

For discussion  
on 12 December 2011

**LEGISLATIVE COUNCIL  
PANEL ON WELFARE SERVICES**

**Injection of Funding into the  
"Enhancing Employment of People with Disabilities  
through Small Enterprise" Project**

**PURPOSE**

This paper seeks Members' support for the Administration's proposal to inject \$100 million into the "Enhancing Employment of People with Disabilities through Small Enterprise" Project (3E's Project) as announced by the Chief Executive in the 2011-12 Policy Address.

**BACKGROUND**

2. The rehabilitation policy objective of the Government in assisting persons with disabilities in attaining employment is to ensure that they have equal access to participation in productive and gainful employment in the open market. To this end, we strive to provide a wide range of employment and vocational rehabilitation services for persons with disabilities so as to equip them with job skills that meet market requirements and assist them in securing suitable employment commensurate with their abilities. One of these measures is creation of employment opportunities for persons with disabilities through the 3E's Project.

3. With the approval of the Finance Committee (FC) in June 2001 vide Paper No. FCR(2001-02)16, a sum of \$50 million was provided to the Social Welfare Department (SWD) to launch the 3E's Project in September 2001. By providing seed money to assist non-governmental organisations (NGOs) in establishing and running small enterprises or businesses, the 3E's Project enhances the employment opportunities for persons with disabilities through a market-driven approach.

4. Under the 3E's Project, SWD provides NGOs<sup>1</sup> with a maximum funding support of \$2 million per business to meet the set-up capital cost on equipment, fitting-out works, etc. and operating expenses incurred in the initial two years<sup>2</sup> of business operation. To achieve the ultimate goal of promoting employment for persons with disabilities, a funded business needs to fulfill the requirement that the number of employees with disabilities should not be less than 50%<sup>2</sup> of the total number of persons on the payroll of the business. Through the funding support for setting up these businesses, persons with disabilities can enjoy genuine employment in a sympathetic working environment.

5. To enhance the sustainability of the businesses funded by the 3E's Project, the Marketing Consultancy Office (Rehabilitation) [MCO(R)] of SWD provides advisory services to the funded businesses and organises various activities for the development and promotion of their products and services in collaboration with the "Support the Employment of People with Disabilities" (SEPD)<sup>3</sup> Alliance of which these funded businesses are members. These activities include annual promotional sale gala and design competitions; networking with the commercial sector for their support in procurement of the products/services of the funded businesses and the use of their premises for promotional activities; publication of quarterly newsletter; promotion through mass media and coordination of their participation in major events such as the Hong Kong Brands & Products Expo, etc.. MCO(R) is also tasked to monitor the position of individual funded businesses against the milestones pledged by the concerned NGOs and provide due advice where necessary.

## **LATEST DEVELOPMENTS**

6. As at end-November 2011, a total of 70 businesses operated by 23 NGOs have been funded since the introduction of the 3E's Project, involving

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<sup>1</sup> The NGOs must be charitable organisations entitled to tax exemption under Section 88 of the Inland Revenue Ordinance (Cap. 112). They may or may not be receiving subventions from SWD. For applicants not receiving subventions from SWD, they need to provide documentary proof, to the satisfaction of the Director of Social Welfare, on their active participation in welfare and charitable activities for at least five years.

<sup>2</sup> Since 2006, the funding period has been extended from one to two years to enhance the sustainability of the businesses while the proportion of persons with disabilities employed has been reduced from 60% to 50%.

<sup>3</sup> "SEPD" is a registered trademark/brand name for the products and services of persons with disabilities. The owner of this trademark is the "Support the Employment of People with Disabilities Limited" which was formed by members of the Advisory Committee on Enhancing Employment of People with Disabilities in August 2002. SWD has established the SEPD Alliance together with 35 rehabilitation NGOs to promote the "SEPD" brand name through collective efforts.

a total grant of about \$46 million and creating over 550 job opportunities for persons with disabilities. Among the 70 funded businesses, 56 are still in operation, providing over 460 job opportunities for persons with disabilities, while 14 has ceased to operate mainly owing to failure in obtaining new service contracts to sustain their businesses. In view of the increasing number of applications and funding requirement in 2011-12, the commitment of the 3E's Project was raised by \$4 million, from \$50 to \$54 million in October 2011 under delegated authority.

7. The businesses funded under the 3E's Project can be broadly classified into four categories as follows:

- (a) Retail service  
Convenience shops in hospitals and education institutes, etc., rehabilitation shops selling rehabilitation products in hospitals and shop selling recycled goods in public housing estate, etc.
- (b) Food and beverage  
Cafes in hospitals, government and commercial premises, food stalls in schools, food kiosks in venues managed by the Leisure and Cultural Services Department, mobile catering service and bakeries etc.
- (c) Cleansing service  
Cleansing service for government and commercial premises, carpet cleaning, floor waxing, car beauty and cleaning services etc.
- (d) Specialised service  
Direct sales service, massage service, promotion and distribution service, packaging, telemarketing survey, laundry service, beauty shop, organic farm, barrier-free access technology service, travel service and eco-tourism service etc.

A summary of the approved applications under the 3E's Project is at **Annex**.

## **PROPOSED INJECTION OF FUNDING**

8. In view of the effectiveness of the 3E's Project in achieving the Government's policy objective of enhancing employment opportunities of persons with disabilities, we aim to encourage more NGOs to participate in the Project in order to sustain the momentum in creating more job opportunities for persons with disabilities. To this end, we will lower the threshold of the length of participation in welfare and charitable activities required for non-SWD-subsented NGOs from five years to two years, and to extend the funding period for individual business from two years to three years to allow more time for the funded businesses to gain operating experience and become self-sustainable. As additional funding is required in achieving these enhanced measures, the Chief Executive has announced in his Policy Address in October 2011 an injection of \$100 million into the 3E's Project.

## **FINANCIAL IMPLICATIONS**

9. We propose to increase the approved commitment from \$54 million<sup>4</sup> to \$154 million by injecting \$100 million into the 3E's Project under Head 170 Social Welfare Department. The additional administrative cost resulting from the increased commitment will be absorbed by the existing resources of SWD. Subject to Members' views, we plan to seek FC's approval in January 2012 for the proposed injection.

## **ADVICE SOUGHT**

10. Members are invited to note and comment on the above proposal to inject an additional \$100 million into the 3E's Project

**Labour and Welfare Bureau**  
**Social Welfare Department**  
**December 2011**

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<sup>4</sup> As indicated in paragraph 6, the approved commitment comprises \$50 million approved by FC in 2001 and the \$4 million increased under delegated authority in October 2011.

**"Enhancing Employment of People with Disabilities  
through Small Enterprise" Project  
Summary of Approved Applications  
(Position as at end November 2011)**

<b>Financial Year</b>	<b>No. of Approved Applications</b>	<b>Number of Job Opportunities Created for Persons with Disabilities</b>	<b>Amount of Approved Fund (\$)</b>
2002-2003 <sup>Note</sup>	10	114	6,196,945
2003-2004	10	102	3,763,980
2004-2005	7	49	4,123,325
2005-2006	8	77	4,185,656
2006-2007	7	29	3,454,072
2007-2008	3	19	3,039,019
2008-2009	7	49	5,592,417
2009-2010	8	50	4,125,973
2010-2011	6	36	6,623,158
2011-2012	4	28	4,723,786
<b>TOTAL :</b>	<b>70</b>	<b>553</b>	<b>45,828,331</b>

<sup>Note</sup> The invitation for application to "Enhancing Employment of People with Disabilities through Small Enterprise" Project was launched in late 2001 and the funding was granted to the first batch of approved applications in April 2002.