

# 立法會 *Legislative Council*

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## **Subcommittee on Poverty**

### **Updated background brief prepared by the Legislative Council Secretariat for the meeting on 11 April 2016**

#### **Ways to help the poor get rid of poverty through promoting local community economy**

#### **Purpose**

This paper gives an account of the past discussions by the Council and relevant committees in relation to promoting local community economy ("LCE") through bazaars and social enterprises ("SEs") in order to help the poor get rid of poverty.

#### **Background**

2. According to the Administration, it provides appropriate facilitation and encourages the private sector to plan, invest as well as operate initiatives to promote the development of LCE. Examples of LCE initiatives implemented include Entrepreneurship Corner at the Victoria Park and Wan Chai Bookfair Series, etc. The Administration aims at achieving four objectives in promoting LCE, namely, creating employment opportunities, stimulating domestic consumption, promoting district characteristics and lifting community mood.

3. To strengthen district based poverty alleviation work and assist socially disadvantaged groups to achieve self-reliance, the Administration has put in place targeted measures to promote the development of LCE, including implementation of the Enhancing Self-Reliance Through District Partnership Programme ("the ESR Programme"). The Home Affairs Department ("HAD") launched the ESR Programme in 2006 to provide seed grants for eligible non-profit-making organizations to set up SEs to create job opportunities for the socially disadvantaged. With effect from 2016-2017, HAD would implement an enhanced ESR Programme to benefit a wider range of SEs and encourage greater participation of the private sector in the development of SEs.

## **Deliberations by Members**

### Promotion of local community economy

4. While supporting the promotion of LCE, some Members expressed concern that some of the businesses under LCE, after a certain period of development, might become stagnant and obstructive to the further development of LCE. The Administration explained that LCE referred to diversified business activities which could highlight district characteristics and develop continuously. For business which was not capable of sustained development, only short-term contracts would be granted to the operators. It was hoped that business under LCE would be able to prosper with time, become financially viable, and create more employment opportunities for the people in Hong Kong.

5. Some Members were of the view that the Administration had not provided sufficient assistance to facilitate the development of LCE. The Administration had charged market rent for some LCE projects, which was not affordable to most investors. They criticized that too many government departments were involved in handling applications for operating LCE projects and there was a lack of co-ordination among these departments. The time-consuming and complicated application procedure was not conducive to the development of LCE. They urged the Administration to review and improve the relevant policies so as to speed up the promotion of LCE. The Administration should also co-ordinate the efforts of the districts as well as government departments in this respect.

6. The Administration explained that its aim in promoting local economic development was to stimulate local consumption, enhance social vitality, publicize regional characteristics and create employment opportunities. To promote local economic development, the Administration would provide appropriate assistance and promote regional characteristics, as well as encourage the private sector to participate in the investment in and operation of projects promoting LCE.

7. During the motion debate on the report of the delegation of the Subcommittee on Poverty to study the experience of poverty alleviation in Taiwan and Japan at the Council meeting of 18 June 2014, some Members said that the Darerhjieh Cultural and Educational Association was set in the Darerhjieh District of Taiwan. It had successfully vitalized the whole community by developing community building activities that leveraged on the distinctive geographical, industrial and cultural characteristics of the District with educational and cultural conservation elements. In Japan, the revised policy on vitalization of city centres was introduced under which local residents, business operators, chambers of commerce, developers and enterprises of a city centre would explore how to create a new environment and submit a proposal to

the local government and the central government. If the local government and the central government considered it feasible and effective, funding as much as 50% to 66% (two thirds) of the costs of the whole project would be granted to renovate the city centre, rearrange the stalls and set up new shops. These shops might even establish chambers of commerce to further promote the work of other city centres. Currently, a large number of commercial street economy communities had been established in Japan. Despite their small size involving only 10 000 or even a few thousand people, these economic systems created new economic platforms and employment opportunities.

8. The Administration advised that at present, promoting the development of LCE involved the work of several departments and these departments would provide suitable assistance. For example, HAD had set up a website "Hong Kong Fun in 18 Districts" to introduce the characteristics and attractions of various districts. District Councils ("DCs") in various districts would often organize activities with regional characteristics to increase community vitality, strengthen social cohesion and bring economic benefits. Where necessary, the District Office in various districts would arrange the authorities concerned to consult DCs on economic development projects. The Administration's poverty alleviation policy mainly encouraged young people and adults to become self-reliant through employment, while putting in place a reasonable and sustainable social security and welfare system, serving as a safety net to help those who could not provide for themselves.

9. Some Members considered that the development of LCE and bazaars could help the poor, in particular the socially disadvantaged residing in remote areas, get rid of poverty. At its meeting on 12 January 2015, the Subcommittee on Poverty passed a motion urging the Administration to set up under the Commission on Poverty ("CoP") a task force on poverty alleviation at district level, so as to draw up appropriate and innovative poverty alleviation plans for addressing the poverty situation of various districts. According to the Administration, there were mechanisms in the Administration dealing with district-oriented poverty alleviation work, including the development of bazaars. CoP agreed that it was not necessary to set up a dedicated task force to follow up on the matters concerned at this stage.

#### Open-air bazaars

10. Some Members had time and again called on the Administration to formulate policies for the development of LCE, including the promotion of bazaar economic activities. At its meeting on 17 March 2010, the Council passed a motion urging the Administration to strive to preserve the culture of open-air bazaars, and expeditiously study subsidizing the development of open-air markets in remote areas, so as to stimulate economic activities of neighbouring communities and create job opportunities for residents in remote

areas. The Administration advised that it was open-minded on the establishment of bazaars if interested parties could identify suitable venues, enlist the support of the DCs and local residents concerned, and obtain proper licences, if required, for selling the kinds of commodities at the venues. In addition, suitable non-profit-making organizations with capability should be available to operate bazaars.

11. On 1 September 2012, the Chief Secretary for Administration ("CS") announced the proposal of setting up the Tin Sau Bazaar ("the Bazaar") in Tin Shui Wai ("TSW") with creating job opportunities as one of its objectives. The Bazaar commenced operation in February 2013. The Bazaar, which was operated and managed by the Tung Wah Group of Hospitals, provided over 180 low-rental stalls selling daily necessities. The Administration advised that the Bazaar would not only provide goods at low prices for local residents, but also encourage the self-reliance of the underprivileged and help boost the local economy.

12. Considering that the Bazaar was unsuccessful given its low patronage, some Members were of the view that instead of exercising too much control on the management and operation of bazaars, the Administration should facilitate co-operation and enhance cohesiveness among operators of bazaars. It was also important to locate bazaars at places where there were supportive facilities in the vicinity for attracting and sustaining patronage. The Administration advised that it had been assisting operators in implementing measures to enhance the operating environment and competitiveness of the Bazaar, such as organizing training for strengthening the business skills of the stall operators and gathering information on suppliers who might provide discounts, accept small orders and offer delivery service.

13. Some Members requested the Administration to invite interested parties to operate bazaars in public parks and the Kai Tak Cruise Terminal during public holidays and weekends. Some other Members called on the Administration to consider identifying suitable venues for setting up open-air bazaars in all 18 districts. The Administration explained that it would take into account the unique circumstances of individual districts in considering the need for establishing open-air bazaars in other districts, having regard to the experience gained in operating the Bazaar. In so doing, the Administration considered it necessary to look into the local demand and whether suitable sites were available. The traffic impact, noise, environmental hygiene and management problems should be carefully assessed. The Administration further advised that it received a number of proposals of open-air bazaars in November 2015, including one for operating a bazaar in TSW ("the Proposal"). The Food and Health Bureau ("FHB") had written to the DC Chairman concerned and anticipated that the Proposal would be put forward to the DC concerned for discussion and follow-up.

14. Some Members urged the Administration to consider relaxing the regulation of sale of home-made food by making reference to overseas legislation in this regard, so as to support sale of home-made products and the development of LCE. The Administration explained that under the existing law, a temporary food factory licence should be obtained for heating up and sale of pre-cooked food at a temporary stall set up in a bazaar. Applicants had to meet requirements and conditions for obtaining the aforesaid licence. Under a temporary food factory licence, all pre-cooked food sold on the premises should be obtained from a licensed food factory or other lawful sources. Under statute, the use of any dwelling place as a food room was prohibited.

15. Some Members were gravely concerned about the existing arrangement whereby the development of LCE and the related hawker control were under the purviews of different bureaux and departments ("B/Ds"). They considered that the arrangement had hindered the development of LCE. Some other Members held the view that bazaar development was an inter-departmental issue which was related to food and environmental hygiene and economic development. The CS's office should therefore consider taking the lead and lining up representatives of the relevant B/Ds to form a committee to rationalize the Administration's efforts in supporting the development of LCE. In addition, District Officers should coordinate the work of relevant B/Ds at district level to foster bazaar development. The Administration advised that FHB, the Home Affairs Bureau ("HAB") and other B/Ds would continue to closely work together on bazaar-related issues. If district-led proposals of setting up bazaars on which community consensus had been reached, FHB was prepared to facilitate liaison with relevant B/Ds.

### Social enterprises

16. The Subcommittee to Study the Subject of Combating Poverty ("the Subcommittee") formed under the House Committee in the Third Legislative Council ("LegCo") had studied the subject of development of SEs in helping the unemployed and the disadvantaged. Apart from identifying problems which had hindered the further development of SEs, the Subcommittee had put forth in its report 21 recommendations on further encouraging the development of SEs for consideration by the Administration. In gist, the Subcommittee took the view that the Administration should formulate an overall strategy and policy, create an enabling market environment, enhance business facilitation and support, establish legal framework for SEs and increase public awareness and acceptance of SEs.

17. Some Members expressed concern about whether the Administration would conduct a systematic and comprehensive review of its efforts in promoting SEs in recent years. The Administration advised that in 2013, HAB and the Social Enterprise Advisory Committee ("SEAC") had commissioned the

Chinese University of Hong Kong and the Hong Kong Council of Social Service to study the latest landscape and service needs of the SE sector in Hong Kong. According to the study report which was published in November 2014, the number of SEs had increased from about 260 in 2008 to more than 450 in 2014. The scope of their services and service targets had become more diversified, and earning wider recognition from the community. To further promote the development of SEs, SEAC and the Administration had agreed on the following strategic directions as proposed in the study:

- (a) to support SEs to continue performing their major function of "assisting employment of the socially disadvantaged";
- (b) to adhere to the principle of SEs being community-driven with support of the Administration, and to maintain the diversified development of SEs;
- (c) to encourage innovation by SEs to achieve more diversified social objectives; and
- (d) to focus efforts on boosting the development of SEs.

18. The Administration further advised that underpinning the above strategy, the existing measures would be enhanced and new initiatives would be introduced to strengthen the support for SEs. In 2016-2017, the Administration would continue strengthening the support platforms for SEs and stepping up publicity and public education to promote SEs. Through co-ordination between SEs and non-governmental organizations, on-site training opportunities in SEs and related support services would be offered to persons with disabilities and other needy groups in order to enhance their employment prospect. The Administration would also continue implementing the ESR Programme with enhanced measures to benefit more types of SEs and encourage greater participation of the commercial sector.

19. Some Members urged the Administration to conduct a review of the effectiveness of the ESR Programme grants for consideration of future enhancement. According to the Administration, HAD had reviewed the ESR Programme and drew up enhancement measures for the new phase of the Programme in 2015. As at September 2015, the ESR Programme had approved grants of \$207 million for the establishment of 176 SEs. Around 80% of these SEs continued operation after completion of the funding period. More than 4 000 persons had been employed by the ESR-funded SEs and about 80% of those employed were socially disadvantaged. Under the new phase of the ESR Programme to be launched in 2016-2017, various enhancement measures would be put in place, including the expansion of the scope of subsidy and the launch of a pilot scheme allowing subsidized SEs to distribute profits under prescribed conditions in order to attract more capable social entrepreneurs to develop SEs.

20. Some Members suggested that the Administration should implement supportive measures for SEs, such as providing premises at concessionary rent, offering concession tax to SEs and setting aside a certain number of government's service contracts for bidding by SEs only. The Administration advised that it was fully aware of the challenges including the problem of high rentals faced by SEs in running sustainable business and achieving social objectives. However, as SEs should run like a business, it would give rise to the concern about unfair competition with the business sector if too much government support, say, rent concession, was provided for the SE sector to run business on a commercial basis. It was more important for the community at large to support caring consumption in order to enable the sustainable growth of SEs. Besides, active participation and support of the commercial sector, for example, placing procurement orders with SEs and providing practical advice and skills on operation, was also crucial to the success of SEs.

21. Noting that the Administration would adopt a new indicator to measure the development of SEs, some Members asked about the details and were concerned as to whether any reference had been drawn from the experiences of other countries/regions to develop the new indicator. The Administration advised that different methodologies were adopted by different economies to measure the development of SEs. Starting from 2015-2016, HAB had used the number of SEs in Hong Kong as a new indicator of the Administration's work to promote the development of SEs. The total number of SEs in Hong Kong, which included the number of SEs continuing operation and new ones established, would best illustrate the concerted efforts of community, business, academia and government made to support the development of SEs.

### **Relevant papers**

22. A list of the relevant papers on the LegCo website is in the **Appendix**.

## Appendix

### Relevant papers on ways to help the poor get rid of poverty through promoting local community economy

Committee	Date of meeting	Paper
Panel on Home Affairs	13 June 2003 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
House Committee	27 June 2008 (Item V(h))	<a href="#">Report on Development of Social Enterprise</a>
Legislative Council	17 March 2010	<a href="#">Official Record of Proceedings Pages 5 – 80</a>  <a href="#">Progress report</a>
Panel on Welfare Services	9 January 2012 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Home Affairs	14 June 2013 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">CB(2)1831/12-13(01)</a>
Subcommittee on Poverty	28 January 2014 (Items I & II)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	2 April 2014	<a href="#">Administration's reply to members' written questions in examining the Estimates of Expenditure 2014-2015 Pages 43-44</a>
Legislative Council	18 June 2014 19 June 2014	<a href="#">Official Record of Proceedings on 18 June 2014 Pages 209-250</a>  <a href="#">Official Record of Proceedings on 19 June 2014 Pages 6-28</a>



<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
		<a href="#">Report on the duty visit to study the experience of poverty alleviation in Taiwan and Japan</a>
Subcommittee on Poverty	12 January 2015 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Finance Committee	31 March 2015	<a href="#">Administration's reply to members' written questions in examining the Estimates of Expenditure 2015-2016 Pages 39-40, 93-94, 324-325, 329, 346-347 and 725</a>
Subcommittee on Poverty	29 June 2015 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Home Affairs	13 November 2015 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	25 January 2016 (Item I)	<a href="#">Agenda</a> <a href="#">LC Paper No. CB(2)624/15-16(02)</a>
Legislative Council	16 March 2016	<a href="#">Question 19</a> <a href="#">Administration's reply</a>

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