

**For discussion  
on 17 December 2019**

**Legislative Council Panel on Commerce and Industry**

**Implementation of the  
Professional Services Advancement Support Scheme**

**PURPOSE**

This paper briefs Members on the progress of the implementation of the Professional Services Advancement Support Scheme (“PASS”) and the way forward, including our proposals of a number of measures to enhance its operation and user-friendliness.

**OBJECTIVES AND SCOPE OF THE SCHEME**

2. With funding approval by the Finance Committee of the Legislative Council in July 2016, the Government set up the \$200 million PASS in November 2016 with the following key parameters –

- (a) **Objectives** – PASS seeks to provide financial support for non-profit-distributing organisations<sup>1</sup> to carry out non-profit-making projects aimed at (i) increasing exchanges and co-operation between Hong Kong professionals and their counterparts in external markets; (ii) promoting relevant publicity activities; and/or (iii) enhancing the standards and external competitiveness of Hong Kong professional services;

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<sup>1</sup> Non-profit-distributing organisations operating as trade and industrial organisations, professional bodies or research institutes, which shall either be statutory organisations or organisations formed or registered under the laws of the Hong Kong Special Administrative Region, are eligible to apply for funding under PASS. Government departments are not eligible to apply, but they may act as collaborating organisations or supporting bodies to provide support to the PASS projects.

- (b) **Funding principle** – the maximum amount of PASS grant for an approved project is 90% of the total eligible project cost, or \$3 million, whichever is lower. The grantee is required to meet the balance of the project cost by contributing at least 10% of the total eligible project cost through self-financing, third party sponsorship, income derived from the project or other means. The grantee’s contribution may be in cash or in kind. Projects shall normally be completed within three years;
- (c) **Items eligible for funding** – all expenses directly incurred for implementing a project such as manpower costs, venue and set-up costs, production and promotion costs, and the project team’s travel and accommodation costs outside Hong Kong, are typically eligible for funding under the scheme; and
- (d) **Eligible professional services sectors** – a wide range of professional services sectors are eligible for funding under PASS, including more traditional sectors (e.g. accounting, legal, building and construction and health) and relatively new sectors (e.g. arbitration and mediation, information and communications technology and technical testing and analysis). The full list of eligible professional services sectors under PASS is at **Annex A**<sup>2</sup>.

3. To facilitate applications, we have drawn up a detailed Guide to Application, sample applications forms for common project types, and other supplementary information such as frequently asked questions, for reference by interested organisations. All the materials are available on a dedicated website for the Scheme ([www.pass.gov.hk](http://www.pass.gov.hk)).

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<sup>2</sup> The list is largely the same as that under the Government’s past Professional Services Development Assistance Scheme (prepared with reference to the World Trade Organization’s classification, supplemented by Hong Kong Trade Development Council’s classification to take into account local circumstances), with presentational adjustments in the light of the views from stakeholders and the Legislative Council Panel on Commerce and Industry in June 2016.

4. We have set up a Vetting Committee (“VC”) (current membership at **Annex B**) to consider funding applications and recommend levels of funding support on a quarterly basis. The VC makes its assessment based on a set of pre-determined criteria, including value, benefits and cost-effectiveness of the proposed project as well as project management capability of the applicant. Where justified, urgent applications are considered by circulation outside the normal quarterly cycle. Final approval may then be granted by the Government<sup>3</sup> for the proposed projects and funding levels on the basis of the VC’s recommendations.

5. We release funding to grantees on an instalment basis, subject to fulfilment of key project milestones. Grantees are required to submit progress and/or final reports (accompanied by audited accounts) depending on the length and scale of projects. The PASS Secretariat arranges site visits for local events and progress review meetings for non-local events as part of its monitoring efforts on the funded projects.

## **PROGRESS OF IMPLEMENTATION**

6. Upon the launch of PASS, the first round of applications was approved in May 2017 and the relevant projects rolled out from mid-2017 onwards. In the past two years, a total of 56 projects (in ten rounds) have been funded under PASS. These funded projects cover a wide range of sectors and encompass a diverse variety of activities. Further details are provided below.

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<sup>3</sup> That is, final approval by the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) as the Controlling Officer.

## Applications considered and projects funded

7. For the first ten rounds, the VC considered a total of 114 applications<sup>4</sup>, of which PASS grant was provided for 56 projects (i.e. success rate of 49%)<sup>5</sup>.

## Mix of projects and deliverables

8. The 56 funded projects cover a **wide range of sectors** (breakdown at **Table 1 of Annex C**). Most of the projects are sector-specific, but there are also a few cross-sector items. The PASS funding approved for these 56 projects amount to \$42.26 million. The full list of these projects (including the funding approved for each) is available on the PASS website.

9. These funded projects feature a **diverse variety of deliverables**, including seminars, forums, workshops, exchange events, exhibitions, research and studies. Many projects indeed involve multiple events or activities. For statistical purposes, if each event or activity held under a project is regarded as a deliverable, the 56 funded projects (many still ongoing) are expected to yield a total of 349 deliverables, falling under the following broad categories –

- (a) Capacity-building programmes for enhancing the standards of local professionals – including training programmes, workshops, study tours and mentorship schemes;
- (b) Outreach and promotional activities for showcasing the strengths of Hong Kong’s professional services – including activities taking place outside Hong Kong, such as roadshows, promotional conferences and participation in exhibitions;

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<sup>4</sup> Excluding ineligible applications, such as those submitted by organisations without sufficient proof of non-profit-distributing status; and those with target beneficiaries outside the scope of eligible professional services sectors.

<sup>5</sup> The remaining 58 applications comprise: (a) four which were withdrawn by the applicants; (b) 14 which could be further processed only upon provision of supplementary information or clarifications by the applicants; (c) six offers were declined by applicants; and (d) 34 unsuccessful applications (mainly because the proposed projects could not directly meet PASS’ objectives, e.g. training programmes pitched at general and non-professional levels).

- (c) Exchange activities for deepening the interaction between Hong Kong professionals and their external counterparts – including visits to other places (e.g. overseas economies or cities in the Mainland), and locally-held conferences, seminars, forums and symposia involving Hong Kong professionals and their counterparts from other economies; and
- (d) Others – such as researches on potential external markets for Hong Kong professional services, and development of best practice guidelines and manuals for professionals, etc.

A breakdown of the 349 project deliverables by their nature and geographical locations is set out in **Tables 2 and 3 of Annex C**.

10. The 56 funded projects are taken forward by non-profit-distributing organisations of different nature and background, including professional bodies, trade and industrial organisations, and post-secondary institutions. Some grantees are well-established bodies for the professions (e.g. The Law Society of Hong Kong, The Hong Kong Institution of Engineers and The Hong Kong Institute of Surveyors) but some are relatively new. Most of the funded projects involve participation of collaborating organisations (e.g. other organisations in the same/other professions or government departments closely associated with the professions), which should help encourage greater participation across professional services sectors and wider dissemination of project deliverables. The 56 projects are expected to draw over 25 000 participants from the Hong Kong professional services sectors.

### **Promotion efforts**

11. Since the launch of PASS, we have been promoting the Scheme and encouraging applications from interested organisations through various channels. We hold regular briefing sessions for interested organisations, and issue press releases to invite applications and participation in such briefing sessions. The PASS Secretariat also conducts outreach meetings and maintain communication with potentially interested organisations from time to time to encourage the latter to make good use of the Scheme for taking forward their projects.

12. To further extend its promotion efforts, the PASS Secretariat has scouted potential projects and promotion opportunities through government bureaux/departments closely associated with the relevant professional services. In addition, the PASS Secretariat participated in events such as the SME Symposium organised by the Commerce and Economic Development Bureau and the SME One Fund Fair organised by the Hong Kong Productivity Council in September 2019 to promote awareness of PASS.

### **Completed projects**

13. Among the 56 funded projects approved during the past two years, grantees have submitted final reports<sup>6</sup> for 12 of the projects as at end November 2019. All of these 12 projects have fully or largely complied with PASS funding conditions and requirements, and the financial management of completed projects is in general satisfactory, save for some minor accounting issues (e.g. erroneous entries of expenditures which were rectified later on).

### **REVIEW OF OPERATION AND EFFECTIVENESS OF PASS**

14. Following the past two years' operation of PASS, we have recently conducted a review in terms of the cost-effectiveness, funding principles and modus operandi of PASS, based on the ten rounds of applications processed and the experience with the projects funded/completed so far. In connection with such a review, we have also conducted a questionnaire survey in September and October 2019 to gauge the views of grantees on the operation and effectiveness of PASS. We received response from 40 out of the 56 funded projects, and an overwhelming majority of the respondents agreed that PASS was effective and properly operated. More details of our assessment and survey findings are set out in the following paragraphs.

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<sup>6</sup> Grantees are required to prepare project final reports (accompanied by final audited accounts by external auditors) within three months after the completion of projects. The project final reports aim to compare the actual outcome of projects against the approved project proposals and report participants' feedback. The project final reports and PASS Secretariat's observations are submitted to the PASS VC for consideration.

## **Cost-effectiveness**

15. As mentioned above, 56 projects are funded with PASS grant totalling \$42.26 million. Very broadly, the average PASS funding approved amounts to \$750,000 for each project or \$120,000 for each project deliverable. Over 90% of the respondents agreed (i.e. indicating either “fully agreed” or “largely agreed”) that PASS was effective in contributing to the advancement of their professional services sector by increasing exchanges and co-operation, showcasing their strengths or enhancing their standards and external competitiveness.

## **Funding principles**

16. Respondents generally found the funding principles of PASS reasonable. About 85% of the respondents agreed that the maximum funding amount (i.e. \$3 million or 90% of eligible project cost, whichever is lower) was capable of accommodating the funding needs of their projects, and that the list of professional services sectors eligible under PASS was sufficiently extensive. All of the respondents agreed that the maximum project period of three years was sufficient for taking forward their projects.

17. To maximise the overall benefit for local professional services sectors, some 90% of the respondents agreed that reserving PASS for Hong Kong non-profit-distributing organisations was appropriate, and up to 90% agreed that it was appropriate to reserve PASS funding for non-profit-making projects.

## **Modus operandi**

18. On the whole, the operation of PASS has been smooth so far. Applications have been generally processed within the pledged timeline<sup>7</sup>. Urgent and justified cases (two so far) were dealt with by way of circulation, providing additional flexibility for applicants and the VC. Up to 95% of the respondents agreed that the application form was clear and well-structured, and that the Guide to Application and sample application forms could provide useful guidance. Over 80% of the respondents considered it appropriate for applications to be processed on a quarterly basis. Also, about 90% of the respondents considered the PASS Secretariat staff helpful and responsive.

19. With its wealth of knowledge and experience with Hong Kong's professional services, the VC has played an important role in scrutinising applications and monitoring the progress of funded projects. In considering each application, the VC would take into account a set of factors, such as the value of the project to the relevant profession, the size of beneficiaries in the professional services concerned and the project management experience and capability of the applicant. The VC would also consider whether the project scope, implementation schedule and proposed budget proposed by the applicant are realistic. The vetting process guided by these criteria is instrumental to a fair and comprehensive assessment by the VC on the merits of individual projects (and the PASS funding amount warranted) to ensure that the funded projects are conducive to PASS' objectives. As mentioned in paragraphs 8 to 9 above, the projects funded so far cover a wide range of professional services sectors with a balance mix, and feature a diverse variety of deliverables, which are in line with PASS' objectives.

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<sup>7</sup> Para. 3.2.1 of the Guide to Application for PASS states that "*Normally, the Vetting Committee will conduct meeting(s) to assess the applications in about six to eight weeks after the end of an application period. Applicants will be informed of the result in about two to three weeks after the Vetting Committee has formulated the recommendations*".



## PROPOSED ENHANCEMENT MEASURES

20. While PASS is making steady progress and the operation is satisfactory in overall terms, there is scope for enhancing its operation and user-friendliness by way of the following measures. In drawing up these measures, we have also taken into account the feedback received from the grantees (including the views collected through the questionnaire survey mentioned in paragraph 14 above).

- (a) Disburse PASS grant upfront on a lump sum basis to *all* smaller-scale projects of shorter duration (i.e. those with PASS funding not exceeding \$300,000 and project period not exceeding 18 months), rather than only on an exceptional basis as at present<sup>8</sup>;
- (b) Reduce the number of quotations required for lower cost items. For example, for a cost item not exceeding \$2,000, we would no longer set any minimum for the number of quotations required, and for a cost item over \$50,000 but not exceeding \$300,000, at least three quotations should be invited<sup>9</sup>;
- (c) Provide greater flexibility and autonomy for grantees in re-distributing grant among approved budget items, in sourcing in-kind sponsorships by phases to facilitate project implementation<sup>10</sup>, and in handling other minor budgeting and accounting issues;

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<sup>8</sup> At present, for projects with PASS funding not exceeding \$300,000 and project period not exceeding 18 months, the grantee may apply and provide justifications for exceptional consideration for the grant to be disbursed in one lump sum.

<sup>9</sup> At present, for every purchase with aggregated value not exceeding \$50,000, at least two quotations should be invited, and for every purchase with aggregated value over \$50,000 but not exceeding \$1.43 million, at least five quotations should be invited.

<sup>10</sup> At present, a grantee is required to seek the Government's approval if it incurs additional expenditure for a cost item which exceeds 20% of the budgeted amount. To give more flexibility, we propose that a grantee may incur additional expenditure for a cost item so long as the budget for the cost item does not exceed \$60,000 (subject to the overall cap of the PASS grant) after reflecting the additional expenditure concerned.

- (d) Extend funding support for travel and accommodation cost for attending PASS events outside Hong Kong to (i) participants with active roles in events outside Hong Kong (e.g. speakers, panellists); and (ii) participants taking part in relatively longer professional internship/attachment programmes (say, six weeks or above)<sup>11</sup>; and
- (e) Expedite the processing of 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 cases via circulation to the VC outside the normal assessment cycle.

Following consultation with the VC which are supportive of the above, we plan to put in place these enhancement measures from the 12<sup>th</sup> round of application (deadline on 30 November 2019, applications are being processed) onwards.

21. We will continue to take into account workable suggestions from grantees to fine-tune our internal working arrangements (e.g. allowing more flexibility for grantees to top up travel and accommodation arrangements at their own expenses), with a view to balancing user-friendliness for applicants/grantees, accountability of grantees and prudent use of public money.

22. Apart from these measures, we will continue to promote PASS through multiple means, and support interested organisations in taking forward different projects to further PASS' objectives, including increasing external exchanges and publicising Hong Kong's professional services through sectoral business matching activities, and enhancing the standards and competitiveness of local professionals through post-professional accreditation.

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<sup>11</sup> At present, PASS funding for travel and accommodation costs for attending PASS events outside Hong Kong is only confined to project team members.

## **WAY FORWARD**

23. We will continue to press ahead with the implementation and promotion of PASS and take forward the measures outlined above to enhance the operation and user-friendliness of PASS.

## **ADVICE SOUGHT**

24. Members are invited to note the implementation progress of PASS and the proposed enhancement measures set out in the paper.

**Commerce and Economic Development Bureau  
December 2019**

**Professional Services Advancement Support Scheme**

**List of Eligible Professional Services Sectors**

- (i) Accounting-related services**
  - Accounting, auditing, book-keeping and tax services
  
- (ii) Legal services**
  - Legal, arbitration and mediation services
  
- (iii) Building and construction-related services**
  - Architecture and landscape architectural services
  - Engineering services
  - Integrated engineering services
  - Planning services
  - Project development and project finance services
  - Real estate services (including agency services, facilities management and valuation and surveying services)
  - Surveying services
  
- (iv) Health-related services**
  - Medical, dental and Chinese medicine services
  - Services provided by midwives, nurses, physiotherapists and paramedical personnel
  
- (v) Others**
  - Information and communications technology services
  - Company secretary services
  - Design services (including graphic, product, interior and fashion design)
  - Business consultancy services (including human resource management consultancy services; management consultancy services; financial consultancy services, etc.)
  - Waste management and environmental consultancy services
  - Technical testing and analysis services
  - Veterinary services

**Professional Services Advancement Support Scheme**

**Vetting Committee**

**Chairman**

Dr Jonathan Choi Koon-shum

**Vice-Chairman**

Mr Lau Ping-cheung

**Members\***

Dr Sunny Chai Ngai-chiu

Prof Chetwyn Chan Che-hin

Ir Chan Chi-chiu

Dr Priscilla Choy Wai-fun

Mr Dennis Ho Chiu-ping

Mr Stephen Hung Wan-shun

Dr Sigmund Leung Sai-man

Ms Edith Shih

Ms Jody Sin Kar-yu

Mr Peter Sun Kwok-wah

Prof Tam Kar-yan

Prof Martin Wong Chi-sang

Executive Director of Hong Kong Productivity Council

or his representative

Executive Director of Hong Kong Trade Development Council

or her representative

Deputy Secretary for Commerce and Economic Development

(Commerce and Industry)

*\* In alphabetical order of last name.*

**Professional Services Advancement Support Scheme**

**Statistical Analyses of Applications Considered and Funded Projects**

**Table 1 : Applications Considered vs Funded Projects**

Professional services sector	Funded projects	Applications pending supplementary information/clarification	Declined offers	Withdrawn applications	Unsuccessful applications	Total no. of applications considered by VC	Amount of PASS grant approved (\$ million) (% of total PASS grant approved)
(a) Accounting	2	-	-	-	1	3	1.65 (4%)
(b) Legal	9	1	-	1	6	17	7.13 (17%)
(c) Building and construction	15	5	3	-	11	34	9.25 (22%)
(d) Health	15	-	2	2	7	26	8.98 (21%)
(e) Others <sup>(Note 1)</sup> :	10	3	1	1	7	22	10.74 (25%)
• Information and communications technology	4	1	1	-	5	11	
• Design	3	-	-	1	2	6	
• Business consultancy services	1	1	-	-	-	2	
• Technical testing and analysis	2	1	-	-	-	3	
(f) Cross-sector <i>(Note 2)</i>	5	5	-	-	2	12	4.51 (11%)
<b>Total</b>	<b>56</b>	<b>14</b>	<b>6</b>	<b>4</b>	<b>34</b>	<b>114</b>	<b>42.26</b>

Notes:

- (1) Other sectors under this category include company secretary services, veterinary services and waste management and environmental consultancy services.
- (2) “Cross-sector” projects refer to those involving two or more sectors.

**Table 2: Project Deliverables by Nature**

Professional services sector	No. of project deliverables by nature				Total no. of project deliverables	% of total no. of project deliverables
	Capacity-building programmes <i>(Target no. of Hong Kong professionals participating)</i>	Outreach and promotional activities <i>(Note 1)</i>	Exchange activities <i>(Target no. of Hong Kong professionals participating)</i>	Researches/studies and other deliverables <i>(Note 1)</i>		
(a) Accounting	12 <i>(840)</i>	-	3 <i>(560)</i>	1	16	4%
(b) Legal	11 <i>(670)</i>	34	10 <i>(1 087)</i>	3	58	17%
(c) Building and construction	27 <i>(2 602)</i>	7	19 <i>(2 265)</i>	9	62	18%
(d) Health	68 <i>(9 370)</i>	40	14 <i>(3 580)</i>	8	130	37%
(e) Others <sup><i>(Note 2):</i></sup>	25 <i>(1 630)</i>	9	6 <i>(509)</i>	9	49	14%
• <i>Information and communications technology</i>	4 <i>(140)</i>	1	3 <i>(500)</i>	2	10	
• <i>Design</i>	11 <i>(540)</i>	6	-	4	21	
• <i>Business consultancy services</i>	5 <i>(300)</i>	-	-	-	6	
• <i>Technical testing and analysis</i>	5 <i>(650)</i>	2	3 <i>(9)</i>	3	13	
(f) Cross-sector <i>(Note 3)</i>	23 <i>(1 005)</i>	3	6 <i>(950)</i>	2	34	10%
<b>Total</b>	<b>166</b> <i>(16 117)</i>	<b>93</b>	<b>58</b> <i>(8 951)</i>	<b>32</b>	<b>349</b>	

**Notes:**

- (1) In view of their natures, “outreach and promotional activities” (for promoting certain sector(s)) and “researches/studies and other deliverables” (whose outcomes such as reports are normally widely disseminated within the sector(s)) are expected to benefit the relevant professional services sector(s) in general, as opposed to a specific group of professionals.
- (2) Other sectors under this category include company secretary services, veterinary services and waste management and environmental consultancy services.
- (3) “Cross-sector” projects refer to those involving two or more sectors.

**Table 3: Project Deliverables by Geographical Location**

Professional services sector	No. of project deliverables by geographical location					Total no. of project deliverables	% of total no. of project deliverables
	Hong Kong <i>(Note 1)</i>	Mainland	Taiwan	Overseas	Online		
(a) Accounting	15	-	-	-	1	16	4%
(b) Legal	16	8	1	26	7	58	17%
(c) Building and construction	41	3	-	7	11	62	18%
(d) Health	80	41	-	-	9	130	37%
(e) Others <sup>(Note 2)</sup> :	26	3	2	7	11	49	14%
• <i>Information and communications technology</i>	7	-	-	1	2	10	
• <i>Design</i>	10	-	-	4	7	21	
• <i>Business consultancy services</i>	5	-	-	-	-	5	
• <i>Technical testing and analysis</i>	4	3	2	2	2	13	
(f) Cross-sector <i>(Note 3)</i>	29	2	-	1	2	34	10%
<b>Total</b>	<b>207</b>	<b>57</b>	<b>3</b>	<b>41</b>	<b>41</b>	<b>349</b>	

**Notes:**

- (1) Including locally-held events participated by professionals and other relevant counterparts from outside Hong Kong.
- (2) Other sectors under this category include company secretary services, veterinary services and waste management and environmental consultancy services.
- (3) “Cross-sector” projects refer to those involving two or more sectors