

For Information

Legislative Council Panel on Home Affairs

**Report on the Pilot Scheme for Priority Bidding of
Selected Government Service Contracts by Social Enterprises**

Purpose

This paper reports to Members the result of the pilot scheme for priority bidding of selected government service contracts by social enterprises (the Pilot Scheme).

The Pilot Scheme

2. In 2008, as a policy initiative to support and promote the development of social enterprises (SEs), the Government launched a pilot scheme for priority bidding of selected government contracts by SEs. The key objective of the scheme was to facilitate SEs in bidding government contracts, enabling them to accumulate experiences in running business.

3. To qualify for bidding under the pilot scheme, the SEs must be approved charitable institutions or trusts of a public character registered under section 88 of the Inland Revenue Ordinance (Cap 112). Departments concerned would first invite such SEs to bid for selected contracts and they would invite non-SE service providers to submit bids only when no suitable SEs were identified for the contracts.

4. The Pilot Scheme was carried out in three phases between 2008 and 2012. A total of 132 government contracts for cleansing and gardening services in 59 government bureaux/departments (B/Ds) were made available for bidding by eligible SEs. Eventually, 75 contracts were successfully awarded to SEs by 39 government B/Ds, involving a total value of about \$30.1 million and providing around 570 job opportunities.

Conclusion of the Pilot Scheme

5. The Home Affairs Bureau (HAB) and the Home Affairs Department (HAD) conducted a review on the Pilot Scheme in 2012 upon its completion. It was considered that the Pilot Scheme had achieved its objective of facilitating and supporting the SEs, benefitting them with new business and employment opportunities. At the same time, the participating B/Ds became more familiar with SEs and had more confidence in the general capability of SEs in fulfilling the service and contractual requirements.

6. Meanwhile, in keeping with the principle of maintaining fair, open and competitive bidding in government procurement, it was considered that the Pilot Scheme should only be a transitional measure to facilitate future engagement of SEs in government procurement through competitive bidding and that the priority bidding arrangement for SEs should be ceased after completion of the Pilot Scheme.

7. The Pilot Scheme was therefore discontinued in December 2012. B/Ds were nevertheless asked to include SEs in their quotation invitation lists as appropriate for procurement of stores and services.

Continuous efforts to support the development of SEs

8. Notwithstanding the discontinuation of the Pilot Scheme, HAB and HAD have continued to support the development of SEs through other measures under a multi-pronged approach. Apart from providing funding support for the establishment and development of individual SEs, we also support the conduct of trainings, workshops and competitions to help SEs build up their capacity and enhance competitiveness; as well as other initiatives to promote cross-sectoral collaboration to facilitate the development of the SE sector. On the other hand, we support the SE platform organisations to carry out various programmes for the benefit of SEs. These programmes include promotion of SE products and services through community campaigns, organisation of SE summits and forums, publication and general publicity to enhance awareness of SEs. We will continue to keep in view the development of the SE sector and further enhance our supporting work as necessary and appropriate.

9. Members are invited to note the report on the Pilot Scheme above.

Home Affairs Bureau
Home Affairs Department
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