

LCQ4: Promoting the development of social enterprises

Following is a question by the Hon Starry Lee Wai-king and a written reply by the Secretary for Home Affairs, Mr Tsang Tak-sing, in the Legislative Council today (October 27):

Question:

In his 2007-2008 Policy Address, the Chief Executive indicated that the Government would continue to promote the development of social enterprises to foster a new caring culture. Towards this end, the Government has been providing seed capital to various social enterprise projects through the Enhancing Self-Reliance Through District Partnership Programme of the Home Affairs Department, the Enhancing Employment of People with Disabilities through Small Enterprise Project of the Social Welfare Department, the Community Investment and Inclusion Fund of the Labour and Welfare Bureau, and the Revitalising Historic Buildings Through Partnership Scheme of the Development Bureau. There are restrictions on the period of subsidy under each of the aforesaid schemes, and it is emphasized that the enterprises will have to achieve sustainability and financial self-sufficiency at the end of the subsidy period. In this connection, will the Government inform this Council:

(a) of the projects awarded, the amounts of subsidy approved and the numbers of jobs created under each of the aforesaid schemes in each of the past three years (list in table form);

(b) of the number of projects under each scheme to which subsidy was granted within the past three years and which could achieve sustainability and financial self-sufficiency at the end of the subsidy period; the number of projects that operated at a loss, the reasons for their losses and the amounts of such losses; the number of projects that have ceased operation at present, and the reasons for their cessation of operation; and

(c) the assistance provided by the Government to the aforesaid projects that had suffered losses and ceased operation?

Reply:

President,

Enhancing Self-Reliance Through District Partnership Programme of the Home Affairs Department

(a) The Enhancing Self-Reliance Through District Partnership (ESR) Programme has been implemented since 2006 and has processed eight phases of applications. In the past three years, the ESR Programme has approved 52 social enterprise (SE) projects totalling about \$50 million and creating about 800 jobs. Details are elaborated in Table 1.

A breakdown of the 52 SE projects by business type is appended in Table 2.

(b) Whether an SE is able to achieve net profit is not the only benchmark for an SE's success. Based on the progress reports submitted by the approved SEs, about two-thirds of the approved SEs could meet or exceed the projected targets in terms of sales volume, profit or job creation stated in their business proposals. To date, the funding period for 15 out of 52 approved SEs has expired. Apart from three SEs which have ceased operation as they were unable to meet their projected business targets, the remaining SEs are still in operation.

(c) For SEs which are not able to achieve the projected targets stated in the business proposals, the ESR Advisory Committee will meet with the operators to understand the difficulties involved and to give appropriate advice. These SEs are then required to submit proposals to improve their business and report periodically to the Advisory Committee on their performance. Where necessary, the Home Affairs Department will arrange mentors to provide voluntary professional and business advisory services to these SEs.

It will also consider making supplementary grants for SEs which may not be able to achieve a balanced budget as a result of the deteriorating business environment. Such supplementary grants aim to help improve the operation of these SEs and enhance their sustainability.

"Enhancing Employment of People with Disabilities through Small Enterprise" Project of the Social Welfare Department

"Enhancing Employment of People with Disabilities through Small Enterprise" Project (3E's Project) was set up by the Social Welfare Department (SWD) in 2001 with a one-off grant of \$50 million. Through the provision of grants as seed money to non-governmental organisations (NGOs), the 3E's Project supports the setting up of small enterprises/businesses with a view to enhancing the employment opportunities of persons with disabilities (PWDs) through the market-driven approach. The ratio of employees with disabilities for each business must not be less than 50%. As at September 2010, the 3E's Project helped create 500 job opportunities for PWDs.

(a) Over the past three years, the number of approved projects, amount of funding granted and number of employment opportunities created under 3E's Project are set out in Table 3.

(b) Under the 3E's Project, apart from seed money, SWD also provides NGOs with funding support to cover the operating loss in the first two years of business operation. As at September 2010, there were eight funded businesses operating beyond the two-year funding period. Among them, seven are able to sustain their business on a self-financing basis. The remaining one has ceased to operate owing to failure in its bid for a new service contract upon the expiry of the current contract.

(c) Apart from the aforementioned funding support, the Marketing Consultancy Office (Rehabilitation) of SWD strives to help participants of the 3E's Project sustain their business through provision of various kinds of assistance, which include providing advice on the formulation of sustainable business plans; sharing latest market information; organising training on marketing strategies; and strengthening NGOs' cooperation with the Government to secure job orders and identify suitable venues with favourable terms.

Community Investment and Inclusion Fund of the Labour and Welfare Bureau

The Community Investment and Inclusion Fund (CIIF) was set up in 2002 to provide seed money to support collaborative projects that create social capital through encouraging mutual support in the neighbourhood, community participation and cross-sectoral collaboration. The CIIF is not an initiative to promote the development of SEs and eligible applicants for the CIIF are not confined to social enterprises. Non-governmental organisations, community groups, welfare agencies,

education organisations as well as private organisations can all apply for CIIF. Applicants are not required to set up social enterprises for running CIIF projects.

(a) The service content of the projects funded by the CIIF include after-school care services for children, employment assistance and training, youth development programmes and volunteer services to support needy families, etc. In the past three years, a total of about \$58.9 million has been approved under the CIIF to support 49 projects (Table 4).

It has never been the objective of the CIIF to foster the development of SEs and create job opportunities. As such, we do not have the number of jobs created by the projects funded by the CIIF.

(b) Projects funded by the CIIF aim at promoting the development of social capital in the community. Since profit-making is not an objective for CIIF projects, we do not have information on CIIF projects which are/were operated at a loss. An independent consultant has recently been commissioned to review the sustainability of the completed projects. The consultancy is expected to complete in early 2012.

(c) Not applicable for reasons given in (b) above.

Revitalising Historic Buildings Through Partnership Scheme of the Development Bureau

(a) Batch I of the Revitalising Historic Buildings Through Partnership Scheme (the Revitalisation Scheme) was launched in February 2008. In February 2009, the Development Bureau announced the conservation and revitalisation proposals selected for six historic buildings. Please see Table 5 for details.

Batch II of the Revitalisation Scheme was launched in August 2009. In September 2010, the Development Bureau announced the conservation and revitalisation proposals selected for three historic buildings. Details are in Table 6.

(b) Most of the nine projects under Batch I and Batch II of the Revitalisation Scheme are at the preparatory or renovation stage. At the moment, only the SCAD Hong Kong

Campus at the former North Kowloon Magistracy commenced operation in September 2010. We are therefore not able to provide the required information at this stage.

(c) Same as the above.

Ends/Wednesday, October 27, 2010

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