

**立法會**  
**Legislative Council**

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**Panel on Financial Affairs**

**Minutes of special meeting  
held on Friday, 29 May 2009 at 3:15 pm  
in the Chamber of the Legislative Council Building**

**Members present :** Hon CHAN Kam-lam, SBS, JP (Chairman)  
Hon Ronny TONG Ka-wah, SC (Deputy Chairman)  
Hon Albert HO Chun-yan  
Dr Hon David LI Kwok-po, GBM, GBS, JP  
Hon James TO Kun-sun  
Dr Hon Philip WONG Yu-hong, GBS  
Hon Emily LAU Wai-hing, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Vincent FANG kang, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon WONG Ting-kwong, BBS  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Hon Starry LEE Wai-king  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP

**Members attending:** Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Hon CHEUNG Man-kwong  
Hon Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon WONG Kwok-hing, MH  
Dr Hon Joseph LEE Kok-long, JP

Hon LEUNG Kwok-hung  
Hon Cyd HO Sau-lan  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi  
Hon WONG Yuk-man  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun

**Member absent** : Hon Tanya CHAN

**Public officers attending** : Agenda item I

Mr John TSANG, JP  
Financial Secretary

Prof K C CHAN, SBS, JP  
Secretary for Financial Services and the Treasury

Mr Stanley YING, JP  
Permanent Secretary for  
Financial Services and the Treasury (Treasury)

Mr Freely CHENG  
Administrative Assistant to Financial Secretary

**Clerk in attendance:** Ms Rosalind MA  
Chief Council Secretary (1)5

**Staff in attendance** : Mr Noel SUNG  
Senior Council Secretary (1)4

Ms Haley CHEUNG  
Legislative Assistant (1)8

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Action

**I Additional relief measures**

(LC Paper No. CB(1)1740/08-09(01) — Administration's paper on additional relief measures)

## Briefing by the Administration

The Financial Secretary (FS) briefed members on the additional relief measures the Government had decided to introduce to counter the financial crisis, help the citizens to tide over the difficulties, and prepare for economic recovery.

## Discussion

2. Mr Andrew LEUNG supported the Government's proposal to enhance the Special Loan Guarantee Scheme by raising the loan guarantee ratio from 70% to 80% of the loans granted. Mr LEUNG was concerned about the Government's work to facilitate the granting of loans to small and medium-sized enterprises (SMEs) under the enhanced scheme, such as liaising with the banking sector for offer of loans with more favourable terms to SMEs.

3. FS advised that the Director of Bureau concerned would explain the measures to assist SMEs in detail to the relevant Legislative Council Panel, with a view to securing the necessary funding approval of the Finance Committee within the current legislative session. He advised that the proposed increase of the Government's loan guarantee ratio from 70% to 80% under the Special Loan Guarantee Scheme was expected to facilitate the granting of loans to SMEs and increase the flexibility of banks in determining the interest rates on the loans. The relevant government officials would liaise with the banking sector on the introduction of the additional relief measures.

4. Mr LEE Cheuk-yan was dissatisfied with the proposed relief measures and opined that these had not been targeted at the most needy groups, i.e. the unemployed and the low-income groups. Referring to the proposal of stepping up the fight against the Human Swine Influenza pandemic for creation of new jobs, Mr LEE said that this could only create limited jobs in the short-term and could not tackle the unemployment problem at root. He called on the Government to draw up long-term measures to help the unemployed and low-income groups, instead of devising short-term measures or granting one-off financial assistance to the disadvantaged groups.

5. FS said that the additional relief measures proposed were indeed targeted at assisting the unemployed and the low-income groups amid the current economic difficulties. In fact, the Government had been making continuous efforts in devising long-term measures to increase employment opportunities, such as the budget initiatives and other job creation initiatives announced by the Chief Executive in 2008, which would help create about 120 000 jobs. The Government's commitment to expediting major infrastructure projects would also create many job opportunities in the next few

years. FS further advised that loans amounting to about \$10 billion approved under the loan guarantee schemes for SMEs had helped preserve about 140 000 jobs.

6. Mr WONG Kwok-hing said that Members belonging to the Hong Kong Federation of Trade Unions (HKFTU) welcomed the additional relief measures, noting that the Government had taken on board a number of their earlier proposals. In this connection, Mr WONG asked whether the Government would consider HKFTU's proposal of establishing an unemployment relief fund to provide immediate financial assistance to the unemployed, apart from the safety net provided through the Comprehensive Social Security Assistance (CSSA) scheme. To assist low-income employees residing in remote districts to work across districts, Mr WONG requested the continued provision of the Cross-district Transport Subsidy to eligible employees upon the expiry of their current claim period in June 2009, pending completion of the review by the Labour and Welfare Bureau. Mr Paul CHAN also called on the Government to expedite the review.

7. FS advised that the Government had noted the views and concerns about the provision of Cross-district Transport Subsidy, and a decision would be taken on the subject after completion of the review to be conducted in mid 2009. As regards the proposal of an unemployment relief fund, FS said that this would require detailed discussion by the community at large given the possible impacts on the CSSA scheme and the complicated issues relating to the source of funding. Responding to Mr WONG Kwok-hing's enquiry on the coverage of the Government's payment of two months' rent for public housing tenants, FS confirmed that the Government would pay the base rent for well-off tenants paying additional rent. In response to Mr WONG's further enquiry, FS advised that the proposed measure to extend rental reduction for government properties for another three months would benefit stall lessees of public markets. In particular, the reduction for properties with monthly rental at \$2,500 or below would enjoy a waiver increase from the previous 20% to 100% or \$500 (whichever the less).

8. Mr Albert HO was of the view that the Government should think out-of-the-box to devise new relief measures to assist those in need, instead of introducing similar measures used for returning wealth to the people during fiscal surplus. Mr HO suggested that to assist the low-income group not enjoying any social security or public housing benefits, the Government should consider providing financial assistance to applicants on the Public Rental Housing (PRH) Waiting List of an amount equivalent to the payment of two months' rent for public rental housing tenants. Mr James TO and Mr LEE Wing-tat expressed similar views. To assist citizens in need who were unable to benefit from any of the relief measures, Mr TO suggested the Government consider a simple vetting mechanism under which citizens could verify their eligibility for assistance by registering their identity card information and

making declarations that they had not benefited from any of the relief measures.

9. FS said that in devising the budget proposals and additional relief measures, the Government had given due consideration to the suggestions and views put forward by Members and the public. Pointing out that full coverage of all citizens' needs could hardly be achieved by any public policy, FS stressed that the additional relief measures would broadly benefit people of the middle and lower strata of the society, and were targeted at those most hard-hit under the financial crisis. Moreover, the needy could seek assistance through the existing social services and safety net. Given the different background of applicants on the PRH Waiting List, FS said that not all of them fell within the categories of the needy in the additional relief measures.

10. Mr James TO and Mr LEE Wing-tat maintained the view that the Government should have means to identify eligible applicants on the PRH Waiting List for financial assistance to relieve their burden of renting private accommodations. Mr TO opined that despite the different background of the applicants, the majority of them should meet the income and assets limits for PRH and the wastage of public resources involved in providing rental subsidies to these applicants should be minimal. Mr LEE suggested the Government shortlist from the Hong Kong Housing Authority's database applicants on the PRH Waiting List who were living in partitioned rooms, and provide them with rental subsidy in cash.

11. FS reiterated that the Government had considered Members' proposals and undertook to examine the feasibility of further measures to relieve the rental burden of applicants on the PRH Waiting Lists. He nevertheless pointed out that given the large number of such applicants, consideration had to be given to the financial implications of providing assistance to all applicants indiscriminately, and the possible repercussion on ineligible applicants if vetting criteria were imposed. Considerable administrative costs would also be incurred because there was a large number of applicants on the PRH Waiting List.

12. Pointing out that some middle income citizens who had become unemployed under the economic downturn had been living on credit card loans, Mr James TO asked whether the Government would devise measures to relieve their burden, for example, providing them with interest-free or low-interest loans. In response, FS said that the Government had examined different proposals to provide relief to the needy. The proposal of Mr TO could be examined further by the relevant director of bureau at the appropriate forum.

13. Mr WONG Yuk-man questioned whether the Government's decision to announce the additional relief measures in end May instead of during the Budget Speech was a well-planned attempt to cool down public sentiment

before the 4 June and 1 July rallies. Mr WONG pointed out that many low-income employees, notably those living in caged homes and the new arrivals from the Mainland, could not benefit from any of the relief measures. He doubted whether government officials could understand the hardship and adverse living environment of people in the lower strata of the society. Mr WONG suggested that the Government provide cash allowance to applicants on the PRH Waiting List, at an amount equivalent to the payment of two months' rent for public housing tenants.

14. Ms Starry LEE stated that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong were pleased to note that the Government had taken up a number of their proposals in devising the additional relief measures. To better help all sectors of the community to tide over the economic difficulties, Ms LEE called on the Government to work out more long-term measures to improve employment. Moreover, Ms LEE asked the Government to devise measures to reduce the burden of public transport expenses on the public, such as buying back the East Harbour Crossing and the Western Harbour Tunnel to control the toll levels. Ms LEE further suggested that special consideration be given to offering one-off grant of more than \$1,000 to students from low-income families with great financial hardship. Referring to the extension of rental reduction for government properties, Ms LEE opined that consideration should be given to providing similar rental reduction to lessees of wholesale markets operated by the Fish Marketing Organization.

15. FS noted Ms LEE's views and advised that the Government would continue to examine measures to improve employment and help the low-income group in the long run. The additional relief measures included under the current proposal aimed to provide immediate relief to help citizens tide over the difficulties under the financial crisis, which were considered appropriate and could be implemented within a short timeframe of about one month.

16. The Deputy Chairman opined that the additional relief measures were neither new nor innovative, and could not provide adequate relief to the needy. He was disappointed that FS had not consulted all political parties in drawing up these measures, but only chose to take up the suggestions from the pro-government camp. The Deputy Chairman was of the view that the Government should take into consideration the views from different parties in order to work out targeted relief measures to help all citizens in need. In this connection, he suggested that consideration be given to injecting money into the Mandatory Provident Fund (MPF) accounts of the unemployed and low-income members and allowing them to withdraw the money from their account immediately. Mr LEUNG Kwok-hung echoed the Deputy Chairman's suggestion.

17. FS said that the relief measures were proposed after taking into consideration the views expressed by different parties. He stressed that the Government would continue to gauge public views on measures to help citizens to tide over the difficulties in face of the global financial crisis. FS advised that the suggestion of injecting money into MPF accounts of eligible members had been examined in working out the relief measures. As such an injection exercise would require legislative amendments and take more time to implement, this had not be included in the additional relief measures which aimed to provide immediate relief to those most hard-hit by the financial crisis.

18. Mr LEUNG Kwok-hung opined that the relief measures could not provide real relief to those in need. Mr LEUNG pointed out that the Government should implement more measures in this regard, such as buying back the cross harbour tunnels and reducing the toll levels, and creating more jobs by stepping up tree conservation work. He also called on the Government to consider his earlier suggestion of increasing the stamp duty on securities transactions to raise funds for more relief measures. Mr LEUNG opined that the Government should target its relief measures at the low-income group, i.e. low-income workers outside the tax net, instead of introducing measures like waiving of rates which would only benefit the property owners.

19. FS advised that he had noted Mr LEUNG's above suggestions during earlier discussions, and pointed out that a number of these suggestions involved policies changes in the long run which would require detailed examination by the relevant directors of bureaux. FS stressed that the Government had to balance the needs and views of different stakeholders before making decisions on the new relief measures.

20. Mr Paul TSE thanked FS for meeting with representatives of the tourism industry to receive their views. Mr TSE opined that apart from exempting the licence fees for the tourism sector and allocating \$180 million for providing more community tours, more assistance should be provided to the tourism industry, which was hard-hit by the global financial crisis and the Human Swine Influenza. In this connection, he suggested the Government consider additional measures, including the provision of 100% loan guarantees to enterprises of the tourism industry; reduction of the airport tax; provision of administration charges to travel agencies for collection of airport tax; and promotion of community tours through discounted entrance fees for group visitors.

21. FS appreciated the difficulties facing the tourism industry amid the economic downturn. He advised that eligible travel agencies could also benefit from the loan guarantee schemes for SMEs. Mr TSE's suggestions related to loan guarantee for the travel industry and the airport tax would require further consideration. As for the funds to be allocated to the 18 districts for providing community tours and leisure activities, FS advised that

each District Council would exercise flexibility in the use of the \$10 million allocated for the purpose.

22. Mr Jeffrey LAM said that the business sector supported the Government's additional relief measures and the principle of "supporting enterprises, preserving jobs". He said that the Government should closely monitor the economic situation and introduce corresponding relief measures as and when necessary. He also called on the Government to liaise with the banking sector to expedite the approval of loan applications under the enhanced Special Loan Guarantee Scheme. Mr LAM said that the coordination among relevant government departments should be enhanced to facilitate the implementation of district minor works projects to create job opportunities. Moreover, Mr LAM suggested the Government work with public transport operators for concessionary fares on public holidays to promote community tours.

23. FS noted Mr LAM's view and advised that the Government would endeavour to introduce, in an expeditious and effective manner, various measures to support the enterprises and preserve jobs.

24. Dr PAN Pey-chyou referred to the proposal of issuing "shopping vouchers", which had achieved positive effects in stimulating the economy in places like Australia and Taiwan. He asked why the Government had not adopted the proposal to encourage spending and boost the economy. Dr PAN pointed out that the issue of "shopping vouchers" could achieve wide coverage and benefit all citizens of Hong Kong.

25. In response, FS said that the Government had studied the proposal of issuing "shopping vouchers" and found that this measure was neither commonly adopted by other economies nor had it achieved significant effect in boosting the economy. The Government did not consider the issue of "shopping vouchers" an applicable relief measure for Hong Kong. Instead, the Government had decided to introduce measures targeted at different sectors of the community to help them tide over the difficulties amid the global financial crisis.

26. Noting that the additional relief measures were one-off and targeted, Mr Paul CHAN asked the Government to work out plans also in the medium and longer term. These should include reviewing the implementation of the Loan Guarantee Schemes for SMEs, considering the establishment of a fund to provide short-term loans to the unemployed, and reforming the taxation system. In reply, FS advised that the Government reviewed the Loan Guarantee Schemes for SMEs from time to time and enhancements would be proposed as and when appropriate resulting from the reviews. FS also took note of Mr CHAN's other suggestions for consideration.

27. Mr CHAN Kin-por supported the introduction of the additional relief measures. He was nevertheless concerned about the unemployment problem in the financial services sector in the aftermath of the Lehman Brothers Minibonds incident, in particular employees responsible for the sales and marketing of structured financial products. Appreciating Mr CHAN's view that the financial services sector was important to the economy of Hong Kong as an international financial centre, FS advised that the number of employees in the sector only constituted about 5% of the total workforce.

28. Mrs Regina IP opined that apart from introducing the additional relief measures in the short-term, the Government should map out strategies to enhance the development of the pillar industries, so as to create job opportunities and enhance the competitiveness of Hong Kong in the long run. In response, FS advised that promoting sustainable economic development was among the major initiatives in the 2009-2010 Budget. In this regard, he highlighted some of the proposals to promote technology-based and creative economies in the 2009-2010 Budget, such as plans for the Hong Kong Science Park Phase 2 and enhancement of the functions of the industrial estates.

29. Responding to the Chairman's enquiry on the legislative timetable for increasing the concession for the salaries tax and tax under personal assessment for 2008-2009, FS said that Committee Stage amendments would be proposed under the Inland Revenue (Amendment) Bill 2009 to effect the proposed increase.

## **II Any other business**

30. There being no other business, the meeting ended at 4:35 pm.