

Following is an English translation of the opening remarks by the Secretary for Home Affairs, Mr TSANG Tak-sing, at the public hearing of the Legislative Council (LegCo) Public Accounts Committee (PAC) on Promoting the development of social enterprises (Chapter 7) of the Director of Audit's Report No. 62 today (May 5):

Chairman,

I would like to thank the Audit Commission for undertaking a study on the Government's supportive measures for social enterprises (SEs) and the Public Accounts Committee for conducting this follow-up hearing. We welcome more interest from various sectors in the community in the development of SEs in Hong Kong.

The Audit Report outlined the Government's policy initiatives and actual progress in promoting the development of SEs in recent years. For example, the statistics compiled by the "SE Business Centre" indicated that the number of SEs has been increasing steadily from 222 in 2007-08 to 406 in 2012-13 (and 450 in 2013-14).

Over the past years, the Home Affairs Bureau (HAB) has put much effort in encouraging various sectors to set up supporting platforms for SEs to provide various kinds of support. We are pleased to see that several such organisations have been established which have done a lot of work through joint efforts with various sectors. These organisations include the SE Business Centre under the Hong Kong Council of Social Service (HKCSS), Hong Kong General Chamber of Social Enterprises, and SE Summit, etc. Through the cross-sectoral collaboration among the business sector, the community, government departments and academics, we are pleased to see that the services and clients of SEs have become more diversified. Apart from creating employment for the underprivileged, the sector has achieved various social objectives in many aspects, such as provision of elderly/youth services catering to specific needs, development of distinguishing businesses of creative and tourist industries, environmental protection and recycling business, etc. In addition to realizing innovative and caring spirit, it has also encouraged many young people to participate in this meaningful cause. At the same time, the operation model and sources of capital of SEs are becoming more diversified. According to HKCSS, of the total SEs in Hong Kong, the percentage of the number of SEs not operated by registered charitable bodies has increased from 16% six years ago to 34% last year. The SE concept has become more popular and it has gained better public understanding and acceptance.

As a matter of fact, SE development is still in the preliminary stage in Hong Kong. There is still room for improvement in our work. We agree with Audit's recommendation on further support for the SEs as they are generally in line with the work directions of the HAB and the Home Affairs Department (HAD).

(a) We agreed to the recommendation in the Report that we should continue to take stock of the initiatives that are conducive to SE development, both within and outside the Government, in order to create synergy. In the past few years, the Government's strategy has always been to provide support to SEs by promoting cooperation with all sectors through various SE support platforms, including –

- * to foster a better public understanding of SEs;
- * to provide funding support to specific SE projects; and
- * to provide support in terms of training courses and mentorship schemes in order to enhance the capacity of SEs.

(b) We also agreed to the Report's recommendation that the Government must keep in view the development need of SEs and update its support strategies and programmes accordingly. Members of the Social Enterprise Advisory Committee (SEAC) which is under my chairmanship include representatives from many SE organisations and other sectors like the business, education and social welfare who proactively provide their views. SEAC has commissioned a consultancy team to conduct a study and examine the current landscape of SEs in Hong Kong and their future needs. The findings of the study will assist the Government, SE organisations and other stakeholders to formulate future strategy in support of further development of SEs.

Regarding the Enhancing Self-Reliance Through District Partnership Programme of the HAD, more than 150 SE projects have been funded with a total amount that exceeds \$170 million since 2006. Among the 150 funded projects, more than 80 SEs (i.e. close to 80%) continue to operate after the end of the funding period. The HAD will follow up on individual recommendations relating to the Programme in the Audit's Report.

Moreover, I would like to point out that the development of SEs should not be assessed solely by the amount of government funding and the number of job posts created. Although the SEs are operated in the form of a business, their value lies in

their capability to create social benefits and serve the community. Therefore we should get a more holistic and comprehensive understanding of their functions in Hong Kong.

Now, my colleagues and I are prepared to listen to your views and answer questions from the members. Thank you, Mr Chairman.

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