

**立法會**  
**Legislative Council**

LC Paper No. CB(2)1779/14-15(02)

Ref : CB2/HS/1/12

**Subcommittee on Poverty**

**Updated background brief prepared by the Legislative Council Secretariat  
for the meeting on 29 June 2015**

**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, social enterprises ("SEs") and the Social Innovation and Entrepreneurship Development Fund ("the SIE Fund") 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. From 2011-2012 to 2015-2016, \$150 million has been earmarked for the Home Affairs Department ("HAD") to continue the implementation of the "Enhancing Self-Reliance Through District Partnership Programme" ("the ESR Programme"). The ESR Programme provides seed grants for eligible non-profit-making organizations to set up SEs to create job opportunities for the socially disadvantaged. In addition, the Administration has launched in September 2013

the SIE Fund under the Commission on Poverty ("CoP"), which aims at encouraging individuals and organizations to help tackle poverty and associated social problems by innovative ideas and modes of operation.

## **Deliberations by Members**

### Promotion of LCE

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 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 would invite HAD to brief its members on district-based poverty alleviation work. 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. 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 about 200 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. 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 setting up open-air bazaars in other districts, in particular those with more socially disadvantaged groups. The Administration explained that setting up the Bazaar was a specific measure aiming at addressing the needs of residents in TSW North. 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.

13. 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.

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. They considered that the arrangement had hindered the development of LCE. They suggested that the CS's office should take the lead and line up representatives of the relevant bureaux and departments to form a committee to rationalize the Administration's efforts in supporting the development of LCE.

#### 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. 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, the Home Affairs Bureau ("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 260 six years ago 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 2015-2016, HAB had earmarked \$27.85 million for promoting the development of SEs through a range of support services, including (a) initiatives to enhance public awareness and promote cross-sectoral collaboration; (b) support for SE platform organizations to provide services for budding and serving SEs; and (c) support for capacity building for the SE sector. In addition, a new scheme would be implemented to provide subsidies for SEs and non-governmental organizations ("NGOs") to offer on-site training for persons with disabilities and other groups in need, including elderly persons and ethnic minorities, to enhance their employment prospect. The Administration had also earmarked \$150 million for rolling out a new phase of the ESR Programme with enhanced measures from 2016-2017 to 2019-2020.

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 would conduct a review of the ESR Programme in 2015 to identify possible enhancement measures to benefit a wider scope of SEs and encourage greater participation of the commercial sector in the development of SEs. Since the launch of the ESR Programme in 2006, funding support was approved for the establishment of 161 SEs. Of them, 159 had already commenced business and 23 of them had ceased business within three years after the funding period. 2 600 job opportunities had been created and more than 3 800 employees had been employed by the relevant SEs. On the basis of the amount of grants disbursed to a total of 134 operating SEs and their salaries expenditure as at April 2015, one dollar of grant would lead to around \$4 of workfare on average during the first six years of operation of ESR-funded SEs. As 80% of ESR-funded SEs were in operation

and some had been operating for over eight years, it was expected that the workfare would continue to grow in the years to come. Apart from financial benefits, according to the questionnaires completed by the employees of SEs, about 80% of them considered that the jobs of SEs could help enhance their skills and confidence.

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, setting up an SE corporation by the Administration to facilitate small SEs in joining their efforts in bidding certain government service contracts, etc. 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 business 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 would use 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.

### The SIE Fund

22. Noting that CoP had launched the SIE Fund to increase the diversity of measures to help tackle poverty and social exclusion through nurturing social innovation and entrepreneurship, Members asked how the Administration could ensure that the work of the SIE Fund would not duplicate with the existing SE programmes, such as the ESR Programme. The Administration advised that one of the underlying principles of the SIE Fund was that its use would not overlap with other existing government programmes on SEs. The main features distinguishing the SIE Fund from other existing SE programmes were –

- (a) applicants for the SIE Fund would not be confined to social service agencies or non-profit making organizations. Individuals or profit-making businesses could apply for funding if they had innovative ideas to address poverty or build capabilities in the community;
- (b) intermediaries (e.g. NGOs, professional bodies, impact investors, education institutions, etc.) would be engaged to administer part of the SIE Fund so as to capitalize on their knowledge, expertise and networking ability in the social innovation field; and
- (c) the SIE Fund would consider funding schemes provided through intermediaries for very early stage support to individuals or for applications from existing SEs or social businesses for scaling-up their operations, rather than just providing seed money for start-up SEs as this was available from existing programmes.

23. Regarding intermediaries, the Administration advised that open recruitment of the first batch of the SIE Fund intermediaries for operating initiatives under Capacity Building and Innovative Programmes was conducted in the first quarter of 2014. The SIE Fund Task Force under CoP received more than 40 proposals and announced the appointment of intermediaries in December 2014. The SIE Fund's programmes were expected to be rolled out in early 2015.

### **Relevant papers**

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

Council Business Division 2  
Legislative Council Secretariat  
24 June 2015



## 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	29 October 2013 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</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>
Finance Committee	2 April 2014	<a href="#">Administration's reply to members' written questions in examining the Estimates of Expenditure 2014-2015 Page</a>

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
		<a href="#"><u>207</u></a>
Legislative Council	18 June 2014 19 June 2014	<a href="#"><u>Official Record of Proceedings on 18 June 2014 Pages 209-250</u></a>  <a href="#"><u>Official Record of Proceedings on 19 June 2014 Pages 6-28</u></a>  <a href="#"><u>Report on the duty visit to study the experience of poverty alleviation in Taiwan and Japan</u></a>
Subcommittee on Poverty	28 October 2014 (Item I)	<a href="#"><u>Agenda</u></a> <a href="#"><u>Minutes</u></a>
Subcommittee on Poverty	12 January 2015 (Item I)	<a href="#"><u>Agenda</u></a> <a href="#"><u>Minutes</u></a>
Finance Committee	31 March 2015	<a href="#"><u>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</u></a>

Council Business Division 2  
Legislative Council Secretariat  
24 June 2015