

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1188/20-21(04)

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**Panel on Commerce and Industry**

**Meeting on 17 August 2021**

**Updated background brief on  
the Professional Services Advancement Support Scheme**

**Purpose**

This paper provides background information on the Professional Services Advancement Support Scheme ("PASS"), and summarizes the views expressed by members of the Panel on Commerce and Industry ("the Panel") during previous discussions on the subject.

**Background**

2. The Administration has been promoting the development of the professional services sector<sup>1</sup> on various fronts, including improving market access of Hong Kong's service sectors to world economies through trade agreements and marketing Hong Kong's service providers outside Hong Kong through proactive promotion programmes.

3. In 2002, the Administration set up the Professional Services Development Assistance Scheme ("PSDAS"), with an approved commitment of \$100 million,<sup>2</sup> to enhance the standards and external competitiveness of Hong Kong's professional services sector against a backdrop of opportunities brought by the

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<sup>1</sup> According to the Administration, the services sector is the driving force of Hong Kong's economic growth and accounted for around 93% of the gross domestic product ("GDP") in 2018. Being a high-value component of the services sector, professional services include areas such as accounting, architecture, legal and dispute resolution, engineering, business consulting and information technology. In 2017, professional services accounted for 4.7% of GDP and provided over 221 000 jobs.

<sup>2</sup> The Finance Committee approved the setting up of a \$100 million Professional Services Development Assistance Scheme on 11 January 2002.

opening up of the Mainland market following China's accession to the World Trade Organization ("WTO") in 2001, and challenges from the restructuring of the local economy. PSDAS was concluded in 2015 but the Administration saw the need to continue supporting the professional services sector in their outreaching and enhancement efforts through a funding scheme, so as to assist the sector in tapping opportunities and meeting challenges ahead.

### **Professional Services Advancement Support Scheme**

4. Against the above background, the then Chief Executive announced in the 2016 Policy Address that the Government would allocate \$200 million to support the professional services sector in enhancing exchanges and cooperation with the Belt and Road countries and other regions outside Hong Kong (including the Mainland), and promote related publicity activities.

5. Subsequent to the funding approval from the Finance Committee in July 2016, the \$200 million PASS was launched in November 2016 to support Hong Kong's professional services sector to carry out worthwhile projects to spearhead proactive outreaching promotion efforts and to improve service offerings. Non-profit-distributing organizations operating as support organizations, trade and industrial organizations, professional bodies or research institutes, which shall either be statutory organizations or organizations formed or registered under the laws of the Hong Kong Special Administrative Region ("HKSAR"), are eligible to apply for funding under PASS.

6. PASS provides funding support for non-profit-making projects which are aimed at:

- (a) increasing the exchanges and cooperation of Hong Kong's professional services with their counterparts in external markets;
- (b) promoting relevant publicity activities; and
- (c) enhancing the standards and external competitiveness of Hong Kong's professional services.

Activities relating to exchanges, cooperation and publicity are encouraged in particular. The maximum amount of PASS grant for an approved project is 90% of the total eligible project cost, or \$3 million, whichever is lower. Projects should normally be completed within three years.

7. A Vetting Committee ("VC") has been set up to consider the applications received under PASS, recommend on the level of funding support and monitor approved projects. VC is chaired by a non-government official and comprises

members drawn from or are knowledgeable about the professional services sector and includes ex-officio members. The first batch of funded projects has been rolled out since mid-2017.

8. Up to end of May 2021, more than 70 projects have been funded under PASS, including activities in and outside Hong Kong. The activities include capacity-building programmes for enhancing the standards of local professionals, such as training programmes, workshops and study tours; outreach and promotional activities for showcasing the strengths of Hong Kong's professional services, such as roadshows, promotional seminars and participation in exhibitions outside Hong Kong; exchange activities for deepening interaction between Hong Kong professionals and their external counterparts, such as visits to other economies and international conferences and seminars held in Hong Kong; and research projects on potential external markets for Hong Kong professional services and development of best practice guidelines and manuals for professionals.

9. As announced in the 2020 Policy Address, a funding of \$50 million would be set aside for a new programme under PASS, namely the Professionals Participation Subsidy Programme ("PPSP"), to subsidize major professional bodies' participation in relevant exchange, promotion and professional standard enhancement activities organized by the HKSAR Government, the Hong Kong Trade Development Council ("HKTDC") and overseas Hong Kong Economic and Trade Offices. The aim is to encourage Hong Kong professional services sectors to step up the promotion of Hong Kong's competitive edge and professional services to the Mainland cities in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") and overseas markets after the pandemic situation has stabilized.

### **Previous discussions**

10. The Administration consulted the Panel on the establishment of PASS on 21 June 2016. The Panel received a progress report on the implementation of PASS at the meeting on 17 December 2019 and major views and concerns raised by members at the meeting are summarized in the ensuing paragraphs.

#### Effectiveness of the Professional Services Advancement Support Scheme

11. Members noted that up to end of 2019, only 56 projects were funded with PASS grant totalling \$42 million, which was equivalent to 21% of the approved financial commitment of \$200 million. Having regard to the 49% success rate of applications for PASS, members urged the Administration to review the effectiveness of the enhancement measures in increasing the number of funded projects and total PASS funding approved.

12. The Administration advised the funded projects covered a wide range of sectors and featured a diverse variety of deliverables (such as forums, workshops and visits) contributing to PASS' stated objectives. PASS' high funding ratio of 90% (government): 10% (grantees) was welcomed by non-profit-distributing organizations. The Administration considered that PASS had been taken forward in line with its intent, and would continue to promote PASS and encourage applications from interested organizations through various channels.

13. Members noted that over 90% of the respondents to a survey conducted by the Administration agreed that PASS was effective in contributing to the advancement of the professional services sector, and suggested that the Administration should evaluate the effectiveness and outcome of projects funded by PASS by a set of quantitative indicators.

14. The Administration advised that it might not be appropriate to assess PASS projects' effectiveness by a rigid set of quantitative indicators, in light of the wide range of sectors covered by these projects and the diverse nature of deliverables involved. VC had in place a mechanism to monitor the effectiveness of all approved projects upon their completion.

#### Unsuccessful and ineligible applications

15. Members expressed concern about the reasons for rejecting 58 applications since the launch of PASS.

16. The Administration advised that VC's assessment on applications was based on a set of pre-determined criteria, including value, benefits and cost effectiveness of the projects as well as project management capability of the applicants. Applications were not approved mainly because the proposed projects could not directly meet PASS' objectives. The Administration had uploaded onto the PASS website a full list of funded projects for reference by interested organizations to facilitate their preparation for submission of applications. Unsuccessful applicants were welcome to resubmit applications after making suitable revisions to address the issues identified.

#### List of eligible professional services sectors

17. Members enquired whether the list of eligible professional services sectors set out in the Administration's paper was exhaustive. Members suggested that the Administration should consider including other services sectors, such as the beauty services, for funding under PASS.

18. The Administration advised that the list of eligible professional services sectors set out in the Administration's paper was drawn up with reference to the classification of WTO and supplemented by the classification of HKTDC to take into account local circumstances. The list encompassed those sectors which were generally regarded as "professional services" in the community. It covered a wide range of both traditional sectors (e.g. accounting, legal, building and construction and health) and relatively new sectors (e.g. arbitration and mediation, information and communications technology ("ICT") and technical testing and analysis). The Administration would monitor the developments of WTO's classification and reflect new developments in the list.

19. Members were concerned that among the 56 funded projects, only a few were relevant to financial services and ICT services. Given that financial services was one of the pillar industries in Hong Kong, they suggested that the Administration should encourage organizations of the financial technology ("fintech")-related professional services sector to apply for funding under PASS, say for instance, by classifying fintech as a standalone sector under the list of eligible professional services sectors, instead of including it under ICT services.

20. The Administration said that projects funded under PASS in the past two years covered a wide range of sectors. The full list of funded projects (and information on the sectors involved) was available on the PASS website, which would provide useful reference for other organizations interested in applying for PASS in respect of projects for the respective sectors in future.

#### Promotion of the Professional Services Advancement Support Scheme

21. Members called on the Administration to promote PASS to Hong Kong's professional services sectors, so as to assist Hong Kong's professional services sectors in tapping business opportunities under the Belt & Road Initiative and the development of Greater Bay Area. Some members also urged the Administration to step up promotion efforts with non-profit-distributing organizations and assist these organizations to apply for PASS.

22. The Administration advised that it had been promoting PASS through various channels, including events such as the SME One Fund Fair organized by the Hong Kong Productivity Council and the Administration's SME Symposium in September 2019. The Administration would continue to assist Hong Kong's professional services sectors to capitalize on the opportunities brought by the Belt & Road Initiative by organizing overseas business and professional missions in conjunction with relevant organizations, such as HKTDC, to explore potential investment or development projects. The PASS Secretariat would continue to communicate with potential organizations from time to time to encourage interested organizations to make use of PASS for taking forward their projects.

### Vetting of applications and release of funding

23. Members expressed concern about the liquidity burden on the non-profit-distributing organizations for the launch of their projects, and asked about the normal processing time from the receipt of a PASS application to its approval and the release of the approved grant to the grantee.

24. The Administration advised that VC normally met in about six to eight weeks after the deadline of each round of applications to consider funding applications. The applicants would be informed of the results in about two to three weeks after VC's recommendations. Successful applicants would then need to prepare the cashflow projection of the projects for approval and sign the Project Agreements with the Administration in about one month's time. Successful applicants might commence their projects after signing the Project Agreements. Where justified, urgent applications could be considered by circulation outside the normal quarterly cycle. To enhance PASS' operation and user-friendliness, the Administration would expedite the processing time by seeking VC's consideration of applications for smaller-scale projects of shorter duration (i.e. those with PASS funding not exceeding \$300,000 and project period not exceeding 18 months) and other straight-forward projects by way of circulation outside the normal assessment cycle.

### Procurement requirements

25. Given the limited supply of large-scale venues comparable to the Hong Kong Convention and Exhibition Centre ("HKCEC"), making it difficult for the applicants to fulfill the procurement requirements for venue hire, members suggested that the Administration should consider waiving the requirements on the minimum number of quotations for venue hire should the funded projects be held in HKCEC.

26. The Administration noted the difficulties faced by the funded organizations in seeking quotations for procuring each and every cost items. To strike a balance between enhancing PASS' operation and user-friendliness and ensuring prudent use of public money, the Administration would relax the requirements for the number of quotations for procurement of lower cost items under PASS, by making reference to the practice of other similar funding schemes. The grantees should accept the lowest conforming bid unless with justifications and with the Administration's prior written consent.

27. Some members suggested that an applicant might consider appointing an implementation agent to carry out the funded project, so that PASS grantees could do away with making separate procurements for individual cost items, including venue hire. The Administration advised that when seeking services of implementation agents for projects implementation, PASS grantees should adhere

to the prescribed procurement procedures for appointing implementation agents in a fair and open manner.

### **Latest position**

28. The Administration will brief the Panel on the introduction of PPSP under PASS to encourage the Hong Kong professional services sectors in stepping up promotion of Hong Kong's competitive edges and professional services to cities of the Greater Bay Area and overseas markets after the pandemic has stabilized.

### **Relevant papers**

29. A list of relevant papers is in the **Appendix**.

Council Business Division 1  
Legislative Council Secretariat  
10 August 2021

## List of relevant papers

Date of meeting	Meeting	Minutes/Paper
21/6/2016	Panel on Commerce and Industry	<p>Administration's paper on "Proposed setting up of the Professional Services Advancement Support Scheme"  <a href="#">(LC Paper No. CB(1)1045/15-16(10))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. CB(1)1197/15-16)</a></p>
12/7/2016	Finance Committee	<p>Administration's paper on "Professional Services Advancement Support Scheme"  <a href="#">(FCR(2016-17)68)</a></p> <p>Administration's follow-up paper  <a href="#">(LC Paper No. FC299/15-16(01))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. FC334/15-16)</a></p>
17/12/2019	Panel on Commerce and Industry	<p>Administration's paper on "Implementation of the of the Professional Services Advancement Support Scheme"  <a href="#">(LC Paper No. CB(1)245/19-20(05))</a></p> <p>Background brief on the Professional Services Advancement Support Scheme prepared by the Legislative Council Secretariat  <a href="#">(LC Paper No. CB(1)245/19-20(06))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. CB(1)1197/15-16)</a></p>
5/5/2021	Council	<p>Motion on "Developing Hong Kong into a regional professional services hub"  <a href="#">(Hansard)</a></p> <p>Progress report on motion on "Developing Hong</p>



<b>Date of meeting</b>	<b>Meeting</b>	<b>Minutes/Paper</b>
		Kong into a regional professional services hub" ( <a href="#">Progress report</a> )