long); if it will, of the details; and

(c) of the progress of work in organising the summit on SEs (including the time, venue and contents of the summit, list of the individuals and organisations proposed to be invited, as well as the expected effectiveness in alleviating poverty)?

#### Reply:

Madam President,

One major characteristic of social enterprise (SE) is achieving social goals with entrepreneurial thinking and commercial strategies. In a nutshell, SE is a business, but its objective is not to make profits for the shareholders. Instead, it puts the achievement of certain social goals as its ultimate objective.

The Chief Executive in his Policy Address this year has pledged to promote the development of social enterprises and to foster a new caring culture in Hong Kong. To promote the development of SE in the Hong Kong community, the Government has provided seed money in a number of specified areas. This includes the Enhancing Self-Reliance Through District Partnership Programme (the Programme) introduced in June 2006 to provide grants to non-governmental organisations (NGOs) to carry out SE projects to promote self-reliance of the socially disadvantaged groups. The Home Affairs Department (HAD) has further established the Advisory Committee on Enhancing Self-Reliance Through District Partnership Programme (Advisory Committee), comprising eight non-official members and representatives from relevant government departments, to examine applications for funding according to the established criteria.

Regarding the three questions raised by Hon Fung, I would like to respond as follows:

(a) We have received a total of 52 valid applications under the second phase application. Upon examination by the Advisory Committee, funding has been approved to 15 of them. The total amount of grants is about \$13 million or an average of about \$900,000 for each project. The remainder of applications are not approved mainly because they focus too much on training or providing services rather than operating as a business, or because of low business turnover or high risk that casts doubt on the viability and sustainability of the business.

The categories of approved projects fall mainly in catering, recycling, massage, performing arts/productions and organic farming. These projects, carried out in 13 districts, are expected to provide about 280 jobs to Comprehensive Social Security Assistance recipients, the non-engaged youth, grassroot women, rehabilitated offenders, new arrivals and single-parent families. As regards job category, it is expected that these projects will create some low-skilled jobs like shop assistants, planters, female garment workers, beauticians and massotherapists. When setting the monthly wages of their employees, the grantee should comply with and must not adopt a rate lower than the average rate stipulated for the

relevant industry/occupation in the latest “Quarterly Report of Wage and Payroll Statistics” published by the Census and Statistics Department. The applicant should be a statutory organisation or an organisation registered under the laws of Hong Kong, and an approved charitable institution and trust of a public character under section 88 of the Inland Revenue Ordinance (Cap. 112).

(b) The HAD launches the Programme with the aim of reinforcing the work in alleviating poverty through a district-based approach. As at today, the Programme has provided under its first and second phases a total grant of about \$50 million to over 50 new SE projects, 29 of which are being carried out in Kwun Tong, Sham Shui Po, Tuen Mun, Yuen Long and Tung Chung of the Islands District, as mentioned by Hon Fung. We will continue to strengthen district partnership to promote the development of SEs, to create more employment opportunities for the disadvantaged and enhance their self-reliance through the Programme. Moreover, the Government has successfully liaised with several major organisations which have expressed interest in starting up SEs. While the details are under discussion, it is expected that some projects will be carried out in the above less well-off districts. We will continue to invite the business sector and non-profit organisations to joint hand in starting up SE projects.

(c) SE remains a relatively new concept in Hong Kong and a series of issues need to be further studied. In the context of the market environment in Hong Kong, issues such as how SEs should be positioned in the market to meet market needs and be sustainable for development, whether the government should have special policies in favour of SEs and how to avoid unfair competition to small and medium enterprises, as well as the expected effectiveness of SEs in alleviating poverty, await further examination.

We will organise a summit on SE on December 20, 2007 at the Hongkong International Trade and Exhibition Centre at Kowloon Bay. We are now working on the arrangements for the summit. We will invite different sectors including the academia, the business sector, NGOs and the public sector to participate and jointly explore the way forward for the further development of SEs and to formulate action

plans. We expect to be able to announce the details of the summit next month.

Ends/Wednesday, October 31, 2007