

立法會
Legislative Council

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(These minutes have been
seen by the Administration)

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Finance Committee of the Legislative Council

Minutes of the 12th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 21 February 2020, from 10:00 am to 1:04 pm; and
from 2:01 pm to 7:01 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP

Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, BBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Tony TSE Wai-chuen, BBS
Hon CHAN Hoi-yan

Member absent:

Hon Vincent CHENG Wing-shun, MH, JP

Public officers attending:

Mr James Henry LAU Jr, JP	Secretary for Financial Services and the Treasury
Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Matthew CHEUNG Kin-chung ,JP	Chief Secretary for Administration
Ms Angelina KWAN Yuen-yea , JP	GBM, GBS, JP
	Head, Human Resources Planning and Poverty, Co-ordination Unit, Chief Secretary for Administration's Private Office
Mr Edward YAU Tang-wah , GBS, JP	Secretary for Commerce and Economic Development
Miss Eliza LEE Man-ching, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Mr Joe WONG Chi-cho , JP	Commissioner for Tourism
Mr Michael WONG Wai-lun, JP	Secretary for Development
Mr Francis CHAU Siu-hei , JP	Deputy Secretary for Development (Works) (3)
Ir Albert CHENG Ting-ning	Executive Director, Construction Industry Council
Mr Kevin YEUNG Yun-hung , JP	Secretary for Education
Mrs CHAN SIU Suk-fan	Deputy Secretary for Education (4)
Miss Mary CHOW Shuk-ching	Director of Government Logistics
Prof Sophia CHAN Siu-chee , JP	Secretary for Food and Health
Miss Vivian LAU Lee-kwan, JP	Director of Food and Environmental Hygiene

Miss Diane WONG Shuk-han	Deputy Director of Food and Environmental Hygiene (Environmental Hygiene)
Dr LEUNG Siu-fai , JP	Director of Agriculture, Fisheries and Conservation
Dr Tony KO Pat-sing	Chief Executive, Hospital Authority
Mr LAU Kong-wah , JP	Secretary for Home Affairs
Miss Vega WONG Sau-wai , JP	Deputy Director of Home Affairs (2)
Mr Nicholas YANG Wei-hsiung , GBS, JP	Secretary for Innovation and Technology
Ms Annie CHOI Suk-han , JP	Permanent Secretary for Innovation and Technology
Dr LAW Chi-kwong , GBS, JP	Secretary for Labour and Welfare
Mr LAM Ka-tai , JP	Deputy Director of Social Welfare (Services)
Mr Donald NG Man-kit , JP	Head, Working Family and Student Financial Assistance Agency
Mr Frank CHAN Fan , JP	Secretary for Transpost and Housing
Miss Agnes WONG Tin-yu , JP	Director of Marine
Ms Mable CHAN , JP	Commissioner for Transport

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Miss Bowie LAM	Council Secretary (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Yannes HO	Legislative Assistant (1)7

Action

The Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure.

- Item 1** — **FCR(2019-20)46**
Head 142 — **GOVERNMENT SECRETARIAT: OFFICES OF
THE CHIEF SECRETARY FOR
ADMINISTRATION AND FINANCIAL
SECRETARY**
Subhead 700 — **General non-recurrent**
New Item — **"Anti-epidemic Fund"**

2. The Chairman said that this item sought members' approval to create a new commitment of \$30 billion to set up the Anti-epidemic Fund ("the Fund") to enhance the capability of the Government and other relevant parties in combating the novel coronavirus epidemic and to provide assistance or relief to enterprises and members of the public hard hit by the present epidemic.

Scope and implementation of the Anti-epidemic Fund

Scope of the Fund

3. Mr CHAN Han-pan, Mr Holden CHOW, Mr LEUNG Che-cheung, Mr Wilson OR, Ms Starry LEE, Dr Priscilla LEUNG and Ms Elizabeth QUAT expressed support for the Fund. Given the widespread impact of the epidemic, these members as well as Prof Joseph LEE, Mr Dennis KWOK, Mr WU Chi-wai, Ms Claudia MO, Mr Paul TSE and Mr Abraham SHEK were concerned about:

- (a) the difficulties faced by many sectors which were outside the scope of the Fund but also badly hit, including the laundry trade, beauty services, school private light buses, after-school tutorial centres/interest classes, small and medium professional services providers, property agents, printing shops and nightclubs; and
- (b) the need to provide proper assistance to these and other affected sectors through other means such as the Community Care Fund ("CCF") and/or initiatives in the upcoming Budget.

4. In explaining the Administration's policy stance, Chief Secretary for Administration ("CS") advised that:

- (a) while the Fund might not be all-inclusive, it could largely fulfil the objective of enhancing capability in combating the

epidemic and to provide support to hard hit sectors;

- (b) it would be pragmatic to first focus on seriously affected sectors and provide timely relief as a matter of priority;
- (c) data were readily available to ascertain the scope and beneficiaries of most sectors currently covered by the Fund;
- (d) the gradual resumption of government services such as court hearings was conducive to easing the difficulties faced by some professional sectors such as lawyers; and
- (e) as the fight against the epidemic continued, the Administration might identify further measures to support other needy sectors/individuals.

5. On whether the retail sector could include some other hard hit sectors for the purpose of assistance, CS said that "retail business" had to meet certain classification, notably the selling of goods at a physical location. Hence, the retail sector could not serve as a "catch-all" sector.

6. Dr CHENG Chung-tai expressed concern that according to the Education Centres Union (教育中心聯盟), some 80% of existing education centres would face closure and about 100 000 instructors would lose their jobs if timely support was not received. Mr IP Kin-yuen, Mr LEUNG Yiu-chung, Mrs Regina IP and Mr KWOK Wai-keung pointed out that while privately run education and tutorial centres had been providing an important service to working parents and their children, many of them had to suspend operation as a result of anti-epidemic measures implemented by the Government. Mr HUI Chi-fung considered that insufficient assistance under the Fund was available to parents.

7. CS and Secretary for Education ("SED") advised that:

- (a) in the case of limited resources, priority was given to supporting formal education provided by secondary and primary schools and kindergartens;
- (b) education/tutorial centres could benefit from other relief measures under the Fund upon their full implementation; and
- (c) to help parents defray education-related expenses during the class suspension period, the Student Grant for this year

would be increased to \$3,500.

8. While expressing support for the Fund and its early approval, Mr Tony TSE called on the Administration to provide appropriate support to the professional services of his constituency to ride out the hard times.

9. Referring to the limited scope of the Fund, some members including Mr CHUNG Kwok-pan and Mr James TO questioned the criteria for selecting the sectors concerned, and the plan, if any, for extending assistance to other sectors affected by the epidemic.

10. In response, CS reiterated that:

- (a) the Fund was meant to provide urgent relief to enable hard hit sectors to withstand the impact of the epidemic;
- (b) as the fight against the epidemic continued, the Administration might identify further measures for enhancing its capability and other sectors/individuals in need of financial support or relief; and
- (c) the Administration would welcome further information/views on the scope and implementation of the Fund.

11. Mr Kenneth LAU declared that he and some of his family members ran restaurants and nurseries. While expressing support for the Fund and its early implementation, Mr LAU raised concern about the lack of targeted assistance for the middle class, and enquired on the feasibility of disbursing a non-means tested subsidy to all permanent residents aged 18 and above. In response, CS advised that measures such as a subsidy for all and tax concessions, which would benefit the middle class directly, would be considered by the Financial Secretary ("FS") in the context of the annual Budget.

12. Mr CHAN Chi-chuen opined that as all walks of life had been affected by the epidemic, the Fund should include all, instead of only selected sectors. Noting that not all needy persons could benefit from the Fund, Mr Michael TIEN, Mr WU Chi-wai, Mr Alvin YEUNG and Mr Abraham SHEK urged the Administration to pursue the option of a cash payout of \$10,000 to all. Mr TIEN further suggested that the Administration might consider doubling the amount to \$20,000 for donation to charities should an eligible resident gave up his/her right to receive the cash payout.

13. Mr CHU Hoi-dick stated the following views and opined that members should object to the current proposal:

- (a) the Fund failed to provide universal coverage and the selected sectors largely mirrored the existing functional constituencies; and
- (b) as the mulled proposal of a cash payout of \$10,000 had cross-party support, it should have been included under the Fund for early approval, not in the upcoming Budget as widely reported.

14. Sharing similar concerns, Dr Fernando CHEUNG and Mr SHIU Ka-chun considered that the Fund had the following shortcomings:

- (a) the beneficiaries of most of the subsidy schemes were enterprises/employers and not employees; and
- (b) many adversely affected sectors, such as hair salons and social enterprises, were outside the scope of the Fund.

15. In this regard, CS advised that:

- (a) the Fund was set up with the specific objective of providing timely relief to sectors hard hit by the epidemic, and should be considered outside the context of the proposed initiatives in the upcoming Budget;
- (b) depending on the nature of their operation (e.g. retail, restaurants), individual social enterprises might be eligible for subsidy under the relevant sectors; and
- (c) the Administration would not rule out the possibility of extending assistance to more sectors in due course.

16. Dr CHENG Chung-tai objected to the funding proposal on the following grounds:

- (a) the epidemic could well be prevented if the Administration had taken timely and decisive action to close all border crossings with the Mainland;

- (b) it was unfair that only the more vocal sectors had been included under the Fund, while small establishments such as education and tutorial centres had been left out; and
- (c) by using Chun Yeung Estate as a quarantine centre, the Administration had deprived prospective tenants of their right to move into allocated units after years' of waiting.

17. Mr Paul TSE declared that he ran a travel agency and was the partner of a tenant company in Cyberport. He gave the following views:

- (a) members' concerns about the limited scope of the Fund and whether its benefits could cascade to individuals in need of assistance were well-noted;
- (b) it was hoped that the next round of relief measures would have a more comprehensive coverage; and
- (c) given the widespread impact of the epidemic, there were merits in making a cash payout of \$10,000 across the board.

Implementation and related arrangements

18. Some members including Ms Starry LEE, Dr Priscilla LEUNG, Mr Wilson OR and Mr Alvin YEUNG sought assurance for the expeditious implementation of relief measures. In response, CS confirmed that:

- (a) the Fund would be set up within the week following funding approval;
- (b) the Administration was committed to early implementation of the support measures where practicable;
- (c) the implementation timelines for many of the subsidy schemes had been stated in the paper; and
- (d) the Steering Committee on the Anti-epidemic Fund ("Steering Committee") chaired by him would oversee the implementation of specific initiatives according to the proposed timetable.

19. Ms Alice MAK supported a cash payout of \$10,000 to all, and enquired on the implementation of the special allowance for frontline property management ("PM") workers and Hospital Authority ("HA") staff.

Ms YUNG Hoi-yan was concerned whether the Administration had sufficient manpower to support early implementation of various initiatives.

20. CS and Chief Executive, Hospital Authority ("CE/HA") advised that upon funding approval, the PM workers could expect to receive the allowance by end March 2020 the earliest, while HA would immediately commence related follow-up work on the provision of special allowance.

21. Mr KWOK Wai-keung requested the Administration to provide information on the respective economic loss caused to Hong Kong as a result of:

- (a) social unrests related to the Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill 2019; and
- (b) outbreak of the 2019 coronavirus disease ("COVID-19") epidemic.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC 112/19-20(01) on 2 March 2020.]

Monitoring of the Fund

22. Given the huge financial commitment involved, Ms Claudia MO, Ms Tanya CHAN and Mr Alvin YEUNG rased concern about the proper use and monitoring of financial resources under the Fund and whether key performance indicators ("KPIs") would be set. In response, CS advised that:

- (a) the operation and use of the Fund would be overseen by the Steering Committee chaired by him;
- (b) the Administration would consider feasible ways to assess the cost-effectiveness of various measures, including but not limited to the use of KPIs; and
- (c) the Steering Committee would be pleased to provide regular reports to the Legislative Council on a half-yearly basis, or at shorter intervals if necessary and at the appropriate meeting forums as decided by Members.

23. At the request of Ms Claudia MO, CS confirmed that the Administration would provide reports on a quarterly basis. In this connection, the Chairman remarked that it might not be appropriate for FC to follow up implementation of the Fund at its meetings, as they were convened for the purpose of considering and approving funding proposals.

Efforts to combat the epidemic

Support to Hospital Authority

24. While welcoming the allocation of \$4.7 billion to HA, Prof Joseph LEE urged the Administration to:

- (a) closely monitor how HA would deploy the funding to ensure that frontline staff would be properly equipped and protected; and
- (b) report regularly the use of the funding and implementation of support measures to the Panel on Health Services, preferably on a monthly basis.

25. In response, CS, Secretary for Food and Health ("SFH") and CE/HA advised that:

- (a) some of the initiatives outlined in the paper had been put in place and HA would continue its procurement effort;
- (b) HA would report the use of the funding and implementation of support measures to the Food and Health Bureau; and
- (c) the Steering Committee would oversee the operation of the Fund and provide regular reports to the Legislative Council.

26. Mr SHIU Ka-chun asked whether and how the support given to HA would benefit vulnerable groups such as the elderly and persons suffering from chronic illness. On the allocation of \$1.5 billion for procuring additional personal protective equipment ("PPE") for healthcare staff, Mr Dennis KWOK asked whether HA would exercise flexibility such as dispensing with the use of letters of credit to settle payment.

27. SFH and CE/HA advised that:

- (a) currently, a considerable number of patients receiving service at HA were elderly and persons with chronic illness;

- (b) through enhancing protection to frontline healthcare workers, these vulnerable patients could be better taken care of; and
- (c) in the face of escalating demand for PPE worldwide, HA had streamlined its procedures and was taking all feasible measures to procure the necessary PPE.

28. Mr CHAN Han-pan opined that a special allowance should be paid to healthcare staff who continued to perform their duties during the recent strike staged by a staff union of HA.

29. Ms Claudia MO expressed doubt on the efficacy of the proposed funding in containing the spread of COVID-19 infection as the Administration had refused to close all border crossings with the Mainland. CS highlighted that following the closure of three land crossings between Hong Kong and the Mainland, the number of Mainlanders entering Hong Kong had dropped substantially by some 90%.

Global procurement of personal protective equipment

30. Mr Kenneth LEUNG questioned how the Administration could expedite its procurement process while ensuring that the items met the technical specifications and were offered at the prevailing market price. Secretary for Financial Services and the Treasury ("SFST") advised that for urgently required items, if sufficient documented proof was available, the greatest flexibility had been exercised to acquire the items and "the lowest bid" was no longer the major criterion for procurement.

31. Ms Alice MAK asked whether the Administration would settle orders by cash so as to secure the required items quickly. SFST said that while cash payment had been used, the Administration was mindful of the need to protect the interests of the Government, especially when the transaction involved a large amount of items and money.

Cleansing and security staff engaged by service contractors of Government and Hong Kong Housing Authority

32. On the concerns of Mr Andrew WAN and Mr SHIU Ka-chun about the provision of masks to outsourced cleansing/security workers and venue attendants, Director of Food and Environmental Hygiene ("DFEH") confirmed that the additional 700 000 masks produced by the Correctional Services Department ("CSD") were distributed to frontline workers

engaged by government service contractors on anti-epidemic or hygiene-related duties.

33. In reply to Mr CHU Hoi-dick's enquiry on whether foremen and drivers engaged in cleansing work would also be eligible for the \$1,000 allowance for no fewer than four months, Permanent Secretary for Financial Services and the Treasury (Treasury) said that eligibility for the allowance would be determined with regard to the nature of duties being performed by the staff, not their job titles.

Designating two public housing estates as quarantine centres

34. Mr CHU Hoi-dick opined that the ex-gratia allowance of \$6,000 was grossly inadequate for households affected by the designation of Chun Yeung Estate and Fai Ming Estate as quarantine centres, and asked whether vacant government quarters could be used as quarantine centres or temporary accommodation for affected households.

35. Secretary for Transport and Housing ("STH") apologized to the prospective tenants of Chun Yeung Estate for the inconvenience caused to them because of the use of the Estate as a quarantine centre. Meanwhile, the Hong Kong Housing Authority ("HA") had written to the affected prospective tenants of the two Estates to provide special arrangements, such as interim housing or allocation of units in other districts/estates where practicable.

36. As tension had arisen from the use of newly completed public housing estates as quarantine centres, Dr Junius HO enquired about the Administration's plans, if any, of constructing well-equipped permanent quarantine centres in outlying islands such as Hei Ling Chau. CS agreed to provide further information on existing facilities and future plans.

Related concerns

37. Prof Joseph LEE said that the Fund should also provide assistance to professional personnel of his constituency such as chiropractors, speech therapists and nutritionists as they had difficulty in acquiring masks and protective items.

38. Noting that doctors and dentists in private practice had all along collaborated with the Government in fighting the epidemic, Dr Pierre CHAN expressed concern that these practitioners, whose operating costs were comparable to those incurred by other sectors and whose business activities had been similarly affected, could not benefit from the Fund.

SFH assured members said that the Administration would maintain communication with private practitioners, and consider how best to address their needs.

39. Dr KWOK Ka-ki said that CS should withdraw his earlier comments that the epidemic was under control. In clarifying his remarks, CS said that since the outbreak of COVID-19, the Administration had been closely monitoring its development and kept abreast of the latest situation.

40. Ms CHAN Hoi-yan said that apart from financial support, equal importance should be attached to other efforts in combating virus spread, such as:

- (a) government officials to set a good example by wearing masks on public occasions and during social contacts; and
- (b) obtaining a receipt after a taxi ride to facilitate future tracking, if necessary.

41. CS took note of Ms CHAN's views.

42. To step up anti-epidemic efforts, Mr HUI Chi-fung urged the Administration to:

- (a) require government officials to attend District Council ("DC") meetings and consult DC Members on issues such as designating clinics to treat patients with symptoms and setting up quarantine facilities in the districts; and
- (b) remind civil servants to observe social distancing and avoid parties and gatherings after work.

43. In response, CS advised that government officials would attend DC meetings if necessary. While anti-epidemic measures had been widely promoted for observance, the Administration would not seek to interfere with the private activities of individual officers.

Supply of masks

Local Mask Production Subsidy Scheme

44. Mr Jeffrey LAM declared that he was in the course of setting up a plant to produce masks locally.

45. Ms Tanya CHAN recalled that the unit cost of masks produced by CSD was only \$0.13 in 2013, and queried the average unit purchase price of \$3 under the Scheme. Mr LEUNG Yiu-chung was concerned that the Administration might have sent a wrong message to the market that the sale price of masks should be pitched at \$3.

46. Ms Claudia MO and Dr KWOK Ka-ki queried that the amount of subsidy under the Scheme was excessive, as the cost of setting up a production line might not exceed \$1 million. They were concerned that the publicly-funded Scheme would mainly benefit pro-establishment political parties and organizations, as well as those businesses keen to profit from the epidemic. Sharing similar views, Mr LAM Cheuk-ting and Mr Andrew WAN sought further details, including the following:

- (a) whether the maximum subsidy of \$5 million had taken into account staff cost, rental and other sundry expenditure of the manufacturer;
- (b) the permissible profit margin, if any, for sale of masks to the Government; and
- (c) whether the Hong Kong Federation of Trade Unions ("HKFTU") would be one of the private entities to be subsidized.

47. Secretary for Commerce and Economic Development ("SCED") explained the objective and operation of the Scheme as follows:

- (a) the Scheme aimed to give impetus to local mask production, thereby reducing reliance on import which had become increasingly uncertain;
- (b) the amount of subsidy and number of masks to be purchased as stated in the paper were ceilings for budget estimate purposes;
- (c) pending receipt of specific proposals from interested entities and the advice from Hong Kong Productivity Council ("HKPC"), it was premature at this stage to comment on staff cost as part of production cost;
- (d) the unit purchase price of \$3 was used to estimate the financial commitment required for the purpose of seeking funding approval;

- (e) the actual purchase price would be determined having regard to the costs of raw materials and rental, and would include a profit margin for the supplier; and
- (f) currently, the sale prices of masks were largely determined by the market forces of supply and demand.

48. To address members' concerns and enhance transparency, the Chairman requested the Administration to provide a paper setting out further details, including the criteria for vetting applications to set up mask production lines, the basis for the amount of subsidy, the mechanism for determining the purchase price, the permissible gross profit margin and the monitoring of the operation of the Scheme.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC 137/19-20(01) on 20 March 2020.]

49. Noting that the Scheme would only run till end of 2020, Ms YUNG Hoi-yan enquired about:

- (a) the response to the Scheme and whether it might be more cost-effective for the Administration to procure masks from existing sources in the community; and
- (b) the sustainability of the local mask production industry after the expiry of the Scheme.

50. In response, SCED advised that:

- (a) so far, over 300 interested parties had approached HKPC which was the implementation agent;
- (b) the objective of the Scheme was not to purchase masks available in the market, but to facilitate the local production of surgical masks to alleviate the current shortage; and
- (c) while local production could help ensure a stable supply and build up a reserve of masks, the longer-term viability of the industry would be subject to demand and other market factors.

51. Mr CHEUNG Kwok-kwan expressed support for establishing the Fund. Mr CHEUNG, Mr LEUNG Che-chung, Ms Alice MAK and Mr SHIU Ka-chun were concerned about the support currently provided by the Government and HKPC in securing raw materials and production sites. Ms MAK added that due to the lack of solid support, an investor had decided to set up his plant in Macau.

52. On efforts to assist interested parties, SCED advised that:

- (a) the use of plant facilities in the industrial estates, Hong Kong Science Park and other suitable locations were explored;
- (b) HKPC had been facilitating the collaboration among different entities to set up mask production lines which met all the prescribed standards; and
- (c) where necessary, individual entities which encountered problems might be referred to HKPC for follow-up.

53. Referring to queries she had received about the fairness of the Scheme, Ms Claudia MO stressed that the Scheme must be administered fairly and that no entity should have an unfair edge over others. SCED confirmed that all applications for funding would be vetted with the greatest care.

54. Regarding HKFTU's participation in local mask production, Mr LUK Chung-hung, Ms Alice MAK, Mr HO Kai-ming and Mr KWOK Wai-keung made the following remarks:

- (a) the community should join efforts to combat the epidemic and Members should not seek to politicize relief measures worthy of support or smear organizations which acted with good intent;
- (b) local mask production was vital in ensuring supply to prevent the sale of masks at hefty prices;
- (c) HKFTU had secured the necessary funding to commence local mask production and had not sought any government funding; and
- (d) there was no question of HKFTU profiting from the Scheme as its finished products would not be put up for sale but

would be donated to those in need.

55. Mr Alvin YEUNG enquired on the distribution of masks purchased by the Government under the Scheme, as well as the prescribed standards which must be met by the products. Mr Charles MOK asked whether only the production of surgical masks, not masks of a higher protection level, would be subsidized. He was keen to ensure that the subsidy would not be monopolized by those with close ties to the Government.

56. SCED advised that:

- (a) the masks purchased under the Scheme would be delivered to the Government Logistics Department ("GLD") for onward distribution to relevant government departments;
- (b) the masks produced under the Scheme, as well as those produced by CSD, must meet ASTM Level 1 standard while the production plant must have obtained ISO 13485 certification;
- (c) due to its wide usage and the acute shortage worldwide, priority was currently given to the production of surgical masks; and
- (d) the subsidy would be given on a first-come first-served basis to entities capable of meeting the required production standards, irrespective of their background/affiliation.

Procurement and distribution of masks

57. Dr Junius HO expressed support for the establishment of the Fund. He urged the Administration to distribute masks to the elderly through existing outlets such as convenience stores. Ms Elizabeth QUAT concurred that masks must be made available to vulnerable groups while Mr POON Siu-ping said that many construction workers and frontline employees could not return to work as they could not acquire masks.

58. Mr LEUNG Yiu-chung considered that the Administration should monitor or regulate the pricing and quality of masks on sale in the market. Mr Christopher CHEUNG, Mr Paul TSE and Ms CHAN Hoi-yan questioned the efficacy of the Administration's procurement effort. Mr KWONG Chun-yu enquired about the existing stock of masks held by the Government and the plan, if any, for distributing some of them to persons in need.

59. In response, SFST explained that:

- (a) GLD was responsible for the procurement of masks for use by government departments while HA procured masks on its own;
- (b) maximum flexibility had been exercised by GLD in the procurement process to secure the much-needed supplies;
- (c) with assistance from different parties, GLD had contacted more than 500 suppliers from nearly 30 countries/regions and more than 5 million masks had been delivered to Hong Kong;
- (d) full and timely delivery of ordered items had sometimes been impeded by sudden export controls and the unilateral increase of sale price by some suppliers;
- (e) after the outbreak of the epidemic, the Government's monthly consumption of masks was about 8 million, mainly by departments involved in public health, hygiene and quarantine-related duties and those having direct contact with members of the public;
- (f) GLD maintained a stock of about 12 million masks which could meet the demand for about two months; and
- (g) while masks procured by GLD were not supplied to the public, special arrangements had been made, such as setting aside the additional masks produced by CSD for use by outsourced cleansing workers, passing some 1.6 million masks received by donation to non-government organizations for onward distribution to those in need, etc.

Providing relief to enterprises and individuals

Support for the construction sector

60. Ir Dr LO Wai-kwok expressed support for the Fund and urged for its early disbursement. While welcoming the total subsidy of \$710 million to benefit about 7 000 construction establishments and 240 000 construction workers, he was concerned that small consultant firms which did not take up government projects could not benefit.

61. Secretary for Development ("SDEV") referred to a number of relief measures, such as the provision of \$1.4 billion in the 2020-2021 financial year to increase the number of minor works projects, fee concessions etc. As regards small consultant firms, he said that the Administration was working closely with the Construction Industry Council on measures to support small and medium establishments in the industry. Further progress would be reported to Members.

62. Ir Dr LO Wai-kiwok referred to the predicament faced by the construction sector as a result of filibustering causing delays in funding approval for public works projects, recent social unrests and the prevailing epidemic. Dr CHENG Chung-tai expressed disagreement with Ir Dr LO's views, and considered that the current state of hardship was due to mis-governance on the part of the Administration.

63. Dr Fernando CHEUNG expressed concern that other workers such as plumbers, electricians and those engaged in minor works were not covered under the Scheme. While highlighting the purpose of the Scheme to provide urgent relief, SDEV said that the aforesaid workers might benefit from upcoming enhancements under the Building Maintenance Grant Scheme for Needy Owners.

Subsidy for the transport sector

64. Mr CHAN Han-pan and Mr Wilson OR questioned the adequacy of the \$20,000 subsidy for each registered owner of licensed cross-boundary coach ("CBC"). STH said that the amount of non-accountable subsidy was increased from \$5,000 as announced by FS in October 2019 to \$20,000, in recognition of the difficulties faced by CBCs as a result of the recent suspension of immigration clearance service for passengers and cross-boundary vehicles at three boundary control points between Hong Kong and the Mainland.

65. Mr Frankie YICK noted that some of the relief measures had been included under the Fund ahead of the Budget, and appreciated the related support provided to the transport sector, such as making available temporary parking spaces at the West Kowloon Station and the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port. To help school private light buses adversely affected by class suspension, he urged for further assistance in addition to the one-off subsidy of \$10,000.

66. Regarding support for the taxi trade, Ms Alice MAK and Mr KWOK Wai-keung expressed the following views:

- (a) to lessen operating costs for taxi drivers, the Administration should appeal to oil companies to fulfil their corporate social responsibility by not increasing fuel prices; and
- (b) due to poor patronage, the offer of \$1 discount per litre of liquefied petroleum gas was hardly conducive to relieving the hardship of the taxi trade.

67. Mr Jeremy TAM expressed concern that the airline sector had not been included for assistance. In response, STH said that the Airport Authority ("AA") had put in place support measures such as designating areas in the parking apron for prolonged parking of aircrafts. Mr Jeremy TAM maintained his view that direct assistance should be provided to airlines to cope with this difficult period.

Food Licence Holders Subsidy Scheme

68. Mr Tommy CHEUNG recalled that he had previously proposed a four-tier subsidy scheme under which food establishments would be subsidized with reference to their operating floor area. Nevertheless, he appreciated the fact that the current two-tier scheme could be administered with greater ease and efficiency.

69. Regarding Mr CHEUNG's enquiry about the arrangements for provisional licence holders and landlords which held the relevant food licences, SFH advised that:

- (a) holders of provisional licences for establishments which were in operation would be eligible for subsidy under the Scheme; and
- (b) the Administration would urge parties which merely held the licence to discuss with the operator of the food business on how best to support the latter with the subsidy.

70. Mr Tommy CHEUNG thanked the Administration for introducing the Scheme, and gave his further views and suggestions:

- (a) the majority of nightclubs held food licences and could benefit under the Scheme;
- (b) any unspent balance of the total subsidy of \$3.73 billion might be deployed to support related sectors such as food

suppliers; and

- (c) given that the Mass Transit Railway Corporation ("MTRC") had reduced rent for its tenants, the Administration should urge AA to make realistic rental reduction so as to tide its tenants over the difficult times.

Support for public market stall tenants

71. Mr KWOK Wai-keung and Ms Tanya CHAN enquired about the assistance, if any, for cooked food stalls in public markets. In reply, DFEH recapitulated that as part of the package of relief measures announced by FS earlier on, a 50% reduction in stall rental for six months had been implemented in October 2019 benefiting about 12 000 stall tenants. Whether the rent concession would be extended would be announced in the upcoming Budget.

Subsidies for live marine fish wholesale traders and fishing vessels with Mainland deckhands

72. Mr Steven HO and Mrs Regina IP sought clarification on the scope of "Mainland deckhands". Director of Agriculture, Fisheries and Conservation ("DAFC") explained that:

- (a) Mainland deckhands included all deckhands from the Mainland, irrespective of whether they had joined the Mainland Fishermen Deckhands Scheme;
- (b) misunderstanding might have arisen from the Chinese translation of "Mainland deckhands" as "內地過港漁工";
- (c) owners of fishing vessels and fish collector vessels holding operating permits issued by the Mainland and with proof of employing Mainland deckhands were eligible for the subsidy; and
- (d) further implementation details would be worked out in consultation with the fisheries trade.

73. In reply to Mr SHIU Ka-fai's enquiry on why freshwater fish wholesalers had not been included under the subsidy scheme, DAFC advised that:

- (a) the Administration noted that so far, there had not been significant deterioration in the business of freshwater fish wholesalers; and
- (b) priority was therefore given to live marine fish wholesalers whose business had been more severely affected.

74. Given the difficulties faced by the fisheries trade, Mr CHEUNG Kwok-kwan enquired whether their loan repayment to the Government due from March 2020 onwards could be deferred. DAFC confirmed that a mechanism was in place for the Department and the trade to negotiate loan repayment arrangements.

75. Mr Steven HO considered that due to the sharp drop in their business, assistance should also be given to the local aquaculture sector and fishing vessels operating in Hong Kong waters. CS took note of Mr HO's views.

Retail Sector Subsidy Scheme

76. Mr SHIU Ka-fai declared that his company and associated companies carried out retail business, but he had no personal involvement.

77. Mr Jeffrey LAM was concerned about the lack of implementation details for the Scheme. Mr SHIU Ka-fai cautioned that a number of issues should be properly addressed, such as:

- (a) whether chain stores would be regarded as one single or separate entity/entities;
- (b) the eligibility of wholesalers, in particular those which also carried out retail business;
- (c) the eligibility of vendors who not only sold goods but also provided related services to customers; and
- (d) the capability of the Trade Development Council ("TDC") to act as the implementation agent of the Scheme.

78. In this regard, CS advised that:

- (a) it was necessary to come up with a workable and equitable definition of retailers eligible for the subsidy before inviting

applications;

- (b) the arrangement for chain stores was still under consideration. One option might be to specify a ceiling on the number of eligible stores under the same chain;
- (c) a relatively liberal approach would be adopted under which businesses which sold goods at a physical location would be included under the Scheme. The provision of additional services including wholesale business would not affect eligibility; and
- (d) with its network and experience in handling funding applications, TDC was well-placed to act as the implementation agent.

Arts and Culture Sector Subsidy Scheme

79. On the operation of the Scheme, Mr CHAN Chi-chuen sought the Administration's written confirmation on the following details which were not given in the discussion paper but had been mentioned by Mr MA Fung-kwok:

- (a) a subsidy of up to \$7,500 per head would be disbursed to some 4 000 freelance arts and culture workers via the Hong Kong Arts Development Council ("ADC");
- (b) each performing arts group under the Venue Partnership Scheme of the Leisure and Cultural Services Department ("LCSD") could apply for a subsidy of up to \$80,000; and
- (c) a subsidy of up to \$50,000 would be provided via the Chinese Artists Association of Hong Kong (i.e. Barwo) to Cantonese opera groups for each performance cancelled due to the epidemic, involving some 300 cancelled performances.

80. On Mr CHAN Chi-chuen's concern that the Scheme would mainly benefit well-established arts and performing groups, Secretary for Home Affairs ("SHA") assured members that in working out the detailed arrangements with the major arts organizations, the Administration would ensure that the subsidies would reach relevant staff especially freelance artists as well as workers doing menial and other supportive tasks.

81. In reply to Mr Jeremy TAM's enquiry about the arrangements for individuals/groups performing at privately run venues, SHA advised that:

Admin

- (a) the Scheme would cover arts and culture groups which were adversely affected by the closure of facilities of the Government, West Kowloon Cultural District, etc.; and
- (b) ADC would devise support measures to assist freelance artists.

82. Mr Jeremy TAM said that he would follow up with the Administration on possible support to these performers as they also played an important role in the local arts sector.

83. Mr MA Fung-kwok welcomed the proposed subsidy and was pleased that the Administration had been receptive to suggestions on refining the Scheme. While looking forward to further support measures, Mr MA gave the following views:

- (a) concert organizers should be given concession in venue hire charges or priority allocation of venue in future, as they had been hard hit by the cancellation of more than 100 performances;
- (b) consideration should be given to subsidizing cinemas, which had suffered heavy business losses, according to their number of seats; and
- (c) the feasibility of deploying the Film Development Fund ("FDF") to support the film industry and provide job opportunities should be explored.

84. SCED took note of Mr MA's views, and said that the Administration would examine feasible ways of deploying FDF to foster the development of the film industry and strengthen the capability of its practitioners.

85. Mr LUK Chung-hung asked whether assistance could be extended to the sports sector, which had suffered from zero ticketing income due to cancellation of matches while coaches had been put out of job. SHA said that the Administration would closely monitor the situation as the fight against the epidemic continued.

Support for the property management sector

86. Mr Tony TSE declared that he was the Chairman of the Property Management Services Authority, which would work in collaboration with the Home Affairs Bureau in supporting the PM sector.

87. While concurring with the objective of the Fund to provide timely relief, Mr LAU Kwok-fan asked whether financial support would be provided for three-nil buildings, as well as commercial and industrial buildings. He also remarked that administrative measures should be implemented to alleviate the inconvenience or delay caused by the Government's work-from-home arrangements.

88. In this regard, SHA advised that:

- (a) the current priority was to support private residential/composite buildings, including all such buildings under various subsidized sale schemes of the Housing Authority; and
- (b) three-nil buildings had not been included as assistance in kind had been and would continue to be provided to them, such as through enhanced cleansing provided by District Offices.

Technology applications to enable reusability of masks

89. Dr Helena WONG sought further information on the role of the Innovation and Technology Bureau ("ITB") in technology applications to enable reusability of masks. In response, Permanent Secretary for Innovation and Technology ("PS(IT)") said that the Administration had been liaising with a number of private and public organizations and reviewing the feasibility of various technology applications on mask reusability.

90. Mr Charles MOK considered that insufficient information had been provided on the estimated expenditure of \$800 million on this initiative.

Rental waivers by Science Park, industrial estates and Cyberport

91. While welcoming the six-month rental waiver for tenants at the Science Park, industrial estates and Cyberport, Mr Charles MOK asked whether part of the six-month rental deposit paid by the tenants could be

refunded to help them improve their cashflow. In view of the difficulties encountered by technology companies territory-wide, Ms Elizabeth QUAT was concerned that these companies could not benefit from any waiver.

92. In response, Secretary for Innovation and Technology ("S for IT") and PS(IT) advised that:

- (a) the waiver effective from 1 April 2020 would cover the full rental payable, as compared to the current 50% concession, and would be more conducive to improving tenants' cashflow than a refund of rental deposit;
- (b) the waiver was meant to be a timely relief to the technology sector, and would hopefully set an example for other landlords to follow; and
- (c) other measures that covered territory-wide technology companies, such as the Technology Voucher Programme, Technology Talent Admission Scheme, Postdoctoral Hub and Researcher Programme, were also in place to support the development of the sector.

Installation of emergency alert system

93. Ms Tanya CHAN enquired about the type of information for dissemination via the new emergency alert system. In reply, SCED referred to recent instant messages to remind mobile telephone users that they would be mandated to observe a home quarantine period of 14 days after arriving in Hong Kong from the Mainland. Due to the time-critical nature of messages in emergency situations, it was necessary to adopt an effective technology to reach the target recipients expeditiously.

Subsidy Schemes for Travel Agents and Guesthouses

94. Mr YIU Si-wing expressed support for the Fund and declared that the company which he worked for might benefit from the Travel Agents Subsidy Scheme.

95. Noting that the tourism sector had been doubly hard hit by social events and the epidemic resulting in plunges in inbound and outbound travellers, Mr YIU Si-wing, Mr LUK Chung-hung and Ms Alice MAK gave the following views/suggestions:

- (a) as travel agents, hotels and airlines had sustained heavy business losses, they should be further assisted by way of tax refund, exemption from payment of rates and land rent, and reduction in aircraft parking and landing charges;
- (b) the subsidy of \$80,000 per licensed travel agent might not suffice for large establishments whose operating costs were much higher;
- (c) major landlords including MTRC and AA should take the lead in reducing rent for their premises; and
- (d) as tour guides and tour escorts could hardly earn a living due to the sharp drop in inbound and outbound tourists, interest-free loans for up to two years and training subsidy similar to that in 2003 should be provided to them.

96. Mr Jeremy TAM considered that AA should introduce rental waiver similar to that of the Cyberport and Hong Kong Science Park in order to relieve the operating pressure on its tenants in the airport.

97. On members' views and concerns, SCED, STH and SFST advised that:

- (a) a two-tier subsidy scheme would be implemented under which \$50,000 and \$80,000 would be provided to licensed guesthouses with five rooms or less and those with six rooms or more respectively;
- (b) currently, the vast majority of licensed travel agents were small and medium establishments;
- (c) MTRC had announced a 50% rental reduction for micro, small and medium business tenants in February and March 2020;
- (d) AA had introduced a series of relief measures totaling some \$1.6 billion, including rent reduction commensurate with business turnover, concession in fees and allowing shops and restaurants to flexibly adjust their business hours;
- (e) HA and the Hong Kong Housing Society would also consider possible rental concessions for their commercial tenants;

- (f) the Administration would relay members' views on fee reductions to AA for consideration;
- (g) suggestions on tax relief and/or waiver of government fees would need to be considered by FS in the context of the annual Budget; and
- (h) further relief measures might be considered as the fight against the epidemic continued.

98. Mr CHU Hoi-dick sought clarification on the eligibility for subsidy of a person who was the operator but not the licensee of the guesthouse. In this regard, Commissioner for Tourism pointed out that as required under the Hotel and Guesthouse Accommodation Ordinance (Cap. 349), the operation and management of a guesthouse should be under the continuous supervision of the licensee; otherwise, the licensing authority could cancel the licence.

Financial and professional services sectors

99. While expressing support for the Fund, Mr Christopher CHEUNG requested the Administration to consider the following actions to help small and medium securities brokers:

- (a) to enhance the Technology Voucher Programme by raising the cap on the number of approved projects per applicant and lowering the applicant's funding ratio from one-third to one-tenth; and
- (b) to relax the timing for implementation of the Guidelines for Securities Margin Financing Activities issued by the Securities and Futures Commission ("SFC").

100. PS(IT) and SFST took note of Mr CHEUNG's suggestions for consideration.

101. Mr Kenneth LEUNG pointed out that due to travelling restrictions to the Mainland as a result of the epidemic, many auditing professionals had difficulty in preparing audited financial statements for listed companies with financial year ended 31 December 2020 for disclosure by 31 March 2020 as required under the Listing Rules. He asked whether SFC and the Stock Exchange of Hong Kong could formally announce a deferral of the submission of audited financial statements, or allow the publication of

unaudited financial statements without legal liability. SFST explained that as not all cases would require deferral, the regulatory authorities had found it necessary to consider each case on its merits, rather than issuing a general directive.

Education-related support

102. While he had no objection to the proposed additional student study grant of \$1,000, Mr Charles MOK expressed concern that despite the implementation of the Internet Learning Support Programme for years, the target of one computer for each child had not been attained. In this connection, SED advised that while it was not the existing policy to provide each student with a computer, the Administration would provide every assistance, such as via CCF, to facilitate e-learning by students from families with financial needs.

103. While welcoming the provision of financial assistance to the kindergarten sector to defray their increased expenses for maintaining a hygienic environment, Mr IP Kin-yuen expressed concern about the availability of masks when classes resumed as schools had much difficulty in acquiring masks. In response, SED said that the supply of masks would be one of the relevant factors in considering class resumption.

104. Dr CHENG Chung-tai was concerned about the lack of support for post-secondary students of publicly-funded and self-financed institutions. SED advised that under the principle of institutional autonomy, individual universities could decide how best to manage their academic and administrative affairs while implementing anti-epidemic measures as necessary with regard to advice from health experts and the Government.

Concerns about employees and low-income earners

105. Mr HUI Chi-fung, Mr Kenneth LEUNG, Dr Helena WONG, Ms Claudia MO, Mr KWONG Chun-yu, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Mr SHIU Ka-chun expressed the following views and concerns:

- (a) it was doubtful whether and how the proposed Fund could safeguard the employment and income of employees;
- (b) priority should be given to providing a direct subsidy to needy individuals;

- (c) due to poor business, many employees had been required to take no-pay leave while others who were engaged on a part-time basis had been dismissed;
- (d) employees of most of the sectors could not benefit from the Fund as they were not the recipients of subsidies; and
- (e) many low-income earners, such as those working on a part-time basis, might not qualify for the one-off special allowance payable under the Fund.

106. Some members including Mr WU Chi-wai, Mr Wilson OR, Dr Junius HO, Mr LUK Chung-hung and Mr POON Siu-ping suggested that effective measures should be taken to safeguard employment, such as:

- (a) part of the subsidies to be disbursed to the respective business sectors should be designated for assisting employees;
- (b) the establishments receiving subsidies under the Fund should be asked not to lay off their employees nor to require them to take no-pay leave; and
- (c) incentives might be provided to those establishments which retained their staff while receiving the subsidies.

107. Mr LEUNG Che-cheung, Dr Priscilla LEUNG, Mr Holden CHOW, Mr HO Kai-ming and Mr LUK Chung-hung gave the following views:

- (a) to address the urgent needs of low-income households who had not applied for Working Family Allowance ("WFA") or means-tested Student Financial Assistance ("SFA"), other form of financial assistance, such as via CCF, should be provided expeditiously to support their daily needs; and
- (b) special financial assistance and/or an unemployment assistance fund should be provided/set up to support those who lost their jobs as a result of the epidemic.

108. Noting members' concerns, CS and Secretary for Labour and Welfare ("SLW") advised that:

- (a) the current priority was to provide targeted and immediate relief to hard hit sectors, but the Administration would not

rule out further relief measures in the light of actual needs;

- (b) through supporting businesses, the Fund could help safeguard jobs;
- (c) issues related to relieving the financial burden of low-income earners and other disadvantaged groups would usually be addressed in the annual Budget;
- (d) the subsidies under the Fund could help ease the cashflow of many small and medium establishments, and would be conducive to staff retention;
- (e) it was not feasible to establish a dedicated unemployment assistance scheme in the near future, as doing so would require holistic consideration on an array of important issues, such as the interface arrangements with existing statutory benefits of severance/long service payment, as well as the additional resources for vetting applications so involved; and
- (f) the proposed special allowance to each beneficiary household under WFA and means-tested SFA could provide urgent relief to low-income households.

109. Mr Frankie YICK concurred that jobs could be safeguarded if proper support was provided to employers to sustain their business. He said that one-off cash payout to all residents should be considered so as to benefit all sectors of the community.

110. Mr LEUNG Che-cheung further enquired about the lead time of four months required for disbursing the special allowance for eligible WFA and SFA households. SLW said while every effort would be made to expedite the process, adequate time was required to enhance the two separate IT systems of WFA and SFA.

111. Mr POON Siu-ping declared that the Federation of Hong Kong and Kowloon Labour Unions, to which he belonged, was an appointed training body under the Employees Retraining Board. He was concerned that the suspension of courses under the recently launched Love Upgrading Special Scheme had deprived trainees of the special allowance payable for attendance.

Other measures to provide relief and support

112. Mr Michael TIEN declared that he ran a retail business. Noting that almost all sectors were under an exceptionally heavy rental burden, he urged the Administration to provide tax credit rebate to landlords as an incentive for reducing rent up to 50%.

113. Mr Jeffrey LAM declared that some of his companies might benefit from the Fund. Mr LAM and Mr SHIU Ka-fai considered it necessary to help businesses improve their cashflow position through support measures such as:

- (a) to set up a scheme of at least \$10 billion for providing 100% government loan guarantee to help businesses defray rental and salary expenditures;
- (b) to set up a contingency fund to provide quick relief to meet urgent needs;
- (c) to simplify the application procedures for paying tax by instalments;
- (d) to defer tax payment by six months; and
- (e) to make contributions to mandatory provident fund ("MPF") schemes on behalf of employers and employees for all or some sectors for six months.

114. Mr Paul TSE suggested that the feasibility of allowing early withdrawal of accrued MPF benefits should also be explored.

115. To ease the operating pressure on businesses, Mr CHUNG Kwok-pan asked the Administration to consider the following measures:

- (a) to urge/appeal to banks to introduce a principal moratorium for a specific period of time; and
- (b) to set up a loan interest subsidy scheme to help relieve the financial burden on businesses.

116. SFST took note of members' views for consideration and advised that:

- (a) tax concessions would need to be considered in the annual Budget, having regard to the fiscal position of the Government;
- (b) issues related to providing government guarantee would be addressed in the upcoming Budget;
- (c) the Inland Revenue Department ("IRD") had been tasked to simplify the application procedures for tax payment by instalments; and
- (d) IRD would consider applications for holding over of provisional profits tax on a case by case basis.

117. Mr LUK Chung-hung, Mr KWOK Wai-keung and Mr CHU Hoi-dick raised the following suggestions aimed at relieving people's burden:

- (a) to temporarily remove the threshold of \$400 for eligibility to receive subsidy under the Public Transport Fare Subsidy Scheme ("PTFSS");
- (b) to subsidize commuters' public transportation expenses with dividends received from MTRC;
- (c) to allow all MTR commuters to travel at the concessionary fare of \$2 per trip for a defined period of time;
- (d) to waive the payment of provisional salaries tax; and
- (e) to ease pressure on homeowners, to examine the feasibility of introducing a principal moratorium on mortgage loans for six months.

118. In response, STH and SFST advised that:

- (a) following enhancement to PTFSS since 1 January 2020, the subsidy rate had been increased from one-fourth to one-third of the monthly public transport expenses in excess of \$400 and the subsidy cap was raised to \$400 per month; and

- (b) the Administration had always encouraged banks to suitably adjust their repayment arrangements to provide greater flexibility to their clients, but it remained the commercial decision of individual banks to do so having regard to their own risk assessment.

119. Mr Abraham SHEK said that the Administration should improve its fiscal position and revitalize the economy through measures such as attracting inbound tourists and abolishing the Special/Double Stamp Duty ("S/DSD") which had dealt a heavy blow to the second-hand property market. Ms Alice MAK cautioned that any proposed change to S/DSD would require very careful consideration.

120. Dr Priscilla LEUNG referred to the hardship of over 2 000 Hong Kong residents currently stranded in Hubei Province, and considered it necessary to set up support teams to follow up individual cases. In this regard, CS advised that:

- (a) with the assistance of ETO (Wuhan) and local authorities, medications had been delivered to Hong Kong residents on about 120 occasions;
- (b) a hotline had been set up by the International Social Service; and
- (c) the Administration would spare no effort in working out arrangements for their return to Hong Kong.

Meeting and procedural arrangements

121. At 12:02 pm, the Chairman directed that the meeting be suspended. He also reminded members that proposed motions under Paragraph 37A of the Finance Committee Procedure should be submitted to him by 5:00 pm. The meeting resumed at 12:10 pm and the Deputy Chairman presided over the meeting.

122. At 1:04 pm, the Deputy Chairman directed that the meeting be suspended. The meeting resumed at 2:01 pm.

123. At 4:31 pm, the Deputy Chairman directed that the meeting be suspended. The meeting resumed at 4:43 pm and the Chairman presided over the meeting.

124. At 5:07 pm, the Chairman directed that if deliberation on item FCR(2019-20)46 on "Anti-epidemic Fund" could not be finished at the meeting scheduled to end at 7:00 pm today, an additional meeting would be held from 7:00 pm to 9:00 pm to continue the deliberation on the item.

125. At 6:31 pm, the Chairman directed that the meeting be suspended. The meeting resumed at 6:42 pm.

[Post-meeting note: The notice of additional meeting to be held on 21 February 2020 at 7:00 pm was issued to members vide LC Paper No. FC102/19-20 on 21 February 2020.]

126. The meeting ended at 7:01 pm.

Legislative Council Secretariat
30 July 2020