

## **Social Enterprise**

The Government is committed to promoting the development of social enterprises (SE) to create employment opportunities for the disadvantaged to help them to be self-reliant, and to provide a new channel for different sectors and organizations to meet the needs of different community groups with innovative approaches, so as to foster a new caring culture and enhance social harmony.

2. To encourage the establishment and development of SE, the Government has provided seed money in a number of specified areas. The Enhancing Self-Reliance Through District Partnership Programme of the Home Affairs Department (HAD) provides grants for NGOs to run SE projects during their initial operations to create employment opportunities for the disadvantaged groups and promote their self-reliance. The funding ceiling for each project is \$3 million and the maximum funding period is two years. As at end of 2007, the Programme has granted about \$51 million to over 50 SE projects in various areas. At present, about \$100 million is available for application. We will consider increasing the allocation as necessary. Other funding schemes include the “Community Investment and Inclusion Fund” of the Labour and Welfare Bureau to support cross-sector collaboration to build up social capital; and “Enhancing Employment of People with Disabilities through Small Enterprise Project” (3Es) of the Social Welfare Department, which aims to provide funding support for NGOs to run small enterprises to create training and employment opportunities for people with disabilities. Under this 3Es programme, every small enterprise will be given a grant of up to \$2 million to support its initial operation for a maximum of two years.

3. The vast majority of SE in Hong Kong are small and medium enterprises (SMEs) (i.e. manufacturing business employing fewer than 100 persons or non-manufacturing business employing fewer than 50 persons). As SMEs, SE can also apply for funding support under the SME Funding Schemes set up by the Government with an allocation of around \$2 billion, and enjoy the free consultation service offered by the Support and Consultation Centre for SMEs of the Trade and Industry Department.

4. SE is a business. It should be able to make profits and operate on a self-financing basis. The successful development of SE

requires not only commitment to the society and attending to the needs of different sectors of the community, but also innovation, just like any other successful commercial enterprise. In this regard, the Government's strategies for promoting the further development of SE in Hong Kong include –

- (a) to enhance public understanding of SE, especially the social objectives achieved, with a view to creating a more conducive environment for the development of SE and its clientele. The Home Affairs Bureau (HAB) will continue to strengthen publicity for SE. To promote public understanding of SE, apart from leaflet and API, HAB has produced in end 2007 a booklet to introduce to the public successful cases of SE in Hong Kong and overseas. The booklet and leaflet have been uploaded onto the webpage of HAB 《 [http://www.hab.gov.hk/en/policy\\_responsibilities/policy6.htm](http://www.hab.gov.hk/en/policy_responsibilities/policy6.htm) 》 ;
- (b) to promote cross-sector collaboration and encourage more private enterprises to participate in the development of SE;
- (c) to nurture more talents for SE to enhance creativity; and
- (d) to strengthen support for SE in respect of marketing, exploring market niches, financing and other operational issues in order to enhance its competitiveness and sustainability.

These development directions are in line with the views expressed by participants from various sectors at the Summit on Social Enterprise (Summit) held on 20 December 2007.

5. As announced by the CE at the Summit, HAD will set up a matching platform to facilitate a more systematic and efficient cross-sector collaboration between private enterprises and SE. Besides, HAD has enlisted the support of some retired or working professionals from the business sector to support SE and will continue to encourage more support from these sectors.

6. In addition, the Government will introduce in the coming

months a pilot scheme to give eligible SE priority in bidding 38 government cleansing services contracts with a total value of about \$17 million. The scheme is expected to provide about 300 employment opportunities for SE. The contracts will be provided by 19 departments and cover all 18 districts. SE which take root in various districts are expected to benefit from the scheme. The Government will continue to identify suitable service contracts under the principles of transparency and fairness as well as conforming to the agreement of the World Trade Organisation, and review the effectiveness of the scheme.

7. As SE is a relatively new concept in Hong Kong, a number of issues have to be explored further. While supporting the development of SE, some sectors of the community have opined that the Government should not provide overly privileged treatment to SE to avoid adversely affecting the development of SMEs, or making SE rely on the Government on a long-term basis which goes against the principle that an enterprise should be sustainable on its own. The Government will continue to listen to the views of the community and consolidate our experience so as to improve our policies and measures on SE development.