

政府總部
發展局
工務科
香港花園道美利大廈



Works Branch
Development Bureau
Government Secretariat
Murray Building, Garden Road,
Hong Kong

本局檔號 Our Ref.

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19 February 2008

Clerk to the Finance Committee
Legislative Council Building
8 Jackson Road
Central, Hong Kong
(Attn: Miss Becky Yu)

Dear Miss Yu,

**Finance Committee
Follow-up to meeting on 1 February 2008**

I refer to your letter dated 4 February 2008 to the Secretary for Financial Services and the Treasury on the follow-up actions arising from the Finance Committee meeting held on 1 February 2008 on the Revitalising Historic Buildings Through Partnership Scheme (“Revitalisation Scheme”) (FCR(2007-08)52), conveying the request for the Administration to provide supplementary information on the policy on social enterprises (SE) and the rationale for ruling out commercial enterprises from this category. We have subsequently consulted the Home Affairs Bureau which has provided input on the Government’s strategies to promote the development of SE in Hong Kong in paragraphs 2 to 3 below. The rationale for ruling out commercial enterprises from this category is set out in paragraphs 4 to 5.

Social Enterprises

2. There is no universal definition on SE and the concept of SE is still evolving. The international trend is to encourage multi-modal development. In general, SE is a business. It should be able to make profits and operate on a self-financing basis, while the profit should be principally reinvested in the SE business or in the community for the social objectives pursued by the SE. The successful development of SE requires not only commitment to the society and attending to the needs of the community, but also innovation, just like any other successful commercial enterprises. 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;
- (b) to promote cross-sector collaboration and encourage more private enterprises to promote the development of SE;
- (c) to nurture more talents for SE to enhance creativity; and
- (d) to strengthen support for SE so as to enhance its competitiveness and sustainability.

3. As SE is a relatively new concept in Hong Kong, a number of issues are still evolving and have to be explored further. 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.

Rationale for not including commercial enterprises in the Revitalisation Scheme

4. When devising the Revitalisation Scheme, the Development Bureau has made reference to the Home Affairs Department's Enhancing Self-reliance Through Partnership Programme, which is also implemented to assist SE. We have also adopted the charitable status under Section 88 of the Inland Revenue Ordinance as one of the eligibility criteria of applicants, as the said status is a well-established and well-known yardstick for various financial assistance schemes operated by Government.

5. When devising the Revitalisation Scheme, we propose to adopt the SE approach (instead of ordinary commercial enterprises) on grounds that –

- (a) many vacant historic buildings will require a very significant sum to renovate and maintain and will therefore have limited commercial viability;
- (b) NGOs are not short of ideas in running SEs over these years with or without Government financial support and the Revitalisation Scheme would provide an additional impetus to encouraging greater entrepreneurial spirit amongst them;
- (c) with the adaptive re-use being of a non-profit-making nature, the Government would find it easier to render funding and various support to the occupants to revitalise the buildings according to their adaptive re-use proposals, thereby achieving quicker, more visible results; and

- (d) promotion of SEs to help create jobs at the local level is itself another pledge of the Chief Executive in his Election Manifesto and in line with community aspiration to help promote self-reliance amongst those in need.

6. We shall be grateful if you could convey the above to Members for their information.



(Edwin K. H. Tong)
for Secretary for Development

c.c.

Secretary for Home Affairs
(Attn: Mr. Anthony Li)

Director of Home Affairs
(Attn: Miss Adeline Wong)

Secretary for Financial Services and the Treasury
(Attn: Mr. Alfred Fok)
(Attn: Ms W Y Poon)