

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 21st meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 17 April 2020, from 9:00 am to 12:59 pm; and
from 3:12 pm to 9:25 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-yea, 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-kwok, 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 Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS
Hon CHAN Hoi-yan

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, GBM, GBS, JP	Chief Secretary for Administration
Ms Angelina KWAN Yuen-ye, JP	Head, Human Resources Planning and Poverty Co-ordination Unit, Chief Secretary for Administration's Private Office
Miss Carrie CHANG Kar-wai	Administrative Assistant to Chief Secretary for Administration
Ms Teresa CHENG, GBS, SC, JP	Secretary for Justice
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, Commerce and Economic Development Bureau
Mr Raymond LI Ling-cheung, JP	Executive Director and Chief Executive Officer, Hong Kong Mortgage Corporation Limited
Mr Joshua LAW Chi-kong, GBS, JP	Secretary for the Civil Service
Mr Brian LO Sai-hung, JP	Deputy Secretary for the Civil Service 1
Mr Michael WONG Wai-lun, JP	Secretary for Development
Mr Francis CHAU Siu-hei, JP	Deputy Secretary for Development (Works) (3)
Mr Kevin YEUNG Yun-hung, JP	Secretary for Education
Dr CHOI Yuk-lin, JP	Under Secretary for Education
Mrs CHAN SIU Suk-fan	Deputy Secretary for Education (4)
Mr WONG Kam-sing, GBS, JP	Secretary for the Environment

Mrs Vicki KWOK WONG Wing-ki, JP	Deputy Director of Environmental Protection (2)
Prof Sophia CHAN Siu-chee, JP	Secretary for Food and Health
Miss Vivian LAU Lee-kwan, JP	Director of Food and Environmental Hygiene
Mr Andrew LAI Chi-wah, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 2
Mr Chris SUN Yuk-han, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 1
Mr LAU Kong-wah, JP	Secretary for Home Affairs
Mr YEUNG Tak-keung, JP	Commissioner for Sports, Home Affairs Bureau
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
Mrs Helen KWOK LI Mung-yeek	Assistant Director of Social Welfare (Youth and Corrections)
Mr Frank CHAN Fan, JP	Secretary for Transport and Housing
Ms Mable CHAN, JP	Commissioner for Transport

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Ms Connie FUNG	Legal Adviser
Ms Angel SHEK	Chief Council Secretary (1)1
Miss Bowie LAM	Council Secretary (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Mandy POON	Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)7
Ms Haley CHEUNG	Legislative Assistant (1)10

The Deputy Chairman reminded members of the requirements under Rules 83A and 84 of the Rules of Procedure ("RoP").

- Item 1** — **FCR(2020-21)2**

- HEAD 142** — **GOVERNMENT SECRETARIAT : OFFICES OF THE CHIEF SECRETARY FOR ADMINISTRATION AND FINANCIAL SECRETARY**
- Subhead 700** **General non-recurrent**
- Item 803** **Anti-epidemic Fund**

- HEAD 170** — **SOCIAL WELFARE DEPARTMENT**
- Subhead 700** **General non-recurrent**
- New item** **"Special Scheme of Assistance to the Unemployed"**

- HEAD 152** — **GOVERNMENT SECRETARIAT : COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)**
- Subhead 700** **General non-recurrent**
- Item 833** **SME Financing Guarantee Scheme—Special Concessionary Measures**

- LOAN FUND**
- HEAD 252** — **LOANS TO SCHOOLS/TEACHERS**
- Subhead 104** **Loans to non-profit-making international schools**
- Subhead 106** **Start-up loan for post-secondary education providers**

- HEAD 254** — **LOANS TO STUDENTS**
- Subhead 101** **Means-tested loan for tertiary students pursuing publicly-funded programmes**
- Subhead 102** **Non-means-tested loan scheme**
- Subhead 103** **Means-tested loan for post-secondary students**

- HEAD 262** — **PRIMARY PRODUCTS**
- Subhead 101** **Fisheries Loans**

2. The Deputy Chairman advised that the item invited the Finance Committee ("FC") to approve the following for implementing a series of relief measures to provide support for individuals and businesses affected by the outbreak of the novel coronavirus:

- (a) an increase in commitment by \$120.5 billion from \$30 billion to \$150.5 billion under Head 142 Government Secretariat: Offices of the Chief Secretary for Administration and Financial Secretary Subhead 700 General non-recurrent Item 803 for injection into the Anti-epidemic Fund ("the Fund") to provide funding for a second round of relief measures targeted at eligible individuals and businesses hard hit by the coronavirus disease-2019 ("COVID-19") pandemic and various anti-epidemic measures introduced by the Government;
- (b) a new non-recurrent commitment of \$3,520 million under Head 170 Social Welfare Department ("SWD") Subhead 700 General non-recurrent for implementing a six-month unemployment support scheme under the Comprehensive Social Security Assistance ("CSSA") Scheme;
- (c)
 - (i) an increase in loan guarantee commitment of the Special 100% Guarantee Product under the SME Financing Guarantee Scheme ("SFGS") by \$30 billion from \$20 billion to \$50 billion, resulting in an increase in the expected maximum expenditure by \$8.44 billion from \$5.63 billion to \$14.07 billion; and
 - (ii) the consolidation of the loan guarantee commitment of \$100 billion under Head 152 Commerce and Economic Development Bureau ("CEDB") (Commerce, Industry and Tourism Branch) Subhead 700 General non-recurrent Item 833 SME Financing Guarantee Scheme—Special Concessionary Measures (the 80% Guarantee Product), \$33 billion under the 90% Guarantee Product and \$50 billion under the Special 100% Guarantee Product (proposed in (c) (i) above) into a total commitment of \$183 billion under Item 833 to be renamed as SME Financing Guarantee Scheme—Guarantee Products, resulting in a consolidation of the total expected maximum expenditure into \$33.72 billion (being the sum of \$13.15 billion under the 80% Guarantee Product, \$6.5 billion under the 90% Guarantee Product and \$14.07 billion under the Special 100% Guarantee Product);
- (d) relaxation of the prevailing terms and conditions in relation to repayments by self-financing post-secondary institutions under the Start-up Loan Scheme, loans for international schools, as well as the Student Financial Assistance schemes; and

- (e) relaxation of the prevailing terms and conditions in relation to repayments under the Fisheries Development Loan Fund.

3. The Deputy Chairman declared that he was a consultant of the Bank of China (Hong Kong) Limited.

4. At the invitation of the Deputy Chairman, Chief Secretary for Administration ("CS") briefed members on the proposals as set out in the discussion paper FCR(2020-21)2.

Implementation of an unemployment support scheme under the Comprehensive Social Security Assistance Scheme

5. Ms Tanya CHAN, Mr KWONG Chun-yu, Mr LUK Chung-hung, Mr LEUNG Yiu-chung, Mr POON Siu-ping, Ms Alice MAK and Mr CHAN Chi-chuen said that the Administration should consider setting up an unemployment relief fund. Ms Tanya CHAN considered it inappropriate to provide unemployment relief through the CSSA framework. Mr KWONG sought the Administration's rationale for refusing to set up an employment relief fund to provide financial support for the unemployed. Mr LEUNG asked whether consideration could be given to setting up an employment relief fund under the third round of the Fund. Mr POON suggested that consideration also be given to the establishment of an unemployment loan fund.

6. Dr KWOK Ka-ki pointed out that the British government had managed to disburse subsidies equivalent to 80% of their salaries to persons who lost or might lose their jobs as a result of the pandemic within a month or so, but the Administration had yet to disburse any subsidies to those affected by the pandemic. He sought an explanation from the Administration as to why readily available tax information was not used for the purpose of giving direct subsidies to those affected by the pandemic.

7. In response, CS advised that:

- (a) as it took time to set up a new mechanism to provide unemployment relief, the quickest way to provide support for the unemployed was through the existing CSSA framework;
- (b) under the CSSA Unemployment Support Scheme ("the Support Scheme"), the value of an owner-occupied residential property of applicants would be disregarded for a grace period of one year, while the asset limits would also be relaxed; and

- (c) as not all Hong Kong residents were taxpayers, it would be difficult to disburse subsidies to the persons concerned by making reference to tax information as under the approach adopted by the British government.

8. Ms CHAN Hoi-yan, Mr CHAN Hak-kan, Dr Priscilla LEUNG and Mr Wilson OR said that people who were unemployed did not want to apply for CSSA. Ms CHAN Hoi-yan asked whether the Administration could change the title of the Support Scheme, so as to enhance public acceptance. Mr CHAN Hak-kan considered that the said initiative was tantamount to forcing those who were unemployed to apply for CSSA. Moreover, applications for the Support Scheme were made on a household basis, and the procedures were complicated. He asked whether alternative means were available to assist the unemployed.

9. In reply, Secretary for Labour and Welfare ("SLW") said that the Government would step up publicity, so that members of the public would know they could apply for unemployment relief through the social security field units. He also hoped that members of the public would not stigmatize CSSA recipients. CS supplemented that while the Government would not force any person to apply for CSSA, he agreed with the need for improving the negative perception of receiving CSSA among the public. He advised that the Support Scheme, which would be implemented for a period of six months, was a special measure under extraordinary circumstances.

10. Mr SHIU Ka-chun said that as a result of the Administration's move to adjust CSSA payment rates some years ago, the existing level of CSSA payments was not sufficient to meet the daily expenses of the needy persons. He referred to a study report published by the Hong Kong Council of Social Service on 16 April 2020, which recommended, inter alia, the establishment of an unemployment relief fund, as well as relaxing the CSSA asset limits by making reference to the Working Family Allowance ("WFA") Scheme for a period of six months. Mr SHIU sought the Administration's response to the aforesaid recommendations.

11. In response, SLW advised that:

- (a) under the existing CSSA Scheme, the amount of monthly assistance for a four-person household was about \$16,000 on average. The Government had already submitted an item to FC to increase the CSSA payment rates; and

- (b) when drawing up the Support Scheme, the Government would need to consider and balance the restrictions of various existing schemes, such as the income and asset limits of the Old Age Living Allowance ("OALA") and WFA Scheme. The Government held that it was an appropriate arrangement to increase the asset limits by 100% under the Support Scheme.

Measures for job retention, job creation and job advancement

Employment Support Scheme

12. Ms Tanya CHAN, Mr CHAN Han-pan, Mr LUK Chung-hung, Mrs Regina IP, Dr Fernando CHEUNG, Mr Frankie YICK, Ms CHAN Hoi-yan, Ms Elizabeth QUAT, Ms Alice MAK, Mr CHAN Hak-kan, Mr MA Fung-kwok and Mr Wilson OR were concerned that employees not enrolled with the Mandatory Provident Fund ("MPF") schemes were not eligible for assistance under the Employment Support Scheme ("ESS"), including elderly employees aged 65 or above. Mr YICK pointed out that the average age of green minibus ("GMB") drivers was 71 years old, most of them needed not make any MPF contributions. Ms Alice MAK was worried that employees aged 65 or above who needed not make any MPF contributions might be dismissed by their employers as a result.

13. Mr CHAN Han-pan asked whether the Administration would allow proof of eligibility for subsidies by the signing of a joint declaration by both the employer and the employee or the production of salary proof. He also sought an explanation from the Administration as to why the employees concerned were not covered under ESS. Mrs Regina IP pointed out that MPF contributions were not made by some grass-roots youths who operated their own businesses or took up freelance jobs. She suggested that those persons be provided with a monthly allowance of \$5,000 for a period of six months.

14. Mr Kenneth LAU was concerned that freelancers who had previously enrolled with MPF schemes but had stopped working for two years were not eligible for subsidies under ESS. He asked whether any statistics had been compiled by the Administration on the number of such freelancers.

15. In response, CS advised that:

- (a) employers who benefitted under ESS had the discretion to disburse the subsidies to employees aged 65 or above;

- (b) the Government noted Mrs Regina IP's suggestion;
- (c) it would be difficult for the Government to compile statistics on the number of freelancers. Nevertheless, freelancers who worked as interest class instructors at schools or social welfare organizations could benefit from the second round of the Fund. If the companies of freelancers were facing liquidity problems, they could also obtain loans from banks by applying for the special concessionary measures under SFGS in the item; and
- (d) under the second round of the Fund, three sector-specific schemes had been devised to provide support for employees in catering and construction sectors, as well as taxi/red minibus ("RMB") drivers who were not well covered by the MPF system.

16. SLW supplemented that:

- (a) about 60 000 employees aged 65 or above were expected to benefit under ESS;
- (b) employees aged 65 or above earning less than \$7,970 per month could apply for OALA. If their monthly salary was less than \$10,100, they could apply for WFA allowance. OALA and WFA allowance would be calculated separately;
- (c) under the Employment Programme for the Elderly and Middle-aged ("EPEM"), employers engaging job seekers aged 60 or above who were unemployed or had left the workforce and providing them with on-the-job training ("OJT") could receive OJT allowance for a period of up to 12 months. The amount of OJT allowance would be increased to \$5,000 in the latter half of 2020; and
- (d) eligible employees who had been laid off were entitled to severance or long-service payments. If the amount of such payments was inadequate to meet the daily needs of unemployed persons, CSSA could serve as a safety net.

17. In reply to Dr Priscilla LEUNG's enquiry, CS pointed out that construction workers aged 65 or above who had already registered with the Construction Industry Council as a registered construction worker were eligible for a subsidy of \$7,500.

18. Mr LAM Cheuk-ting, Mr LUK Chung-hung, Mr LEUNG Yiu-chung, Dr Fernando CHEUNG, Dr KWOK Ka-ki, Mr Kenneth LAU and Dr Helena WONG expressed concern about the possibility that ESS might be abused by employers. Mr LAM, Mr LUK, Dr CHEUNG cited examples where an employer might continue to get paid or arrange his relatives to work in his company, while other employees might have to take no-pay leave or accept a pay cut. Mr LUK also pointed out that many companies had reduced the wages of employees since February 2020 as a result of the pandemic. But, under ESS, an employer could apply for subsidies on the basis of wage payments made in January 2020. In case the subsidies were paid to an employer on the basis of wage payments before a pay cut, and the sum was then used to pay the reduced wages of employees, ESS might actually be subsidizing the employer in excess of the requirement that the subsidy should be no more than 50% of the actual wages paid to employees. He asked how the Administration could plug the said loophole. Mr LEUNG and Mr LAU also expressed similar views.

19. Dr KWOK Ka-ki held that ESS was actually helping consortiums with a large number of employees. He also pointed out that as double pay or bonuses were usually paid between January and March, employees would receive less wages in the following months. Dr Helena WONG enquired about the mechanisms to be put in place by the Administration to ensure that employers would use the subsidies in full towards wage payments of their employees and to punish those employers who had failed to do so.

20. Dr Fernando CHEUNG sought clarification from SLW on the privacy issues involved if applicant employers for ESS were required to furnish data of their employees. He considered that in order to save time for setting up a dedicated system to process the applications, the Administration could specify in the ESS application form that any applicant who provided false information would be liable criminally and perform random checking on the information provided.

21. Mr HO Kai-ming considered that for ESS, reference could be made to the provision of subsidies to taxi drivers, so that those individuals with a declaration would also be allowed to apply for the subsidies. He also suggested that a dedicated scheme be introduced under the next round of relief measures for individuals who had yet to receive the subsidies. In this connection, eligibility could be confirmed through their identity card numbers.

22. In response, CS advised that:

- (a) the Government would publish the names of employers who received wage subsidies under ESS on the Internet, so that members of the public and the employees concerned could monitor whether the enterprises had used the subsidies towards wage payments of their employees. After implementation of ESS, employees who suspected irregularities on the part of their employers could seek help from the Labour Department;
- (b) ESS might not be able to cover all employees as the design and eligibility criteria of the scheme was formulated to serve as an expedient measure for early disbursement of subsidies; and
- (c) the Government would announce in due course details of penalties to be imposed on those employers who breached their undertaking under the scheme of not implementing redundancies.

23. SLW supplemented that:

- (a) under ESS, employers must undertake that the number of employees on the payroll in June, July and August would not be less than the total number of paid and unpaid employees in March; and
- (b) due to personal data privacy considerations, the Government would not ask applicant employers for ESS to provide the names and proof of identity of their employees and hence, no checking would be conducted against individual items of personal data. Should it be necessary to verify the future wages of employees by checking against their previous wages for the sake of ascertaining the reasonableness of their wages, and even if personal data privacy issues could be resolved, it would take time for the Government to set up a system to process the data of millions of employees, not to mention the need to recruit and train up staff for the duties concerned. It would thus hardly be possible to implement ESS before the end of this year.

24. Secretary for Transport and Housing ("STH") supplemented that given the difference in the number of target recipients and the scope of the

proposed initiatives, the method of disbursing subsidies to the taxi trade and under ESS should not be compared directly.

25. Mr YIU Si-wing declared that his company would benefit from the second round of the Fund. Mr YIU expressed hope for the early passage of the item by FC. He pointed out that business of the tourism industry had come to a standstill for more than two months as a result of the pandemic, and many travel agents (including major travel agents) had implemented large-scale layoffs in April 2020. But if a travel agent wanted to receive subsidies under ESS, it would have to recruit staff in June 2020, so that the number of staff could revert to the level in March 2020. Mr YIU was concerned that large-scale layoffs might still be necessary if the pandemic had yet to subside by then, possibly leading to social incidents or labour disputes. He hoped that consideration could be given to incorporating a claw-back mechanism under ESS, so that an employer who employed fewer staff in June 2002 than March 2020 could still receive a corresponding amount of subsidies according to the actual number of staff employed then.

26. In response, SLW advised that:

- (a) employers should not have much difficulty in staff recruitment over a period of time in future;
- (b) given the need to streamline the design of ESS, it would be impossible to deal with issues relating to the operating conditions or reasonableness of staff wages in different sectors. However, checks would be conducted against the number of employees on the payroll of the beneficiaries; and
- (c) given their high flexibility, enterprises in Hong Kong should be able to handle such personnel matters.

27. Mr LEUNG Che-cheung asked what actions could be taken by employees if their employers chose not to apply for subsidies under ESS. In reply, SLW said it was the Administration's hope that employers in need would apply for subsidies under ESS for paying wages to their employees.

28. Mr SHIU Ka-fai said that the Administration had yet to clearly explain the application method of ESS. Considering that ESS was aimed at maintaining the number of staff, he hoped the Administration could explain how the number of employees would be calculated if some staff were on no-pay leave from January to March 2020.

29. Ms CHAN Hoi-yan, Ms Elizabeth QUAT, Ms Alice MAK and Mr CHAN Hak-kan expressed concern that many workers had already been unemployed or underemployed or put on no-pay leave starting from February 2020 or before, and ESS could not provide them with any assistance. Ms CHAN Hoi-yan pointed out that ESS might not be able to help those employees who were affected by social movements since June 2019. Ms MAK and Mr CHAN Hak-kan also expressed similar views.

30. Mr Charles Peter MOK was concerned that ESS subsidies would become profits of large enterprises straightaway, while the Administration was unwilling to provide direct subsidies to employees.

31. Mr Michael TIEN, Mr Tony TSE and Ir Dr LO Wai-kwok spoke in support of the item. Expressing the view that measures under the item should be loose rather than stringent, Mr TSE suggested that under ESS, the number of staff on the payroll of an employer could vary for reasons of staff wastage including resignation and completion of employment contracts. Ir Dr LO expressed a similar view, adding that the Administration should encourage enterprises to train up new recruits. Mr TSE asked whether the Administration would consider introducing new initiatives after the pandemic to help individuals pursue self-enhancement. CS replied that apart from the initiatives on job creation and job retention, the Government had also made advance preparation for economic recovery.

32. Mr WU Chi-wai pointed out that while the labour force in Hong Kong amounted to some 3.9 million, about 1.5 million employees with MPF contributions would be covered by ESS. He enquired about the number of workers who were excluded from ESS as they had not made any MPF contributions. CS replied that ESS was expected to benefit about 1.5 million employees with MPF contributions, as well as about 215 000 self-employed persons ("SEPs"). Separately, about 800 000 persons in the construction, catering and passenger transport sectors would benefit from three sector-specific schemes under the second round of the Fund.

33. Mr CHAN Chi-chuen pointed out that under ESS, a subsidy of \$7,500 would be provided to SEPs who had made MPF contributions in the past 15 months. He sought clarification from the Administration on the exact dates covered by "the past 15 months". SLW replied that "the past 15 months" referred to the period between 1 January 2019 and 31 March 2020.

Subsidy for encouraging early deployment of 5G

34. Dr CHENG Chung-tai sought an explanation from the Administration as to why the "subsidy for encouraging early deployment of 5G" was included under the second round of the Fund. Secretary for Commerce and Economic Development ("SCED") advised that it was the Government's hope to see the early deployment of 5G in both public and private sectors.

Job creation

35. Ms Elizabeth QUAT considered that the Administration's plan to create around 30 000 jobs in the coming two years could not address the imminent plight of the unemployed. She called on the Administration to undertake that jobs would be created expeditiously in the next few months. CS replied that upon approval of the item, the Government would kick-start the preparation for job creation. Moreover, more than 10 000 civil servants would be recruited for replacing retirees and filling new posts to be created, while about 5 000 short-term intern positions would be created for young people.

Provision of one-off relief to specific sectors

Amount and eligibility of subsidy for different sectors

36. Dr CHENG Chung-tai was concerned that under the second round of the Fund, the amount of subsidies for practitioners in the cultural industry (such as those relating to music, arts and education) was less than that for the retail sector. Expressing concern that only a relief grant of \$40,000 was provided to tutorial schools under the second round of the Fund, Mr LEUNG Yiu-chung asked whether the amount of the relief grant could be increased to \$80,000 and \$200,000 for small and large-scale tutorial schools respectively. Ir Dr LO Wai-kwok suggested that a fixed subsidy of \$20,000 be provided for all construction-related enterprises. Mr MA Fung-kwok suggested that the Film Development Fund be deployed to support the film industry as a special measure under extraordinary circumstances. He also called for the provision of financial support to those arts and cultural groups affected by the closure of community halls and community centres, the provision of additional subsidy to SEPs (particularly instructors of arts and cultural courses), as well as the disbursement of subsidies to local arts and cultural groups, as well as cultural and creative establishments. He asked whether non-commercial groups providing dance and martial arts training were also eligible for subsidies.

37. Mrs Regina IP, Mr LEUNG Che-cheung, Ms CHAN Hoi-yan, Mr Charles Peter MOK, Mr WU Chi-wai, Dr Priscilla LEUNG, Mr Wilson OR and Dr Pierre CHAN expressed concern that many sectors, such as the performing arts sector, employment agencies placing foreign domestic helpers ("FDHs"), Chinese medicine practitioners, the wholesale industry, hair salons and the laundry trade, had yet to benefit from relief measures implemented by the Administration. Mr Wilson OR asked how the disbursement of subsidies could be expedited after funding approval was obtained for the item. He also hoped that the Administration could disseminate specific information on the application for relevant subsidies to the public as soon as possible. Mr MOK pointed out that while the Administration had all along pledged support for the development of innovation and technology ("I&T"), the I&T industry had not been provided with equitable and adequate support, possibly leading to closure of I&T companies. Citing the examples of e-sports, as well as Science, Technology, Engineering and Mathematics (i.e. STEM) education, he pointed out that while those sectors had all ceased operation, the operators had not received any subsidies in respect of their rental and operating costs. On the contrary, mahjong-tin kau establishments were subsidized. While noting the inclusion of initiatives for encouraging the early deployment of 5G, the Distance Business Programme ("D-Biz Programme"), etc., under the second round of the Fund, he said that the companies in the I&T sector must compete with other companies before they could obtain some funding resources thereunder. Dr Pierre CHAN raised concern about the difficulties faced by private clinics during the pandemic.

38. Mr WU Chi-wai was concerned about the following:

- (a) whether assistance could be provided to voluntary organizations and patients' organizations which were unable to conduct fund-raising and flag-selling activities during the pandemic;
- (b) there was no support measure for owners and drivers of large trucks under the second round of the Fund; and
- (c) whether consideration could be given to providing comprehensive support for active small and medium enterprises ("SMEs") in Hong Kong, which amounted to over 300 000 according to the statistics of the Trade and Industry Department.

39. In response, CS advised that:

- (a) there was no standardized amount of subsidies to be provided under various initiatives as the situations of different sectors in Hong Kong varied. Instead, support measures were drawn up by the respective policy bureaux taking into account sector-specific circumstances;
- (b) under the second round of the Fund, initiatives for job retention, job creation and job advancement were introduced to help the persons concerned;
- (c) the subsidies, regardless of the amounts to be provided under various initiatives, could hopefully help various sectors tide over the current difficulties to a certain extent;
- (d) enterprises which needed substantial liquidity to maintain operation could apply for the Special 100% Guarantee Product under SFGS;
- (e) given resources and other constraints, while the Government had strived to include various sectors under the second round of the Fund, focus would be placed on sectors hard hit by the pandemic, as well as those facing operating restrictions as a result of the anti-epidemic measures;
- (f) patients' organizations or non-governmental organizations ("NGOs") were eligible for subsidies under ESS so long as they had made MPF contributions for their employees; and
- (g) subsidies would be disbursed as soon as possible. Take for example the Retail Sector Subsidy Scheme under the first round of the Fund, subsidies were disbursed to the beneficiaries even before the close of applications. In order to facilitate the applications, the Government would streamline the application procedures as far as possible and disseminate specific information on how to apply for the subsidies to the public.

40. Mr Holden CHOW enquired whether the Administration could identify the identity of insurance practitioners from their licences for the purpose of disbursing subsidies.

41. In response, Secretary for Financial Services and the Treasury said that:

- (a) insurance companies, insurance broker companies and insurance agencies were all under the scope of ESS; and
- (b) regarding the provision of subsidies to insurance practitioners, the Government would need to review their specific situations.

42. Mr SHIU Ka-chun asked whether consideration could be given to supporting the homeless, for example, by housing them in leased home-stay lodgings. SLW replied that if necessary, service units with subventions from SWD could deploy SWD's emergency funds to provide corresponding support.

43. Dr Pierre CHAN enquired about the support measures for private dental clinics or their employees under the first or second round of the Fund. Secretary for Food and Health ("SFH") replied that the private healthcare sector could benefit from ESS. Moreover, the registration or enrolment fees for some 125 000 healthcare professionals for the coming three years would be waived.

Special subsidy to exchange participants and Securities and Futures Commission licensees

44. Mr Christopher CHEUNG declared that he was the Chairman of Christfund Securities and his company would receive a subsidy of \$50,000 after the item was approved. Calling for FC's early approval of the item, Mr CHEUNG asked when the subsidies were expected to be disbursed to all eligible exchange participants and Securities and Futures Commission ("SFC") licensed individuals. CS replied that the subsidies would be disbursed as soon as possible.

Subsidy for the passenger transport sector

45. Dr Helena WONG was concerned that while a subsidy of \$30,000 per vehicle would be provided in respect of RMBs and GMBs under the second round of the Fund, only RMB drivers would receive a monthly subsidy of \$6,000 for a period of six months. She demanded an explanation from the Administration as to why support was only given to RMB drivers and not GMB drivers.

46. In response, STH advised that:
- (a) as most RMB drivers were SEPs who needed not make any MPF contributions, they could not benefit from ESS. Hence, special assistance was provided to RMB drivers; and
 - (b) as GMB drivers were under employment contracts with the operators, they could benefit from ESS.

Relief grants for providers of catering services for schools and post-secondary education institutions and providers of interest group and school bus services for schools

47. Mr Holden CHOW asked whether eligibility of the relief grant provided to instructors of interest classes engaged by schools could be extended to cover previous instructors of such interest classes. Secretary for Education ("SED") replied that the relief measure was aimed at helping interest class instructors or coaches providing sports and music training who lost income from the service/tuition fees they normally charged due to class suspension. Hence, it was not the original aim of the relief measure to help previous instructors of interest classes at schools.

Tourism industry support schemes

48. Mr POON Siu-ping was concerned that while accredited tourist guides and tour escorts were eligible for a monthly subsidy of \$5,000 under the tourism industry support schemes in the second round of the Fund, they must submit proof that they had worked as such for at least 60 days in 2019. He said some practitioners had relayed to him that the tourism industry had come under serious impact as a result of social incidents starting from 2019, and many tour escorts had long since been unemployed. He asked whether the Administration could consider the views of the industry and allow the accredited tourist guides and tour escorts to take an oath in lieu of production of proof of such work.

49. In response, SCED said that:
- (a) after initial consultation with the industry, the Government decided that a lenient approach should be adopted to define whether the main occupations of the beneficiaries were accredited tourist guides or tour escorts, such as by producing proof that they had worked as such for at least 60 days in 2019 or provided tourist guide/tour escort services for at least 20 days per month for at least two months in 2019; and

- (b) as accredited tourist guides and tour escorts could receive double benefits under the second round of the Fund, it was necessary for them to prove that their main occupations were tourist guides or tour escorts.

Subsidy schemes for the aviation sector

50. Mr Jeremy TAM said that:

- (a) under the subsidy schemes for the aviation sector in the second round of the Fund, the Administration would offer a subsidy of \$1 million per large aircraft and \$200,000 per small aircraft registered in Hong Kong by the Air Operator's Certificate ("AOC") holders. To his understanding, some private jet companies were also AOC holders. He asked whether those companies which owned small private jets were also eligible for the \$200,000 subsidy;
- (b) some aviation companies in Hong Kong operated private jet businesses, which included managing private jets owned by tycoons. He asked whether such operators were also eligible for subsidies; and
- (c) he hoped the Administration would check the aircraft types specified in AOCs, If the aircrafts were found to be private jets, he hoped the Administration would review whether the scope of subsidy schemes for the aviation sector should also cover those aviation companies which operated private jet businesses.

51. In response, STH said that :

- (a) aircrafts parked in the Hong Kong International Airport were basically used for commercial operation. If a small aircraft owned by a certain company was for commercial leasing, that aircraft was also eligible for the \$200,000 subsidy;
- (b) private jets were not within the scope of subsidy schemes for the aviation sector; and
- (c) the Government would gladly provide information on the relevant aircraft types to Mr Jeremy TAM.

One-off grant to registered sports coaches

52. Mr CHAN Hak-kan asked whether part-time contract instructors of the Leisure and Cultural Services Department ("LCSD"), as well as instructors engaged by social welfare organizations or non-profit-making organizations were also eligible for the grant.

53. Mr CHAN Chi-chuen asked whether coaches or instructors of interest classes who had already applied for the relief grant of \$7,500 were also eligible for subsidies under ESS.

54. In response, Secretary for Home Affairs ("SHA") advised that:

- (a) registered coaches of LCSD's training courses, as well as instructors engaged by schools and social welfare organizations were all eligible for the relief grant of \$7,500, whereas other instructors not within the above scope but with MPF contributions could apply for subsidies under ESS; and
- (b) persons who had already applied for the relief grant for coaches could also apply for subsidies under ESS.

Further enhancements to the SME Financing Guarantee Scheme

55. Regarding the Special 100% Guarantee Product under SFGS, Mr LEUNG Che-cheung said that according to the views reflected by some industry practitioners, as banks had tightened the loan approval criteria, their loan applications were rejected. Mr SHIU Ka-fai pointed out that the proposal to increase the maximum loan amount per enterprise for the Special 100% Guarantee Product from \$2 million to \$4 million could help improve the liquidity of enterprises.

56. In response, SCED said that:

- (a) funding for the loans provided under the Special 100% Guarantee Product was from the Hong Kong Mortgage Corporation Limited ("HKMC") and not the banks;
- (b) the Government would provide 100% guarantee for the risks in respect of the loans under the Special 100% Guarantee Product; and
- (c) the Government hoped that after the launch of the Special 100% Guarantee Product on 20 April 2020, timely assistance

could be provided to meet the needs of various sectors.

Financial implications of the second round of the Anti-epidemic Fund

57. Considering that over the years, the increase in government recurrent expenditure had far exceeded the growth rate of Hong Kong's Gross Domestic Product, and given the colossal expenditure required by the Government to take forward the "Lantau Tomorrow" plan, Mr Kenneth LEUNG raised concern about the impact of the second round of the Fund on Hong Kong's overall financial position (such as the financial robustness of Hong Kong, as well as Hong Kong's international credit ratings).

58. In response, CS said that:

- (a) the Government's fiscal deficit for the current year was expected to be \$139.1 billion. Taking into account the second round of the Fund, the fiscal deficit was expected to be over \$200 billion. Notwithstanding the huge fiscal deficit, the Government had still allocated its resources decisively to help enterprises and members of the public tide over the difficulties as a result of the pandemic; and
- (b) as a result of the Government's fiscal deficit, fiscal reserves would be reduced from around \$1,100 billion to some \$800 to \$900 billion, which was equivalent to about 14 to 15 months of government expenditure. Hence, the Government's fiscal position was still robust.

59. Mr Kenneth LEUNG expressed his hope that the Financial Secretary ("FS") could attend the meeting to answer questions from members. CS replied that he would relay Mr LEUNG's request to FS.

Tax exemption for subsidies paid out directly from the Anti-epidemic Fund

60. Mr Tommy CHEUNG said that as pointed out in paragraph 27 of the paper FCR(2020-21)2, all subsidies paid out directly to businesses/individuals concerned under the second round of the Fund would be exempted from taxation, but as far as he could recall, subsidies paid out under the first round of the Fund were subject to tax. He hoped the Administration could clarify the relevant taxation issues. Mr CHEUNG also pointed out that under the first round of the Fund, many subsidies for enterprises were first disbursed to individuals, who would later return the same to their employers. He asked whether, under the aforesaid circumstances, such subsidies were also subject to tax.

61. In response, Permanent Secretary for Financial Services and the Treasury (Treasury) ("PS(Tsy)") said that:

- (a) subsidies paid out directly to businesses/individuals concerned under the Fund would be exempted from taxation;
- (b) in response to the views received, the Government had made new tax exemption arrangements last week in relation to subsidies under the first and second rounds of the Fund, and subsidiary legislation in that regard would have to be made; and
- (c) in case of special circumstances, taxpayers could approach the Inland Revenue Department to see how their cases could be handled.

Relief or support measures outside the second round of the Anti-epidemic Fund

Third round of the Anti-epidemic Fund

62. Ms Tanya CHAN and Mr WONG Ting-kwong enquired whether a third round of the Fund would be launched to support those who had yet to benefit from the first two rounds of relief measures. Both Mr HO Kai-ming and Dr Priscilla LEUNG called on the Administration to introduce a third round of the Fund.

63. Mr Steven HO said that the fishing industry and owners of vessels for hire were facing operation difficulties under the pandemic. He also pointed out that under the second round of the Fund, the subsidies provided to farms engaging in the cultivation of local agricultural products and organic products with the application of advanced new technologies were insufficient. Mr HO suggested that a third round of the Fund be implemented.

64. Mr Christopher CHEUNG asked whether the Administration would consider expanding the scope of subsidies under the third round of the Fund to cover financial institutions and practitioners other than those eligible exchange participants and SFC licensed individuals.

65. In response, CS advised that:
- (a) it would not be necessary for the Government to launch a third round of the Fund when the pandemic was under control in Hong Kong, bringing about a rebound of major industries including the retail and tourism sectors as the business environment improved gradually;
 - (b) when implementing various initiatives under the Fund, the Government would also review whether there was any scope of improvement for the relevant measures;
 - (c) at present, the Government would focus on implementing various measures under the item, with a view to recovering the economy as soon as possible. There was no plan at this stage to launch a third round of the Fund; and
 - (d) the Government would disburse the subsidies expeditiously. Take for example the Retail Sector Subsidy Scheme under the first round of the Fund, while the closing date of applications was 12 April 2020, the Government had to date (17 April) already disbursed around \$800 million of subsidies for some 10 000 applications.

Cash payout scheme

66. Mr KWONG Chun-yu demanded an explanation from the Administration as to why the cash payout scheme announced in the 2020-2021 Budget to pay \$10,000 to all permanent residents aged 18 or above in Hong Kong had yet to be implemented. CS replied that efforts had been made to shorten the lead time of the scheme as much as possible, and registrations would hopefully be accepted starting from the end of June 2020. He added that unemployed persons who attended eligible courses of the Employees Retraining Board ("ERB") could receive a monthly retraining allowance during the training period, the amount of which would be increased to \$5,800 starting from 25 May 2020. Such an initiative could hopefully help unemployed persons upgrade their skills and alleviate their pressures.

67. Mr Alvin YEUNG pointed out that had the Administration singled out the cash payout scheme from the 2020-2021 Budget for inclusion in the present item, registration could have commenced starting from the end of April 2020 or before, such that the cash payment could have been disbursed starting from the end of May 2020 or before. He asked whether such an

arrangement was feasible. CS replied that FS had already explained publicly that it took time to make preparations for the \$10,000 cash payout initiative, and the relevant work was now proceeding in full steam. Even if the said initiative was to be included in the present item, it could not have been implemented ahead of time. Having commenced the preparatory work, the Administration had all along closely liaised with the banks, in a bid to implement the scheme as soon as possible. He reiterated that it was the Government's hope to commence registration for the scheme starting from the end of June 2020, such that the \$10,000 cash payout could be disbursed to members of the public starting from July.

Offsetting rental reductions

68. Mr Michael TIEN and Ms Elizabeth QUAT suggested that the Administration consider providing landlords with tax concessions as an incentive for them to offer rental reductions. Mr TIEN said that for example, landlords could receive a tax rebate of \$0.5 for every \$1 of rental reduction offered. He asked whether consideration had been given by the Administration to provide tax credits for rental reductions. In reply, PS(Tsy) said that given Hong Kong's relatively narrow tax base, only about 9% of companies were paying tax. Hence, initiatives to incentivize or encourage landlords to offer rental reductions by tax concessions would have very limited effect.

Employment Programme for the Elderly and Middle-aged

69. Mr Frankie YICK was concerned that under EPEM implemented by the Administration, applicants were required to work for a new job. For example, an elderly GMB driver must first quit his present job or be laid off before he could join EPEM. He asked whether the relevant requirement could be relaxed. Mr YICK also pointed out that passenger throughput of GMBs had reduced drastically due to the pandemic, resulting in operating losses. SLW replied that the aim of EPEM as implemented by the Government was to encourage employers to engage elderly and middle-aged unemployed job seekers through the provision of training allowances to employers.

Ex-gratia payment to prospective tenants of Chun Yeung Estate

70. Mr Alvin YEUNG pointed out that subsidies for various sectors under the relief measures in the second round of the Fund were basically calculated on the basis of a six-month period. He asked why prospective tenants of Chun Yeung Estate (which was designated as a quarantine centre) only received an ex-gratia payment of \$6,000 and whether the

Administration could instead provide those tenants with a subsidy for a period of six months. CS replied that the ex-gratia payment was made to prospective tenants of Chun Yeung Estate as a goodwill gesture of the Administration.

71. STH supplemented that:

- (a) the Government had already contacted all prospective tenants of Chun Yeung Estate;
- (b) over 200 households had applied for admission to interim housing, and most of them had already moved into interim housing in Tuen Mun; and
- (c) separately, over 600 households had applied for allocation of units in other districts, and 90-odd households had been allocated with units in other districts. The Government was endeavouring to allocate units in other districts to the remaining prospective tenants.

"Love Upgrading Special Scheme" of the Employees Retraining Board

72. Mr Vincent CHENG asked whether the Administration could review the implementation of ERB's "Love Upgrading Special Scheme" ("the Special Scheme"), for example, by making advance disbursement of allowance to the trainees and expediting the offer of training courses. He also said that:

- (a) there was inadequate publicity on the Special Scheme as 90% of the respondents had never heard of it;
- (b) as a result of the pandemic, many training bodies could not offer training courses under the Special Scheme;
- (c) trainees must attend a number of courses and attained a specific attendance rate before they could obtain the full allowance of \$5,800. He queried how many trainees had obtained the full allowance (the amount of allowance was \$4,000 previously);
- (d) trainees must wait for a month after completion of the training courses before they could be disbursed with the allowance. He asked whether consideration could be given to making advance disbursement of the allowance to the trainees; and

- (e) whether consideration could be given to providing an additional allowance of \$3,000 from the Fund to trainees who attained an attendance rate of 80% or above.

73. In response, SLW advised that:

- (a) the Government and ERB had already stepped up publicity on the Special Scheme;
- (b) as a result of the pandemic, ERB had difficulties in resuming classroom training, and discussions were being held with some training bodies to try making online study arrangements. It was also the Government's hope that courses could be resumed expeditiously;
- (c) ERB would shortly increase the amount of monthly allowance from \$4,000 to \$5,800. Calculations would then be made on the corresponding daily amount of allowance provided for different categories of training courses;
- (d) it would be against the original intent of the retraining courses if trainees could be disbursed with the allowance before they attended the courses; and
- (e) the Government noted the views expressed by Mr CHENG.

Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities

74. Ms Elizabeth QUAT and Dr Priscilla LEUNG expressed concern that while the Administration had proposed in January 2020 that the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (commonly known as the \$2 transport fare concession scheme) would be extended to cover elderly persons aged between 60 and 64, the said initiative had yet to be implemented.

Research and development and production of reusable personal protective equipment

75. Dr Pierre CHAN raised concern about funding provision under the Fund for the research and development, as well as the production of personal protective equipment ("PPE"). He pointed out that for the sake of proper infection control, medical and healthcare personnel would like to use disposable rather than reusable PPE. Dr CHAN hoped that SFH could

tender professional advice to the Government on the production of reusable PPE.

76. At 11:03 am, the Deputy Chairman directed that the meeting be suspended. The meeting resumed at 11:13 am.

77. At 12:59 pm, the Deputy Chairman declared that the meeting be suspended.

78. At 3:12 pm, the meeting resumed. The Chairman took over the chair. The Chairman declared that he was an Executive Director and the Chief Executive Officer of Well Link Insurance Group Holdings Limited.

Overall views on the second round of the Anti-epidemic Fund

79. Ms Starry LEE said that the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") supported the second round of the Fund launched by the Government. DAB was of the view that while it was a right direction for the Government to support enterprises, safeguard jobs and relieve people's burden, the relief measures were far from ideal as many sectors and individuals had yet to benefit therefrom, notably employees aged 65 or above and employment agencies placing FDHs. She called on the Administration to continue listening to public views in a humble manner and consider introducing additional measures to fill the gaps. She further said that members of the public had suffered badly as a result of the social movements and the pandemic, and there was an urgent need for early approval of the funding application by FC, so as to provide them with assistance. She held that when implementing the measures, the Government must provide channels for members of the public to give their feedback. It was also equally important for the Government to clearly explain the relief measures to the public, so as to help re-establish their trust and confidence in the Government. SLW responded that the Government, while understanding that not all sectors and individuals were covered by the relief measures, had strived to extend their coverage, so as to benefit more people. He added that if employment agencies providing FDH placement services were themselves employers and had paid MPF contributions for their employees, they would be eligible for subsidies under ESS.

80. Mr Jeffrey LAM said that the Business and Professionals Alliance for Hong Kong ("BPA") welcomed the second round of the Fund launched by the Government. BPA considered that the relevant relief measures had helped ease the financial pressures of the commerce and industry sectors in Hong Kong temporarily, thereby achieving the objectives of supporting

enterprises and safeguarding jobs. He hoped that the application procedures for various initiatives could be as simple as possible, so that more enterprises and needy persons could receive the assistance they needed as soon as possible. He also called on members to approve the item expeditiously, so that the Government could provide early support to businesses and individuals.

81. Mr KWOK Wai-keung said that even without COVID-19 pandemic, Hong Kong's economy had been badly shaken by the social movements last year. Hence, it was imperative for the Government to introduce relief measures, notably the \$81 billion-ESS, to support enterprises and safeguard jobs. Hoping that the funding application could be approved by FC expeditiously, he called on the Administration to seek improvements and make up for the shortcomings of the current measures if another round of the Fund was to be launched.

82. Mr LAU Kwok-fan considered that the Government's relief measures were in a right direction because having a sufficiently high employment rate was the key to promoting post-pandemic economic recovery. He suggested that the Hong Kong Special Administrative Region ("HKSAR") Government make reference to the Macao Special Administrative Region Government in handing out consumption vouchers worth \$3,000 to the residents, in order to revitalize the economy and relieve people's burden. He pointed out in particular that the whole process only took about 1.5 months from registration for Macao residents to be able to use the consumption vouchers. He said that in the long run, HKSAR Government should review the institutional problems, enhance efficiency and fill the gaps expeditiously. CS acknowledged that there was room for improvement in respect of the mechanism for disbursing subsidies to the public, as well as its effectiveness. The Administration would constantly learn from experience and seek improvements. As a matter of fact, the second round of the Fund had strived to fill the gaps left by the first round of the Fund as much as possible.

83. The Chairman said that before the launch of the second round of the Fund, a number of trade organizations of the insurance industry had put forth extensive views to the Government. The industry's initial response was that various measures proposed by the Government were acceptable. Nonetheless, he pointed out that many practitioners of the insurance industry were SEPs who might not have made any MPF contributions. Thus, he called on the Government to consider increasing the amount of subsidy for SEPs and explore ways to help those who were unemployed as a result of the pandemic. He hoped that the Administration could give

more holistic consideration if a third round of the Fund was to be launched, so as to benefit the community as a whole.

84. Mr KWONG Chun-yu was of the view that many members of the public in great difficulties were dissatisfied with the second round of the Fund, given its many shortcomings. He hoped that the Administration could take note of the situation and launch a third round of the Fund expeditiously. CS responded that the Government was aware of the dissatisfaction felt by some members of the public, as well as the gaps left by measures under the Fund. That was why the Government had not ruled out the possibility of introducing a third round of the Fund, although no specific commitment could be made at this stage. He stressed that the Government would review the second round of the Fund after its implementation, in order to improve various measures.

85. Mr CHU Hoi-dick expressed opposition against item FCR(2020-21)2. He explained that the second round of the Fund was not premised on giving priority assistance to the needy and the disadvantaged; instead, resources were allocated in an expedient manner, benefitting mainly those functional constituencies which had a close relationship with the Administration, notably the catering and retail sectors. Functional constituencies with a broad pro-democracy representation (such as the education sector) or practitioners who had no voting right in their functional constituencies (such as sports coaches and self-employed practitioners of the insurance industry) were provided with relatively fewer subsidies. He further said that while the Government was rolling out the Fund amidst the pandemic, the Liaison Office of the Central People's Government in HKSAR ("LOCPG") and some people of the pro-establishment camp were clamouring for the early enactment of legislation for Article 23 of the Basic Law. He queried whether it was still meaningful for members to sedately scrutinize the financial proposal, hoping to fill the gaps of the second round of the Fund under such a political environment. In response, CS clarified that the Fund, as its name suggested, was aimed at preventing and combating the pandemic, and no political considerations was involved.

86. Dr Priscilla LEUNG said that she fully supported the second round of the Fund launched by the Government although the speed and amount of assistance thereunder had left something to be desired. She pointed out that the Government must effectively control and stabilize the pandemic in order to truly help the people and drive social as well as economic recovery. While expressing strong support for the second round of the Fund launched by the Government, Ms YUNG Hoi-yan pointed out that some cleansing and security staff engaged by service contractors of the

Hong Kong Housing Authority ("HKHA"), as well as outsourced workers performing cleansing duties in public hospitals had, so far, yet to receive the subsidies under the first round of the Fund.

87. Referring to item 7 in Enclosure A to FCR(2020-21)2, i.e. disbursing an allowance of \$1,000 to 67 000 frontline cleansing and security staff engaged by Government and HKHA service contractors to support the anti-epidemic efforts of such workers, Mr Andrew WAN asked why the actual amount of expenditure was \$63 million and not \$67 million, and whether there were cases involving contractors who did not claim the allowance for their staff. In response, PS(Tsy) explained that Enclosure A was a summary of measures launched by the Fund (including the first round of the Fund) as at 9 April 2020. The number of 67 000 frontline staff referred to by Mr WAN was the estimated number of beneficiaries per month. As some workers engaged by the service contractors were temporary or part-time staff, the number could fluctuate. According to the information provided by the service contractors, it was estimated that 61 929 workers were eligible for the allowance in March.

88. Mr Wilson OR enquired how, upon FC's approval of the item, the policy bureaux concerned would expeditiously roll out various relief measures according to specific timetables or roadmaps. He said that as there was always a gap between the estimated timetable given by the Government and the actual implementation time, he called on CS to closely supervise the policy bureaux concerned for implementing the measures as scheduled. In response, CS said that the effective date or the estimated subsidy disbursement time of various relief measures had already been clearly specified in the relevant enclosures to the discussion paper. The Administration would strengthen publicity and ensure early release of the latest information, with a view to expediting the implementation of various measures.

Job retention, job creation and job advancement

Employment Support Scheme

89. Prof Joseph LEE said that the original aim of ESS was to provide time-limited financial support to employers, so that they could retain staff who might otherwise be laid-off. But, as a matter of fact, many employees had been forced to take no-pay leave or were underemployed, or had even been dismissed in the past few months. Considering that the employees were invariably placed in a passive position, he queried whether ESS could really help in respect of job retention.

90. Ms Claudia MO cited the findings of an online public opinion survey, in which the ratio of respondents who were dissatisfied and satisfied with the second round of the Fund was 5:1, indicating that the measures were not well-received by the public. She criticized that the Chief Executive ("CE"), when announcing the new round of the Fund amidst the current social unrest and severe pandemic situation, had tried to shift the focus by concentrating on the matter about the delay of the House Committee of LegCo in electing its Chairman and Deputy Chairman, indicating that she was not genuinely concerned about relieving people's burden. Ms MO added that there were many shortcomings in ESS as some people could not benefit therefrom while some enjoyed double benefits. She called on the Administration to undertake that it would carefully review the situation after the meeting in order to plug the loopholes. In response, CS expressed disagreement with Ms MO's criticisms against CE, emphasizing that the Government had always attached great importance to the relationship between the executive authorities and the legislature and strived to support members of the public affected by the pandemic. Regarding the issue of double benefits, he explained that some individuals were eligible for subsidies under different schemes in the second round of the Fund. For instance, an SEP working as a coach in schools could apply for the subsidy of \$7,500 for SEPs under ESS, as well as the one-off relief grant of \$7,500 for instructors, coaches, etc. engaged by schools.

91. Mr Jeffrey LAM, Mr CHUNG Kwok-pan, Mr Kenneth LEUNG and the Chairman all considered that the details of ESS were far from clear. As most employers might have difficulties in understanding how the scheme worked, they requested that a clear explanation be given by the Administration. Mr LAM said that after the Government announced the upcoming ESS, he received many enquiries from the commercial and industrial sectors. For example, while an employer could nominate any one month from January to March 2020 in respect of the actual wages paid to employees for the purpose of calculating the amount of subsidies under the scheme, whether the relevant subsidies could be used towards re-employing those staff who had been laid off by the employer during the said period. He further asked if the amount of subsidies would be affected if an employer had reduced or increased the number of staff in some departments due to operational needs and any special treatment would be made in respect of the filing of tax returns. Mr CHUNG asked if an SME applying for subsidies under ESS had hired 30 employees from January to March but laid off 10 employees in April, in order to maintain the same staffing level as in March, whether the SME would need to hire 10 additional employees when lodging an application in May. He was also concerned that if enterprises could lodge applications in May, they would

only receive payment in June, and the subsidies might come too late to keep them afloat. He asked whether the subsidies could have retrospective effect as civil service pay adjustments, so as to subsidize the outgoings of enterprises in April or May.

92. Mr Tommy CHEUNG pointed out that an employer must enroll an employee in an MPF scheme within the first 60 days of employment. If an employee reported duty in March, he could, hypothetically speaking, only be enrolled in an MPF scheme by May at the latest. He asked whether ESS would cover those who were employed for less than 60 days.

93. In response, SLW explained that:

- (a) at the operation level, ESS was premised on the basis of employers. Any employer who had made MPF contributions (regardless of whether they were mandatory or voluntary contributions) or set up Occupational Retirement Schemes ("ORSO schemes") for his employees would be eligible for subsidies;
- (b) when applying for the subsidies, employers could designate any one month from January to March 2020 as the specified month. The Government would then calculate the amount of wage subsidies on the basis of information in the relevant MPF records of the month;
- (c) the amount of subsidies for an employer would be calculated on the basis of 50% of the actual wages paid to employees at the specified month, with a cap at \$9,000 per month per employee for six months; and
- (d) all eligible employers joining ESS must undertake not to implement redundancy during the subsidy period, i.e. the number of employees on the payroll during the subsidy period should not be less than the number of employees, regardless of whether they were receiving pay or not, in March 2020.

94. CS reiterated that subsidies provided by the Government to the employers were not subject to tax. The employers could decide for themselves whether the subsidies should be spent towards re-employing former staff who had been laid off, in order to achieve the objective of job retention. PS(Tsy) supplemented that subsidies disbursed to employers under ESS would count as income in the next financial year. Technical issues relating to the filing of tax returns would be addressed in the context

of the relevant subsidiary legislation to be made. Details would be announced in due course.

95. Mr CHEUNG Kwok-kwan held that given the absence of a central data bank, the Government must work with great difficulties in emergency cases, for example, the provision of subsidies to the public when the society was stuck in economic doldrums. He thus called on the Administration to start working on the establishment of a central data bank. Separately, he was pleased to see the provision of one-off relief grants to operators of interest classes and sports coaches under the second round of the Fund. However, he was concerned that schools might engage instructors or coaches to provide services through some organizations or service providers. In most cases, those instructors and coaches would not have made any MPF contributions. He enquired whether such persons were eligible for subsidies under ESS.

96. In response, SED said that the Government must first ascertain the actual relationship between the schools/organizations and the instructors/coaches. For example, if the instructors or coaches had entered into an employment contract with the schools or organizations, all employers who had made MPF contributions for their employees would be eligible for ESS. Separately, instructors, coaches, trainers and operators of interest classes engaged by schools who had not applied for subsidies under any other scheme in the second round of the Fund (other than under ESS as an SEP) could be provided with a one-off relief grant of \$7,500.

97. Mr HUI Chi-fung said that, as a matter of principle, relief measures implemented by the Government to provide assistance to the public were worthy of support. However, members could hardly support such measures if the Government had failed to allocate its resources evenly, with priority given to benefit functional constituencies over some needy individuals. He pointed out that the \$81 billion-ESS, which was intended to retain jobs, could hardly ensure that the employees would not subject to wage reduction, be forced to take no-pay leave or even made to change from full-time to part-time employment. He enquired about the criteria adopted by the Administration when formulating the relief measures.

98. In response, CS said that the Government adopted a comprehensive strategy when launching different relief measures to cover employees from as many sectors as possible. For instance, about 1.5 million employees and about 215 000 SEPs with MPF contributions were covered under ESS. About 800 000 employees in the catering, passenger transport and construction-related industries who were not well covered by the MPF system would benefit from sector-specific schemes under the second round

of the Fund. The levels of subsidies were set by the policy bureaux concerned, taking into account the actual circumstances as well as the degree of impact braced by various sectors in their respective purviews. For example, the catering industry had been hard hit by the Government's anti-epidemic and social distancing measures. While the Administration would provide different forms of support to various sectors, no specific subsidy levels had been set, and neither was there a case of subsidizing specific sectors or individuals selectively. SLW supplemented that the Government was aware of the operating difficulties faced by enterprises under the pandemic, possibly leading to cases where employees were asked to take pay cuts or no-pay leave. But with the time-limited financial support provided by ESS, employers could pay wages to their employees (including those who were on no-pay leave originally) and retain staff.

99. Mr James TO said that there was cross-party support for the \$10,000 cash payout scheme, and suggestions had been made for the Government to single out the measure from the 2020-2021 Budget for separate consideration by FC, with a view to disbursing the cash payment to members of the public expeditiously. Regarding the second round of the Fund, he criticized that the Administration had yet to respond to the views and demands of the people, particularly because some sectors or employees were still being left out. He pointed out that while CS had just mentioned that a total of 2 915 000 employees would receive benefits, the workforce of Hong Kong amounted to some 3 900 000. In other words, about 985 000 employees had been left out. He asked what measures would be adopted for these people who had yet to be taken care of, and what would be the Government's future direction in this regard.

100. Mr WU Chi-wai pointed out that ESS had, to say the least, failed to take care of some 900 000 working population in Hong Kong. Calculated on the basis of the latest unemployment rate of Hong Kong which stood at 3.7%, it meant that about 150 000 people were unemployed, and the rest might be elderly employees aged 65 or above or grassroots employees. He asked whether the Administration had studied why ESS could not cover the aforesaid persons; why they had not made any MPF contributions; and whether employees of ORSO schemes were eligible for subsidies.

101. In response, CS said that the Government chose to support various groups with good reasons, and it was not a matter of deliberately leaving out certain individuals. Given the different circumstances of various enterprises and individuals, it was necessary for the Government to formulate comprehensive support measures, such that in addition to ESS, other measures were also adopted, including SFGS, temporarily relaxing the monthly threshold for the calculation of subsidy under the Public

Transport Fare Subsidy Scheme ("PTFSS"), and providing time-limited unemployment support under the CSSA scheme, with a view to catering for the needs of the general public as far as possible. He added that under the current MPF system, no mandatory contributions were required for employees who reached the age of 65. Employees aged 65 or above could decide for themselves whether MPF contributions were to be made, and the Administration had not studied the matter in detail. SLW supplemented that ESS would also cover about 200 000 employees who had joined ORSO schemes, as well as some 400 000 FDHs. Excluding the unemployed, the number of the workforce who were outside the scope of ESS should be less than 10 000.

102. Mr Alvin YEUNG said that a group of advertising, filming, design and production professionals had relayed their plight to him. These people were mostly SEPs dedicated to their work. Some had set up their own companies to negotiate business deals, and no staff had been employed. Their businesses had likewise been affected by the pandemic, and they must also bear a heavy rent burden. Yet, they could not benefit from ESS or other measures. He asked whether the Administration was aware of the plight of these people who needed assistance from the Government; whether the Administration would admit that they had yet to benefit from the second round of the Fund; and whether the Administration would undertake that the relevant gaps would be filled if a third round of the Fund was to be launched.

103. In response, CS reiterated that the Government was aware that not all employees were covered under ESS, and the scheme still had its shortcomings. He said that the Government had already made further enhancements to various loan guarantee products under SFGS, so as to provide financial support to micro, small and medium-sized enterprises ("MSMEs") to ease their cash flow problems. For instance, regarding the Special 100% Loan Guarantee Product, the maximum amount of the loan per enterprise would be increased to \$4 million, and enterprises might also apply for an optional principal moratorium for the first 12 months. He added that the Government was pressing ahead with the \$10,000 cash payout scheme for all Hong Kong permanent residents aged 18 and above. The aim was to accept registrations starting from the end of June, so that members of the public could start receiving the payment in July. He stressed that it was not the Government's wish to see anyone losing their jobs, and he had taken down each and every view expressed by members.

104. Ir Dr LO Wai-kwok was concerned that as no MPF contributions were made by employees aged 65 or above, they were excluded from ESS. In this connection, he called on the Government to expeditiously

implement the proposal to relax the age eligibility of the \$2 transport fare concession scheme from the current limit of 65 or above to 60 or above. In response, SLW said that a consultant commissioned by the Government was conducting a comprehensive review on the \$2 transport fare concession scheme. The study (covering issues such as age eligibility, coverage of public transport modes and ways to prevent abuse of the scheme) was expected to be completed by the middle of this year. The Government would then carefully consider the recommendations in the consultant's report. Various recommendations and implementation arrangements would be announced in due course.

105. Mr LAM Cheuk-ting noted that eligible employers joining ESS would be required to provide an undertaking not to implement redundancy during the subsidy period and to spend all the wage subsidies in paying wages to their employees. However, he raised concern that in some companies, the employer might also be an employee himself, or he might employ his friends or relatives as employees. He asked whether the undertaking could also specify that employers must spend the subsidies proportionately towards paying the wages of employees according to the number and wage level of employees to avoid the unfair use of subsidies by an employer to benefit only himself or his friends and relatives. Dr Fernando CHEUNG and Mr Andrew WAN expressed similar views. Dr CHEUNG asked how paid employees were defined, and whether a wage floor had been set for paid employees.

106. SLW said that the Government noted the views expressed by members. While eligible employers joining ESS must undertake that all the wage subsidies would be spent towards paying the wages of employees and the number of employees on the payroll during the subsidy period would not be less than the total number of employees, regardless of whether they were receiving pay or not, in March 2020, the Administration would not exercise supervision over their human resources management, business situation or wage policies. If the wage of an employee was excessively low, the employer might have contravened the Minimum Wage Ordinance (Cap. 608) or the terms and conditions of the employment contract. Moreover, if an employer had implemented redundancy or did not spend all the wage subsidies towards paying the wages of his employees during the subsidy period, the Government would impose penalties, including clawing back the subsidies disbursed or adjusting the amount of subsidies. If any suspected unlawful acts of an employer involved fraud or other criminal elements, the Administration would conduct investigations and refer the case to law enforcement agencies for follow-up actions.

107. Mr Paul TSE declared that he was an owner of a small law firm and might benefit from the second round of the Fund. He said that he had received many complaints lately about nightclubs, saunas, mahjong establishments, bars without food business licences, employment agencies placing FDHs, etc., being all left out from the Fund. Meanwhile, some employees were worried that the subsidies might be abused by their employers or they would not receive any subsidies for having no MPF contributions. He hoped the Administration would ensure even distribution of resources, so that support could be provided to businesses and individuals in a fair, objective, transparent and expeditious manner. He pointed out that holders of MPF contribution accounts had suffered an accrued loss of \$50,000 on average in the first quarter of this year, but they must still pay expensive management fees (about 1.2% on average), thereby allowing MPF trustees to pocket hefty management fees amounting to \$3.7 billion. Given that the Government, statutory bodies and government funded organizations were not eligible for ESS, he asked whether MPF trustees, whose profits were guaranteed legally, should likewise be not eligible for ESS; if they were eligible, why was that so; and if a third round of the Fund was to be launched, whether consideration would be given to waiving contributions made by MPF scheme contributors for six months or one year or allowing early withdrawal of their accrued benefits for contingency.

108. In response, CS said that ESS was based on the MPF framework. If MPF trustees were employers themselves and had made MPF contributions or set up ORSO schemes for their employees, they were also eligible for ESS. Meanwhile, the scheme was meant to provide time-limited financial support to employers to retain their employees, thereby achieving job retention during the pandemic. He added that the Government had also considered the feasibility of making contributions on behalf of MPF contributors for a period of six months. But as the contributors could not use the funds immediately, it did not accord with the Government's original policy intent of providing them with timely relief.

109. Mr LUK Chung-hung expressed understanding of the fact that the Government's measures could neither be perfect nor benefit each and every citizen. However, he hoped the Administration could pay heed to the views expressed by members and the public while striving to seek improvements continuously within its means, so that a third round of the Fund could be launched expeditiously to fill the gaps. He asked what measures would be taken to take care of self-reliant cleansing workers and security guards aged 65 or above, coaches not registered with any national sports associations ("NSAs") and sports organizations ("SOs"), instructors of interest classes in photography, flower arrangement, painting, piano,

etc., and personnel engaged in television and entertainment, arts and culture, performing arts and production businesses; and whether the eligibility criteria could be relaxed for those without MPF contributions to submit alternative documentary proof so that they could also receive subsidies under ESS. Mr HO Kai-ming suggested that the Administration consider allowing people without MPF contributions to submit documentary proof of their engagement as service providers or the relevant service agreements for application purpose. Mr LUK and Ms Alice MAK were worried that under ESS, employers might be incentivized to dismiss employees aged 65 or above without MPF contributions, thereby putting many innocent elderly employees out of their jobs.

110. On behalf of his sector, Mr SHIU Ka-fai thanked the Government for launching the second round of the Fund within a short time. However, he was concerned that many employees aged 65 or above had yet to be benefitted and asked whether the scope of EPEM could be extended from unemployed elderly to cover also in-service elderly employees. Ms Elizabeth QUAT expressed similar concerns about employees aged 65 or above failing to be benefitted, as well as their unemployment problems.

111. In response, CS reiterated that the Government noted the views expressed by members and the public. Although no commitment could be made at this stage for the launch of a third round of the Fund, the Government would support members of the public where necessary and practicable. He emphasized that the Government was gravely concerned about persons aged 65 or above. At present, they were eligible for Normal Old Age Living Allowance ("Normal OALA") and Higher Old Age Living Allowance ("Higher OALA") under the Social Security Allowance Scheme. In the case of Normal OALA, for instance, they could receive an allowance of \$2,000-odd per month.

112. SLW supplemented that about 60 000 employees aged 65 or above with MPF accounts were already covered under ESS. If their wages were reduced substantially, they could apply for Higher OALA and WFA. Regarding EPEM, he pointed out that the aim was to encourage employers to engage unemployed job seekers aged 40 or above in full-time or part-time positions and provide the job seekers with on-the-job training, through the provision of training allowance to employers. This would enable job seekers to adapt to new working environment and acquire essential job-specific skills with a view to securing stable employment.

113. Mr CHAN Chi-chuen pointed out that ESS would cover SEPs who had made MPF contributions in the past 15 months. But the fact was that SEPs could choose to make contributions on a monthly or yearly basis. If

an SEP enrolled in an MPF account on 1 January 2020, he could choose to make contributions by the end of 2020, and his contributions would be subject to the relevant minimum wage level (i.e. \$7,100 a month or \$85,200 a year). In that case, some SEPs might not have made any MPF contributions in the past 15 months and hence, not be eligible for subsidies. He called on the Administration to consider relaxing the application threshold and increase the amount of subsidies disbursed to SEPs. SLW pointed out that it would be quite difficult to verify the "relevant income" of SEPs. It might create a big loophole if SEPs were allowed to submit information relating to their "relevant income" afterwards. Hence, the decision was taken that it would be a more lenient and practicable approach to determine the eligibility of SEPs on the basis of historical data as to whether they had made MPF contributions in the past 15 months.

Job creation

114. Mr Vincent CHENG expressed support for the second round of the Fund, which in his view could provide timely support to businesses and individuals even though detailed arrangements of some measures were far from perfect. He thus called on the Administration to launch a third round of the Fund expeditiously to fill the gaps. Referring to the Government's proposal to create around 30 000 time-limited jobs in both public and private sectors in the coming two years as set out in Enclosure D2 to FCR(2020-21)2, he pointed out that the examples given would only create about 10 000 jobs in total, which was below par, and enquired about the implementation timeline for the creation of the remaining 20 000 or so jobs. He also pointed out that ERB was entrusted by the Government to implement the Special Scheme, and the relevant training courses were primarily geared towards local workers. Inadequate support was provided to ethnic minority workers who suffered the same level of unemployment as local workers. An example in point was that no English version of the promotional leaflets on the Special Scheme was available for their information. Considering that it took too long to create around 30 000 time-limited jobs in the coming two years, Mr Wilson OR requested the Administration to create more jobs in a shorter timeframe to help fresh graduates in particular.

115. In response, CS advised that planning for the 10 000-odd jobs set out in Enclosure D2 to FCR(2020-21)2 had already been completed. Once funding approval was obtained, the Government would kickstart the proposal, which included the creation of posts for fresh graduates and other job opportunities. As for the remaining jobs, the Government would work with NGOs and the private sector for their early fruition. Secretary for the Civil Service supplemented that only some examples were listed out in the

Government's paper. Other items were available to provide job opportunities for fresh graduates, including about 10 000 civil service job openings to be created in the coming year.

116. Expressing support for the second round of the Fund, Mr Tony TSE considered that various measures should be implemented on the lenient rather than strict side, with flexibility provided in the detailed arrangements to help as many businesses and employers as possible in preparation for Hong Kong's economic recovery in the future. Referring to the Government's plan to allocate \$6 billion to create about 30 000 time-limited jobs, including over 200 positions for fresh graduates, he suggested that the Administration liaise with the relevant professional bodies, so that fresh graduates could obtain professional qualifications through internships, in order to optimize the use of public funds to yield better results. Furthermore, the Administration proposed that some 4 600 jobs would be created for technicians and supporting staff to carry out various construction projects or maintenance works (such as launching a territory-wide scheme to proactively inspect the external drainage pipe systems of over 20 000 private domestic buildings, for additional maintenance and cleaning of the electrical and mechanical installations and equipment at Government venues and facilities with a view to enhancing environmental hygiene, as well as beautification of highway structures). Mr TSE hoped that the Administration would not award works contracts to existing contractors in a bundled manner, so that other SMEs could also participate in such projects. Secretary for Development ("SDEV") responded that it was the Government's intention to create positions for fresh graduates requiring professional or general skills. The Development Bureau ("DEVB") would liaise with the professional bodies concerned, with a view to helping fresh graduates accumulate experience through internship programmes to facilitate their attainment of professional qualifications in the future.

LAWTECH Fund

117. Mr Dennis KWOK said that the LAWTECH Fund would benefit around 700 SME law firms/barristers' chambers with five or less practising lawyers and related persons. But he pointed out that practising lawyers in some SME law firms and some barristers were of an advanced age, and subsidies for information technology ("IT") and LAWTECH might not be useful to them. On the contrary, young practising lawyers or barristers might set up law firms or chambers with more than five persons to achieve cost-savings. In this regard, he called on the Administration to consider relaxing the eligibility threshold. He also pointed out that rental pressures aside, law firms must pay annual fees and premium in relation to the

Professional Indemnity Scheme, and the annual premium could be up to \$200,000 to \$300,000 for smaller law firms. He enquired whether the Administration could discuss with The Hong Kong Law Society ("the Law Society") on waiving the payment of this year's premium by law firms.

118. Ms YUNG Hoi-yan enquired about the reasons and rationale for the LAWTECH Fund to only benefit SME law firms and barristers' chambers, as well as the relevant details and application method, such as whether the applicants would be required to produce invoices in relation to IT systems or equipment as proof.

119. In response, Secretary for Justice ("SJ") said that:

- (a) the major beneficiaries of the LAWTECH Fund were SME law firms and barristers' chambers. They would be provided with assistance to procure or upgrade IT system (such as video conference facilities) and arrange relevant LAWTECH training to their staff. Given the need to adopt standardized application criteria for the actual operation of the Fund, the Government, having considered all relevant factors, decided that the line should be drawn at five or less practising lawyers;
- (b) the LAWTECH Fund would be jointly administered by the Law Society and the Hong Kong Bar Association, which would be responsible for accepting, vetting and approving the applications, as well as arranging disbursement of subsidies;
- (c) it was expected that the LAWTECH Fund would benefit around 700 law firms/barristers' chambers in Hong Kong and related persons;
- (d) the LAWTECH Fund would be administered on a reimbursement basis. Successful applicants were required to undertake and show proof of their use on and retention of IT system and LAWTECH training arranged for their staff in the next two years after subsidy disbursement. Subject to approval of the funding application, the Government would announce the details and application method for the LAWTECH Fund next week at the earliest; and
- (e) the Administration was aware of the cash flow problems faced by some legal practitioners. In this regard, ESS and SFGS launched by the Government could help those in need in the legal sector. Support could also be provided by the Law

Society and the Hong Kong Bar Association through other channels.

Subsidy for encouraging early deployment of 5G and Distance Business Programme

120. Mr Kenneth LEUNG said that the accounting sector was gravely dissatisfied with the Government's relief measures. He pointed out that lately, many accounting professionals could neither go to work in the Mainland nor visit their clients' offices in Hong Kong due to the local social distancing measures. As a result of the pandemic, some clients had closed their businesses or requested for a lower fee. He asked why the Government had failed to take care of these professionals and provide them with much needed assistance. Separately, he asked whether D-Biz Programme (with a funding of about \$500 million) would cover all professional service industries; whether subsidies would be provided to accounting firms to procure new IT software or hardware; and how the lists of pre-approved technologies and service providers would be formulated.

121. In response, Secretary for Innovation and Technology said that D-Biz Programme was a time-limited, fast-track programme to be implemented for six months. The aim was to provide support for private enterprises to adopt IT solutions for developing distance business during the pandemic, with a view to creating new value, new capabilities and new opportunities. Under the programme, successful applicants would be provided with 100% funding support (with the actual amount to be determined by the vetting result and subject to a cap). Permanent Secretary for Innovation and Technology ("PS(IT)") supplemented that a list of commonly-used and general IT solutions and a reference list of service providers would be drawn up after discussion with the industry. Professional services industries in need could also apply for the programme.

122. Mr Charles Peter MOK considered that the COVID-19 pandemic had shed light on the fact that many sectors were ill-prepared when it came to distance business and work-from-home. The subsidy for encouraging early deployment of 5G and D-Biz Programme could provide direct or indirect support for various trades and sectors. That said, the industry was worried that if the lists of pre-approved technologies and service providers only covered commonly-used and general IT solutions, as well as larger scale service providers, tailor-made products for particular trades and sectors might not be available, and in the end only large service providers could benefit from the initiative. He called on the Administration to seek assistance from the relevant trade organizations, in order to understand

their needs. Separately, regarding the Administration's proposal to launch a subsidy scheme to encourage government departments, public bodies and the private sector (in the field of healthcare, transport and logistics, tourism, professional service, building and construction, property management, retail, manufacturing, catering and entertainment, etc.) to innovate and improve their competitive edge through early deployment of 5G, he asked why the telecommunications industry had been left out; and whether certain telecommunications projects involving multiple customers in property management, construction, healthcare, etc. were eligible for the subsidy.

123. In response, SCED said that it was the Government's hope to provide financial incentives for early deployment of 5G in public and private sectors to encourage adoption of the latest communications technologies, to foster innovation and smart city applications, and to improve efficiency, productivity and quality of service. As such, the scope of application should be as wide as possible. PS(IT) supplemented that the Government had already set up a committee to discuss with members of the industry the lists of pre-approved IT solutions and service providers to be formulated. Apart from regular suppliers of the Office of the Government Chief Information Officer, other interested service providers would also be invited to join the committee.

Training subsidies for consultants in the construction sector

124. Mr Tony TSE noted that under the Administration's proposal to provide training subsidies to some 600 consulting firms through the Construction Industry Council ("CIC"), each eligible company would be provided with a subsidy of \$50,000. He opined that the training courses must dovetail with the requirements of the relevant professional associations to ensure optimal use of public funds. Ir Dr LO Wai-kwok called on the Government to increase the number of subsidized training places under the Scheme "A" Graduate Training ("Scheme "A"). SDEV replied that he had discussed the matter with the Labour and Welfare Bureau ("LWB"). At present, more than 1 000 applicants would compete for the annual quota of around 200 subsidized training places under Scheme "A". There was indeed room for expansion and adjustment. As such, the Administration was holding discussions with the Vocational Training Council ("VTC"). Initial agreement had been reached for employers to apply for subsidies through VTC. Further information would be announced in due course.

125. At 5:04 pm, the Chairman directed that the meeting be suspended. The meeting resumed at 5:14 pm.

Provision of one-off relief to specific sectors

Relief grants for tutorial schools, interest groups for schools and coaches

126. Dr Helena WONG said that lately, she had received requests for assistance from a number of private practitioners in the counselling, therapy and training sector who provided services in relation to juvenile behavioural and emotional problems, special education needs and assessment, game, music and dance therapy, etc. Most of them were freelancers who had yet to receive any benefits under the two rounds of the Fund. Separately, according to the Professional Alliance of the Counselling, Therapy and Training Sector (輔導治療及培訓專業同盟), which was formed by around 96 organizations, much of the counselling, therapy and training services they provided had been forced to cease due to the pandemic, while school outreaching services and other institutional services had been suspended totally, resulting in a severe drop of income on the part of practitioners in the sector. Some development centres which provided on-site training and therapy services must also shoulder severe rental pressures. At present, the operators were using their savings to pay rent and stay afloat. She asked what measures would be taken by the Government to assist professionals in the counselling, therapy and training sector; and whether a miscellaneous item could be included in the second round of the Fund to provide a one-off subsidy to these people, such as a subsidy of \$30,000 to \$100,000 to the operators depending on the area of their establishments, or whether consideration would be given to launching a third round of the Fund to fill the gaps and benefit these people.

127. Mr SHIU Ka-chun said that he had received requests for assistance from non-subvented social welfare organizations which provided training services to schools through various modes of collaboration and employed staff on contract terms. Class suspension had resulted in a severe drop of income for these organizations. He opined that it was a disparity in treatment for the Administration to propose a direct subsidy of \$3 million for each of the non-profit-making organizations running the 10 projects under the Revitalising Historic Buildings Through Partnership Scheme and PMQ while the aforesaid non-subvented social welfare organizations could not receive any subsidies. He asked whether these organizations would be covered under ESS and why the Education Bureau ("EDB") had asked the aforesaid organizations themselves to bear the risks and losses arising from class suspension.

128. In response, CS said that non-subsvented organizations which had made MPF contributions or set up ORSO schemes for their employees would be eligible for ESS. Under Secretary for Education ("USED") supplemented that relief grants would be provided to providers of catering services for schools and post-secondary education institutions and providers of interest groups and school bus services as these services had been forced to cease since February 2020 with class suspension, covering school bus drivers and escorts, operators of tuck shops or canteens in schools, lunchbox providers, as well as instructors, coaches, trainers and operators of interest classes engaged by schools. A one-off relief grant of \$7,500 would be provided to each instructor, coach, trainer or operator of interest classes engaged by a school provided that he had not applied for relief grants under any other scheme in the second round of the Fund other than under ESS as an SEP. Separately, schools were encouraged to adopt a multi-pronged approach to allow instructors, coaches, etc. to continue with their services.

129. Ms Tanya CHAN said that notwithstanding the two rounds of the Fund launched by the Government, many members of the public had yet to benefit, including coaches who were not registered with any NSAs or SOs (such as taekwondo coaches who obtained their professional qualifications in South Korea), freelance arts workers, etc. She was worried whether the HKSAR Government had the vision and capabilities to turn crisis into opportunities and revitalize Hong Kong's economy.

130. In response, SHA said that around 17 000 sports coaches currently registered under NSAs and SOs who had engaged in active coaching (with supporting documents) in the past one year would be entitled to receive a grant of \$7,500. As for those who were not registered with NSAs and SOs, many of them might be teaching interest classes in schools or providing sports training programmes for NGOs and hence, eligible for the schemes under the purviews of EDB and LWB/SWD. In addition, eligible SEPs who had made MPF contributions in the past 15 months could receive a one-off lump-sum subsidy of \$7,500.

131. Ms CHAN Hoi-yan pointed out that some members of the Alliance of Class Suspension Victims (停課苦主大聯盟) who operated dance classes had called the 1823 hotline, enquiring whether they must suspend operation in accordance with the directions made under the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap. 599F). According to the reply of hotline staff, fitness centres referred to any premises providing exercise machines or equipment of use and/or providing advice, instructions, training or assistance on improving physical fitness (including dancing). However, according to

the Police, dance classes did not fall under the category of "fitness centres". She criticized that the Administration's directions were muddled and confusing.

132. Mr LEUNG Yiu-chung was concerned that some tutorial and education centres which took care of children for grassroots families and dual working parents in public rental housing ("PRH") estates had been neglected for they were not registered with EDB. He enquired about the specific measures to be adopted by the Administration to assist such tutorial and education centres, and whether the relief grant of \$40,000 for tutorial schools could be increased. Mr Holden CHOW suggested that interest classes and play groups not registered with EDB be allowed to make applications by providing proof of their business registration.

133. In response, USED said that in order to provide financial relief to operators of private schools offering non-formal curriculum ("PSNFCs") and taking into account the Government's financial commitment, the Government proposed offering a one-off relief grant of \$40,000 to each PSNFC registered under the Education Ordinance (Cap. 279) and was in operation in the three months immediately before class suspension, so as to help them tide over the difficulties and cater for the current needs of the trade. Regarding tutorial and education centres not registered under the Education Ordinance, they could apply for support under other schemes, for example, ESS. SHA supplemented that compensation would be paid to dance schools which had suspended operation.

134. Mr IP Kin-yuen enquired about the measures to be taken to support private primary and secondary schools which had been left out. SED responded that EDB had already written to private primary and secondary schools last week, informing them that resources would be allocated to provide each private primary or secondary school offering full and formal curriculum with a one-off relief grant of \$80,000.

135. Mr KWOK Wai-keung asked whether coaches engaged by schools could use the subsidies disbursed to the schools concerned to set up online platforms, with a view to resuming coaching services expeditiously to bring in basic income. SED replied that as early as about one month ago, some coaches and music instructors had already started to provide services via online platforms. However, he pointed out that the income of some coaches might come from parents rather than schools.

136. Mr Alvin YEUNG said that as a result of EDB's announcement of class suspension, tertiary students could not attend class on campus for about one semester. He asked whether the Administration had any plans

to refund their tuition fees through the universities concerned, so as to relieve the financial burden of the students and their parents. SED responded that during this period, tertiary institutions had been conducting their teaching online according to the curriculum. As little impact had been created on the learning progress of tertiary students, there was no question of refunding the tuition fees. He added that in addition to the two rounds of the Fund and the relief measures announced in the Budget, various financial assistance or loans for tertiary students were administered by the Student Finance Office of the Working Family and Student Financial Assistance Agency. Student loan repayers who had financial difficulties could also benefit from the one-off interest-free deferral of loan repayment for a period of two years.

Subsidies for local primary producers

137. While noting the Administration's proposal to offer a subsidy of \$10,000 to each local primary producer (including owners of vegetable farms, hydroponic farms, flower farms and nurseries, marine fish culture farms, pond fish culture farms, fishing vessels and fish collector vessels, but excluding livestock farms), Mr Steven HO considered that the subsidy provided was inadequate. He asked whether consideration would be given to increasing the amount of the subsidy, and what measures would be taken to address various problems encountered by the fishing industry, for example, the suspension of surveying service for fishing vessels which docked in Mainland ports during the fishing moratorium, as well as illegal fishing activities in New Territories East waters. Separately, the operator of each live marine fish wholesale stall in Fish Marketing Organization ("FMO") markets was eligible for a subsidy of \$200,000 under the first round of the Fund. He asked whether consideration would be given to expanding the scope of beneficiaries to cover wholesalers in the agricultural and livestock industries.

138. In response, SFH said that the Government would need to hold discussions with the Agriculture, Fisheries and Conservation Department ("AFCD") for updates on the relevant quarantine measures adopted by the Mainland, so that coordination and follow-up actions could be taken. She added that AFCD had all along maintained liaison with primary producers and wholesalers in the agricultural industry, and the Director of Agriculture, Fisheries and Conservation would hopefully have more updated information in this regard.

Subsidy for the passenger transport sector

139. Ms Tanya CHAN asked what measures would be taken to benefit owners or drivers of cross boundary container trucks, and how support could be provided to dump truck drivers who neither belonged to the transport sector nor the construction sector. Mr WU Chi-wai also raised concern about how owners and drivers of heavy goods vehicles could benefit from the relief measures. Ir Dr LO Wai-kwok was concerned that the automobile service industry could not benefit from the second round of the Fund.

140. In response, STH said that under the first round of the Fund, the Government had already provided a one-off subsidy of \$10,000 to registered owner of each goods vehicle. Other than ESS, employers/employees in the land transport industry who were not well covered by the MPF system would benefit from the sector-specific scheme under the second round of the Fund. He further said that there were about 12 000 registered cross-boundary goods vehicles in Hong Kong. According to the recent statistics on cross-boundary goods vehicular traffic, daily one-way and two-way vehicular flows were close to 10 000 trips and 20 000 trips respectively, while the average daily two-way goods vehicular traffic flow in 2019 was 16 000 to 18 000 trips. Hence, overall speaking, the operating conditions of the cross-boundary land freight sector were far better than other sectors. SDEV supplemented that as most dump truck drivers were registered construction workers, they could apply for the subsidy of \$7,500.

141. Referring to the Administration's proposal to reimburse 100% of the actual regular repair and maintenance costs and insurance premium for franchised or licensed ferry operators for six months, Mr Frankie YICK asked why the same assistance was not provided to kaito operators who were also serving members of the public. Separately, under the pandemic, driving tests (i.e. road tests) of the Transport Department had been suspended for nearly two and a half months, resulting in a drastic drop in business on the part of driving instructors. He asked whether arrangements could be made to resume road tests as soon as possible. He also called on the Administration to consider finetuning its proposals, such that the logistics sector, cross-boundary freight drivers, as well as GMB drivers aged 65 or above without MPF contributions could also benefit from this round of the Fund. Mr Holden CHOW queried why GMB drivers could not benefit when RMB drivers were provided with a subsidy of \$6,000. He called on the Administration to use the provisions under the Fund in a flexible manner, so that GMB drivers were provided with the same treatment as RMB drivers.

142. In response, STH explained that as far as Hong Kong's logistics sector was concerned, freight volume through sea and air had dropped by about 10% from January to March this year, while freight logistics of daily necessities between Hong Kong and the Mainland were maintained at more or less the same level. Hence, the logistics sector was relatively less hard hit when compared with other sectors. The Government was gravely concerned about cross-boundary freight drivers and had all along maintained communication with the relevant Mainland authorities to ensure the smooth operation of the sector. Recently, in response to the Mainland's request for cross-boundary drivers to undergo nucleic acid tests, the Government would pay the necessary fees for the drivers. He added that the Government was aware of the impact of the suspension of road tests on the driving instructors. Upon stabilization of the pandemic situation, proactive consideration would be given to resuming the road tests on the premise of ensuring the health and personal safety of members of the public, driving instructors and driving examiners.

Providing relief to creative industries

143. Mr MA Fung-kwok said that the second round of the Fund could achieve certain effects as it had filled the gaps in the first round of the Fund and responded to some of the demands made by the performing arts, culture, film and sports sectors. That said, the Administration had yet to respond to the demands of grassroots workers and SEPs in the film sector, and financial support for film production was hardly adequate. He called on the Administration to consider implementing additional measures and increasing the amount of subsidies, with a view to addressing the livelihood problems faced by sports and arts teachers, Cantonese opera singers and film production personnel due to class, business and work suspension, as well as relieving the rental pressure of local cultural and creative organizations and fitness centres registered under the Societies Ordinance (Cap. 151).

144. In reply, SCED said that cinemas suffered a sharp drop in box office receipts due to the COVID-19 outbreak, and they were even made to suspend operation subsequently in order to further enhance social distancing. Hence, the Government proposed providing a subsidy of \$100,000 per screen to cinemas. Moreover, a new subsidy scheme would be launched, under which the authorities would proactively invite seasoned directors to partner with new directors to co-produce 10 to 12 films with the earmarked funding of around \$100 million. Each film would be granted a subsidy of around \$9 million. Resources would also be allocated to enhance professional training in the film industry.

145. SHA supplemented that the Home Affairs Bureau ("HAB") had entrusted the Chinese Artists Association of Hong Kong ("Barwo") to disburse subsidies to practitioners of various categories involved in affected professional Cantonese opera performances. Small-scale arts groups and freelancers could submit applications for the relevant subsidies to the Hong Kong Arts Development Council. Rental reductions would be offered to local cultural and creative organizations if they were tenants of government premises. Furthermore, the Government would provide subsidies for all affected and eligible fitness centres (including those registered under the Societies Ordinance) to relieve the financial burden of the operators.

Tourism Industry Support Schemes

146. Mr YIU Si-wing thanked the Government for providing each of the licensed travel agents with cash subsidy ranging from \$20,000 to \$200,000 in recognition of the plight of the tourism industry. With a total commitment of \$61 million, the initiative was expected to benefit some 1 730 travel agents. In other words, each licensed travel agent could receive \$35,000 on average. Nonetheless, he was concerned that travel agents with less than five employees could only receive \$20,000 and asked whether consideration would be given to increasing the level of subsidy, such that \$50,000 could be provided to travel agents with one to five employees, \$100,000 to those with 5 to 20 employees, and so on. He hoped the Administration would review its policy in a timely manner, so that more assistance could be provided to the industry when necessary. In particular, he pointed out that business of travel agents and tourism-related sectors (such as shops specialized in serving tourists) had plummeted over the past few months, and the employees had been forced to take no-pay leave. Some employers who might not have paid any actual wages to their employees from January to March 2020 might not be eligible for subsidies under ESS.

147. SCED said the Government understood that the tourism industry had borne the brunt of negative impacts arising from the social incidents earlier and the COVID-19 pandemic. Hence, a subsidy of \$80,000 was provided to each eligible travel agent under the first round of the Fund. All subsidies had already been disbursed to about 1 700 travel agents. Regarding support for travel agents under the second round of the Fund, given the different scales of travel agents, the proposed levels of cash subsidy were set on the basis of the number of employees. SLW supplemented that all employers who had been making MPF contributions or had set up ORSO schemes for their employees would be eligible for ESS, except those on the exclusion list. The Government would study

how further support could be provided if more information was available showing that most of the tourism industry had not paid any actual wages in the specified months.

148. Mr HO Kai-ming said that if the financial proposal for the second round of the Fund could not be passed, a wave of business closures would ensue, resulting in massive layoffs. Members who opposed the funding application might become sinners in history. He pointed out that given the social unrests last year and the pandemic, the number of local and foreign tourists saw a substantial drop, while marine-based tourism had grinded to a halt under the serious impacts. He enquired about the measures to be taken to assist those 1 000-odd pleasure vessels licensed by the Marine Department but not registered with the Travel Industry Council of Hong Kong, including boats and yachts for cuttlefish fishing or harbour cruises.

149. In response, STH said that under the first round of the Fund, a one-off non-accountable subsidy of \$10,000 was provided for each local commercial mechanized vessel, and a one-off survey fee subsidy was provided for all local commercial vessels. Pleasure vessels, primarily used for leisure and recreational purposes, were different from vessels used for transportation. Depending on their actual operating situations, the Government would discuss with CEDB on the relevant arrangements. He stressed that when providing support for various sectors, consideration must be given to their relative priorities, as well as the extent of impacts on the relevant sectors.

Relief measures for construction sector

150. Referring to the Administration's proposals to provide a subsidy of \$20,000 to each eligible contractor, specialist contractor or supplier on the list of Approved Contractors for Public Works and the list of Approved Suppliers of Materials and Specialist Contractors for Public Works maintained by DEVB, contractor on the list of Works Contractors maintained by HKHA, and company member of major construction-related trade associations, and to provide a subsidy of \$10,000 to each Registered Minor Works Contractor (Company), Registered Electrical Contractor, Registered Gas Contractor, Registered Lift/Escalator Contractor, etc., Ir Dr LO Wai-kwok asked whether there was room for increasing the relevant amounts of subsidies. SDEV said that he noted and would consider Ir Dr LO's views after the meeting.

Catering Business (Social Distancing) Subsidy Scheme

151. Mr Tommy CHEUNG said that about 28 000 food licences had been granted in Hong Kong, and a one-off subsidy would be provided under the second round of the Fund to about 13 000 establishments under four types of food licences, namely general restaurant licence, light refreshment restaurant licence, factory canteen licence and marine restaurant licence. He asked what measures would be taken by the Administration to support the remaining 15 000 licensed food premises (excluding restaurants and factory canteens). Separately, under the Food Licence Holders Subsidy Scheme in the first round of the Fund, applicants were only eligible for the subsidy if they held a valid food business licence (full or provisional licence) issued by the Food and Environmental Hygiene Department on or before 14 February 2020. He asked whether the date of announcement (i.e. 8 April 2020) would be adopted as the cut-off date of the Catering Business (Social Distancing) Subsidy Scheme under the second round of the Fund, and whether holders of provisional licences were likewise eligible for the scheme.

152. In response, SLW said that employers/employees in the catering business who were not well covered by the MPF system would benefit from the sector-specific scheme under the second round of the Fund. It was the Government's objective to provide immediate financial relief to catering outlets carrying on a business to sell or supply food for consumption on their premises, the business of which was hard hit by the social distancing measures imposed by the Government to combat COVID-19 in a public health emergency. Regarding licensed food premises (excluding restaurants and factory canteens), the Government would consider the feasibility of providing them with subsidies if they had opted for MPF Industry Schemes. Director of Food and Environmental Hygiene ("DFEH") supplemented that the subsidy scheme under the second round of the Fund would also cover holders of provisional licences. The Government would set and announce a reasonable cut-off date in due course.

153. Ms Elizabeth QUAT was concerned that while the Administration had provided substantial assistance to the catering industry, inadequate support was given to catering-related downstream trades (such as dishwashing and laundry trades). As a matter of fact, many disabled persons and grassroots workers were employed by these businesses. In response, CS said that the Administration was aware that the measures could not fully cover all sectors, but support had also been provided to those trades not covered by the sector-specific measures, such as the Special 100% Guarantee Product. This, together with measures

announced earlier (such as wavier of water and sewage charges for non-domestic households) could also benefit those trades.

Subsidy schemes for premises affected by COVID-19

154. Mrs Regina IP said that earlier on, HAB had issued letters to lessees of about 65 sites granted by way of private recreational leases to require them to close all sports and recreational facilities in their clubs as soon as practicable until further notice. Some private clubs which did not fall under the aforesaid category also took the initiative to suspend operation to respond to the Government's appeal. Staff of these clubs included self-employed tennis coaches, masseurs, and so on. She enquired about the assistance to be provided for these private clubs and their staff. In addition, she called on the Administration to suitably relax the requirement, so that some larger venues such as golf courses could resume operation.

155. In response, SHA said that premises licensed under the Places of Amusement Regulation (Cap. 132BA) would be provided with a one-off subsidy of \$100,000. As far as sports coaches were concerned, under the current proposal, coaches registered with NSAs and SOs would be entitled to receive a grant of \$7,500. For those who were not eligible as aforementioned, ESS also covered SEPs who had made MPF contributions in the past 15 months. Eligible SEPs could receive a one-off lump-sum subsidy of \$7,500.

156. Mr KWONG Chun-yu pointed out that some restaurants had complained about suspected cases of their restaurants being targeted by the Police, with police officers frequently inspecting their premises on the pretext of checking against contraventions of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G) (commonly known as the order to prohibit group gatherings) or whether a distance of at least 1.5 metres had been maintained between tables. Some "yellow shops" had even been inspected twice within 15 minutes. He asked whether restaurants with irregularities would be barred from receiving the Government's subsidies, and whether police officers were required to have their body temperatures taken before entering the restaurants.

157. CS clarified that the Government's measures were non-partisan, and police officers did not have any political considerations when enforcing the law. He hoped members would not make wrong conjectures. SFH supplemented that it was the Government's hope that the catering business would comply with the directions made under the Prevention and Control of Disease (Requirements and Directions) (Business and Premises)

Regulation for the purpose of controlling the pandemic by taking specified precautionary measures. Hence, body temperature screening on a person must be conducted before the person was allowed to enter the catering premises. On the question of whether restaurants with irregularities would be barred from receiving the subsidies, she replied that DFEH had once said that if some restaurants had repeated contraventions and refused to rectify their irregularities or had even been prosecuted, such information would be considered when disbursing subsidies under the second round of the Fund.

158. Mr Andrew WAN took the view that the Government's anti-epidemic measures were biased towards certain sectors, and resources were not distributed evenly. He cited the subsidy provided to places of public entertainment as an example. While all places of public entertainment were required to close according to the directions made under the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation, the amount of subsidy for a holder of public entertainment licence ("PPEL") was \$100,000, but only \$20,000 for a holder of temporary public entertainment licence ("TPPEL").

159. Mr Jeremy TAM pointed out that some holders of TPPEL (such as those of claw-machine shops) had signed tenancy agreements with large shopping malls for two years or more. Given the long application time for PPEL or other licences, they were forced to operate under TPPELs. He asked whether holders of TPPEL could apply for the subsidy of \$100,000 if they could prove that they had already entered into a long-term tenancy agreement on the day the second round of the Fund was announced by the Government, with supporting documents such as the tenancy agreement, as well as electricity and gas bills.

160. In response, SHA said that most TPPELs covered public entertainment events of a temporary nature, with the tenancy period of one to two weeks or up to one month. The cases mentioned by Mr TAM were uncommon. Given the huge differences between long-term and short-term tenancies, it was necessary to accord them with different treatments. But if the licence holders concerned could prove that they were operating under a long-term tenancy, the Government might consider and handle their cases separately depending on the actual circumstances.

161. At 7:03 pm, the Chairman directed that the meeting be suspended. The meeting resumed at 7:43 pm.

Fare concession of the MTR Corporation Limited and the Public Transport Fare Subsidy Scheme

162. Dr CHENG Chung-tai opined that the Government should launch a third round of the Fund to fill the gaps. He pointed out that the MTR Corporation Limited ("MTRCL") would provide a 20% fare concession from 1 July 2020 to 1 January 2021. Of the revenue foregone for MTRCL (about \$1.6 billion), the Government would share out half of the amount (i.e. \$800 million), while MTRCL would shoulder the other half. He asked why the fare concession was not pitched at 10%, such that the expenditure could be borne by MTRCL alone, allowing the Government to use the funding of \$800 million to subsidize public light buses (PLBs) or other public transport modes. He highlighted that recently, several PLB routes had been forced to stop service.

163. In response, STH said that Hong Kong's public transport system was second to none in the world. Every day, 90% of the daily journeys made by members of the public were on public transport. The relevant relief measures were intended to provide support for the commuting public. On the one hand, the Government would enhance PTFSS by temporarily relaxing the monthly threshold of public transport expenses from \$400 to \$200 from July to December 2020, with the number of beneficiaries estimated to be around 3.8 million per month. On the other hand, as railways were the backbone of Hong Kong's public transport system which normally accounted for more than 40% of all trips made on public transport each day, and MTRCL was no less affected by the pandemic, the Government would therefore provide financial assistance on a 50:50 matching basis to MTRCL in providing the 20% fare concession. He further said that during the pandemic, daily passenger trips in Hong Kong had dropped nearly 30% to 40%. Having considered the respective roles and positioning of other public transport modes (including franchised buses, PLBs, taxis, etc.), the Administration had formulated the relevant measures to ensure the sustainable operation of all public transport modes during the pandemic and economic downturn, thereby helping to retain jobs.

164. Mr Michael TIEN said that three franchised bus companies ("FBCs"), namely New World First Bus Services Limited, Citybus Limited and The Kowloon Motor Bus Company (1933) Limited, had earlier on undertaken to resume 80% to 90% of their scheduled services. They also pointed out that given the substantial business loss as a result of the pandemic, they would apply for various subsidies provided by the Government, so as to narrow down the loss. He was worried that MTRCL's 20% fare concession might undercut the business of FBCs,

resulting in drastic drop in bus patronage and rendering it necessary for FBCs to reduce scheduled services again. He suggested that subsidies likewise be provided to FBCs to offer 20% fare concession for passengers.

165. In response, STH said that during the pandemic, the Administration must ensure that, on the one hand, the commuting public would not be affected, and on the other hand, sufficient social distancing was maintained on public transport. Hence, the requirement was made for FBCs to adjust their frequencies to ensure that the occupancy rate of each bus would be maintained at about 70% to 80%, so that sufficient social distancing was maintained among passengers. He pointed out that a number of FBCs were already operating with a deficit. Even if the Government was willing to provide subsidies, FBCs might not be able to shoulder the impact of fare concessions on their operation.

Providing unemployment support under the Comprehensive Social Security Assistance Scheme

166. Mr IP Kin-yuen said that the second round of the Fund, with its total financial implications standing at \$137.5 billion, might well have been the costliest funding proposal ever. Members belonging to the pro-democracy camp hoped that the Government would use public funds properly to benefit those with the greatest need and address the difficulties currently faced by enterprises and individuals. However, as the Government must launch a large number of initiatives within a short time, resources mismatch was unavoidable. For instance, while the Government said that unemployment support would be provided through the CSSA framework, applicants were required to declare their assets, household income, etc. He held that the Government should not opt to provide support for the unemployed through the CSSA framework out of administrative convenience because many people out of a job temporarily did not want to live on CSSA, not to mention that they considered the application procedures cumbersome.

167. In response, CS said that:

- (a) the CSSA scheme had all along served as a safety net for those who could not support themselves financially. Given the system and data constraints, and having considered the unprecedented adverse impact of the COVID-19 pandemic on the economy, the Government would implement a time-limited unemployment support scheme under the existing CSSA framework starting from June this year to enable early assistance for the unemployed during such difficult times;

- (b) SWD would relax the CSSA asset limits for able-bodied applicants by 100% for six months. For example, the limits for households with four-or-more able-bodied recipients would be raised from \$88,000 to \$176,000;
- (c) under the existing CSSA arrangements, the value of an owner-occupied residential property of households with able-bodied persons only would be disregarded for a grace period of 12 months; and
- (d) the scheme was implemented on a household basis. For instance, the amount of monthly assistance for a four-person household was about \$16,000 on average.

168. Ms CHAN Hoi-yan said that according to the findings of a survey on the second round of the Fund which interviewed 300-odd unemployed or jobless respondents, 60% of them considered that the second round of the Fund did not offer them any assistance. They held that as they could work, they could make a living themselves and did not want to live on CSSA. She asked how support could be provided to these people who were out of a job temporarily. Ms CHAN, Mr LAU Kwok-fan, Mr Vincent CHENG and Mr Wilson OR all considered that the scheme could be improved in terms of packaging and publicity, suggesting that its name could be changed to "Temporary Unemployment Assistance Scheme".

169. In response, CS said that the Government deeply sympathized with those who were unemployed or jobless and understood the difficulties and challenges they were facing, and the relevant measure was intended to provide them with timely assistance. He hoped that the general public would not stigmatize the CSSA Scheme. He pointed out that when designing the mechanism for providing unemployment support, it was the Government's hope to disburse the subsidies to the needy members of the public as soon as possible. If a new mechanism was to be established, it would take a much longer lead time to do so. Hence, the Administration adopted a flexible and expedient approach to provide support for the unemployed under the CSSA Scheme through the existing 41 social security field units. He admitted that the presentation and packaging of the Support Scheme could be improved, but he hoped members and the public would support the initiative.

Further enhancements to the SME Financing Guarantee Scheme

170. Dr Junius HO expressed support for the two rounds of the Fund launched by the Government. Notwithstanding the gaps and shortcomings, the relief measures could provide timely assistance to members of the public. He considered that if a third round of the Fund was to be launched, the Government should strive to fill the gaps. Moreover, he suggested that an interest-free loan product with Government guarantee be provided for SMEs to ease cash flow problems, so that they could stay afloat and continue development.

171. In response, CS said that the Government had already provided a concessionary low-interest loan to SMEs with the Special 100% Guarantee Product under SFGS, under which the maximum loan amount per enterprise would be up to the total amount of employee wages and rents for six months or \$4 million, with an option for principal moratorium for the first 12 months. He added that the Government would continue to review the relevant arrangements and consider introducing more enhancements in due course.

172. Mr CHUNG Kwok-pan opined that the Special 100% Guarantee Product, with the maximum loan amount of \$4 million, could truly help enterprises ease their cash flow problems, but the threshold requiring loan applicants to provide proofs that they had suffered at least a 30% decline in sales turnover in any month since February 2020 compared with the monthly average of any quarter in 2019 was seemingly too high and unrealistic. He asked whether consideration would be given to lowering the threshold or providing more flexibility. Otherwise, many enterprises might have to close down or implement redundancies. Mr Tony TSE enquired about the method of calculating sales turnover for professional consultancies.

173. In response, SCED said that the Special 100% Guarantee Product was designed for enterprises which suffered a substantial drop in business. Hence, it was reasonable to set the threshold of decline in sales turnover at 30%. Moreover, some members had mentioned that during the vetting and approval of applications for the Special 100% Guarantee Product, the financial statements provided by enterprises might not reflect their actual financial position in a timely manner. Therefore, it was suggested that enterprises provide supplementary information to the banks for consideration. The banks or the HKMC Insurance Limited ("HKMCI"), a wholly owned subsidiary of HKMC, could handle the cases with flexibility. Executive Director and Chief Executive Officer, Hong Kong Mortgage Corporation Limited ("ED&CEO/HKMC") supplemented that the banks

could determine sales turnover in different ways, such as through bank statements and the relevant cash flow statements. If cash flow statements could not reflect an enterprise's operating situation or sales turnover, sales records could also be used as a general reference.

174. Mr CHAN Chun-ying declared that the bank he worked for was one of the participating lending institutions ("PLIs") of SFGS, and expressed appreciation and support for the Administration's plan to enhance various loan products under the scheme. He enquired about the following:

- (a) regarding the provision of interest subsidy for the 80% and 90% Guarantee Products for a one-year period subject to a subsidy cap of 3%, whether consideration would be given to streamlining the application procedures, and what would be the application method, such as whether applicants would be required to submit interest payment notes;
- (b) regarding the Special 100% Guarantee Product, for which the expected maximum expenditure would be increased by \$8.44 billion to \$14.07 billion, whether there was room for the amount to be adjusted downwards; and
- (c) according to the Government's paper, the Government would increase the loan guarantee commitment of the Special 100% Guarantee Product to \$50 billion, with an expected maximum expenditure of \$14.07 billion, while the estimated maximum expenditure approved and to be approved under the three guarantee products of SFSG could be disbursed interchangeably, on condition that the Government's total estimated expenditure for the three guarantee products of SFGS would remain within \$33.72 billion, what would be the indicators for the Government to stop providing loan guarantee.

175. In response, SCED said that interest subsidy would be disbursed in the simplest and most direct way, and enterprises needed not submit further applications. The aim was to bring the interest rate per annum for the 80% and 90% Guarantee Products on par with that of the Special 100% Guarantee Product (i.e. 2.75 % at the moment). Regarding the estimated expenditure ceiling of the Special 100% Guarantee Product, the Government had already set a reasonable amount on the basis of an overall assumed default rate of about 25%. Greater flexibility had been allowed for HKMCI to use the financial commitments under the three guarantee products interchangeably.

176. ED&CEO/HKMC supplemented that HKMC was negotiating the implementation details of the interest subsidy with the Administration and the banks, which would hopefully be simple and fast. The initial view was that the interest subsidy would be provided on a reimbursement basis, and no application was required. The subsidy would be deposited into the bank accounts of enterprises directly after interest payments had been made. But detailed arrangements had yet to be finalized. He further said that on the basis of an assumed default rate of about 25% for the Special 100% Guarantee Product, and given the originating and servicing fees payable to PLIs, as well as the necessary out-of-pocket and debt recovery expenses incurred in relation to defaulted loans (estimated to be 4.5% of the total default claims), the Government's proposal to increase the loan guarantee commitment of the Special 100% Guarantee Product by \$30 billion would result in an increase in the estimated expenditure by \$8.44 billion to \$14.07 billion. There was no room for the amount to be adjusted downwards.

Other views

Allowing public rental housing tenants to defer rent payment

177. Mr LEUNG Che-cheung said that many PRH tenants were facing unemployment recently, and the Government could only disburse the cash payout of \$10,000 to Hong Kong permanent residents in July at the earliest. He suggested that consideration be given to allowing PRH tenants to defer rent payment. STH responded that the Administration had already paid one month's rent for lower-income PRH tenants of HKHA and the Hong Kong Housing Society in January 2020, while the 2020-2021 Budget also announced that the Administration would pay an additional one month's rent for them. Hopefully, such measures could help alleviate the financial burden of PRH tenants. In addition, the Rent Assistance Scheme was implemented by HKHA, under which PRH tenants facing financial hardship could apply for a rent reduction from 25% to 50%. If necessary, their cases could be referred to SWD for assistance in applying for other subsidies.

Early disbursement of \$10,000 through the Comprehensive Social Security Assistance framework

178. Ms Alice MAK pointed out that notwithstanding the Hong Kong Federation of Trade Unions' call for the Government to disburse \$10,000 to Hong Kong permanent residents aged 18 or above expeditiously, registration for the relevant scheme had yet to commence. Criticizing the

slow progress of the Government's work, she suggested that apart from online registration, SWD could first disburse \$10,000 to current recipients of CSSA, OALA, the Old Age Allowance (commonly known as fruit grant), the Disability Allowance, etc. under the existing systems, so that these persons needed not register online or submit paper registration forms. In this way, progress could be expedited, and the process was more environmentally friendly. SLW explained that upon approval of the present item, SWD must conduct rounds of tests and adjustments on its existing systems in the coming two months to prepare for the implementation of a number of relevant measures under item FCR(2020-21)2. Thus, having carefully analyzed and studied the feasibility, the Administration did not consider it appropriate to disburse \$10,000 through SWD's existing systems.

Encouraging landlords to reduce rents through financial incentives

179. Mr Michael TIEN pointed out that he had earlier suggested to the Government that tax concessions be provided to landlords who were willing to offer rental reductions, which could in turn help alleviate rent burden of businesses. But the Administration had refused to accept his suggestion, saying that only less than 10% of landlords were paying tax. He opined that tax paying landlords, being mostly large property developers, were the landlords of the majority of shops and businesses in Hong Kong. The initiative, if put into implementation, could relieve rent burden of many companies. Criticizing that some government officials did not understand the public's sentiments, he asked whether the Administration could provide statistics showing the share of profits from rental income of those companies which were paying profits tax in Hong Kong. PS(Tsy) replied that while she did not have the information on hand, she did not consider the use of public money the only way to encourage landlords to reduce rents as it was a market norm to offer rental reductions under a difficult market environment. As a matter of fact, many landlords had taken the initiative to reduce rents, in order to ride out the difficulties with the tenants.

180. Mrs Regina IP said that the New People's Party had suggested to the Administration time and again that financial incentives should be provided to encourage landlords to reduce rents, so as to alleviate rent pressure on SMEs and in turn retain jobs of grassroots workers. She cited the example of the New South Wales Government of Australia which encouraged landlords to reduce rents through land tax waiver or rebate. Moreover, landlords were required not to evict tenants facing financial hardship due to the pandemic for a period of six months. Separately, she called on the Government to seriously consider launching a third round of

the Fund to fill the gaps and expeditiously provide support for photographers, hairstylists, beauticians, private tutors, etc. who had yet to receive any benefits.

181. Ms Elizabeth QUAT called on the Government to encourage landlords to reduce rent by the provision of tax benefits, so as to relieve rent pressure of MSMEs, instead of just appealing to kind-hearted landlords for rental reductions. CS responded that the Government had already taken the lead to implement various rental relief measures for government properties, including rent reduction and fee waiver.

Concerns of allied health professionals and supporting staff

182. Prof Joseph LEE pointed out that while the Government would waive the registration/enrolment fees for over 100 000 healthcare professionals, speech therapists, dietitians, audiologists, clinical psychologists, educational psychologists, etc., under the Accredited Registers Scheme for Healthcare Professions would still need to pay the relevant fees. Separately, nurses working in private clinics were forced to take no-pay leave lately as the number of patients had dropped substantially due to the pandemic. Physiotherapists in private practice did not have enough work or had even stopped working. He called on the Government to provide support for the aforesaid professionals and supporting staff if a third round of the Fund was to be launched.

183. Dr Pierre CHAN called on the Government to expand the scope of relief measures, so as to benefit coaches of basketball, football and other sports, as well as doctors and nurses working in private clinics. He pointed out that some doctors and nurses were over 65 years of age and hence, had not made any MPF contributions. Separately, he asked whether SFH was aware of the staff morale in public hospitals, as well as the issues and problems of the greatest concern to allied health professionals and supporting staff. He said that as in the previous case of Severe Acute Respiratory Syndrome ("SARS") outbreak in Hong Kong, as well as the present situation of other countries, allied health professionals and supporting staff were most concerned about contracting the disease and then spreading it to their patients, close contacts and family members. They were also worried about the Government's retaliation against them for taking part in earlier industrial actions. Regarding the decision taken by the Hospital Authority ("HA") earlier to reduce non-emergency services due to inadequate PPE, resulting in longer waiting time for patients, it was the hope of healthcare staff that HA could resume non-emergency services as soon as possible.

184. In response, SFH said that she noted the views expressed by Dr CHAN on behalf of frontline healthcare staff. Apart from receiving reports from HA, she had spoken with healthcare staff working in isolation wards of the Princess Margaret Hospital. She was aware that frontline healthcare staff were having a heavy workload and facing tremendous pressure. Under the first round of the Fund, the Government had allocated \$4.7 billion to HA for tackling the COVID-19 pandemic, which included procuring additional PPE and enhancing hospital support services such as cleansing, transportation and hospital supplies. If there was any further need, the policy bureau would provide additional resources and policy support. She undertook to continue listening to the views of healthcare staff on working hours, infection control in wards, after-work accommodation, etc., through different channels.

Statement made by the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region

185. Mr CHU Hoi-dick referred to the statement made by LOCPG today (17 April), saying that the claim made by members belonging to the pro-democracy camp about not excluding the possibility of vetoing item FCR(2020-21)2 was a malicious act which put their own political interests above the personal safety, livelihood and welfare of Hong Kong people, which was most "intolerable", and that they must "foot the bill" for their own acts. Dr KWOK Ka-ki considered that it was deplorable for LOCPG to make such a strong allegation, which was tantamount to a threat against members. Mr CHU and Dr KWOK sought the views of CS on the said statement.

186. Dr Junius HO pointed out that according to Article 12 of the Basic Law, HKSAR shall come directly under the Central People's Government ("CPG"). LOCPG was a body authorized by CPG to handle affairs of Hong Kong, having both the authority and responsibility to express views on the affairs of Hong Kong.

187. Dr Fernando CHEUNG pointed out that he had earlier told the media that he would oppose the second round of the Fund because the relevant measures could not benefit the general public. He opined that LOCPG's statement, issued whilst FC was holding its meetings to scrutinize the relevant funding application, was a suspected contravention of section 19 of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) for interfering with LegCo Members in the discharge of their duties, and he strongly condemned LOCPG's act. Expressing agreement with Dr Fernando CHEUNG's view, Mr Alvin YEUNG considered

LOCPG's act ridiculous as its statement was practically threatening the attending members that they could only vote for the item.

188. In response, CS said that the present meeting was held to scrutinize the financial proposal in relation to the second round of the Fund. He hoped members could focus on the discussion paper, and he would not answer questions unrelated to the agenda item.

Scheduling additional meetings

189. At 8:01 pm, the Chairman declared that given the urgency of the financial proposal in relation to the second round of the Fund, and with the agreement of most members upon consultation, he had decided to hold an additional meeting later today from 9:35 pm to 11:30 pm. If the deliberation on the item could not be finished at that meeting, another meeting would be held on 18 April 2020 from 9:00 am to 1:00 pm for FC to continue the deliberation on item FCR(2020-21)2.

[Post-meeting note: Members had been notified that additional meetings would be held on 17 April 2020 from 9:35 pm to 11:30 pm and on 18 April 2020 from 9:00 am to 1:00 pm vide LC Paper No. FC154/19-20 issued on 17 April 2020.]

190. Ms Tanya CHAN and Mr CHU Hoi-dick queried whether the Chairman had the power to extend a meeting or hold additional meetings without prior written notice or when there was opposition from members. Mr Jeremy TAM said while members understood that Hong Kong was in dire straits and there was a need to approve the financial proposal expeditiously in order to relieve people's hardships, the Chairman's powers under RoP and the Finance Committee Procedure ("FCP") must be ascertained first, so that it could serve as a precedent in case meetings would need to be extended or additional meetings be held in the future.

191. In response, the Chairman said that according to the relevant RoP and FCP provisions, the Chairman had the power to determine the time and duration of FC meetings. Given the urgency of the financial proposal in relation to the second round of the Fund, members of the public and many members were hoping for the early approval of the item by FC, so that various relief measures could be implemented. He had thus consulted members on the matter. Having obtained agreement by the majority of members, he decided that an additional meeting would be held later from 9:35 pm to 11:30 pm.

192. The Clerk supplemented that the Chairman had the power to determine the time of FC meetings, including the holding of additional meetings. When FC scrutinized item FCR(2019-20)46 on 21 February 2020, i.e. the financial proposal in relation to the first round of the Fund, the Chairman also decided then that an additional meeting be held on the same day from 7:00 pm to 9:00 pm to complete deliberation on the item.

193. At 8:13 pm, the Legal Adviser ("LA") attended the meeting at the Chairman's invitation. LA explained that as provided under RoP 71(6), "The committee shall meet at the time and the place determined by the chairman. Written notice of every meeting shall be given to the members at least 5 clear days before the day of the meeting but shorter notice may be given in any case where the chairman so directs." The relevant provision was also set out in FCP 10 and FCP 11. According to the above provisions, the Chairman could exercise discretion to give a shorter notice for holding additional meetings.

194. Expressing support for the Chairman's decision, Mr KWOK Wai-keung hoped that the financial proposal could be approved expeditiously to implement various measures. Mr Abraham SHEK thanked CS and various public officers for answering members' questions patiently. He understood that the measures introduced by the Government could not meet the demands of each and every one, but he hoped that additional and more comprehensive assistance could be provided as soon as possible to enterprises and individuals, including taking care of non-subsidized organizations, tenants in sub-divided units, single parents, people with housing needs, etc., so as to ensure the proper use of public funds.

195. At 9:25 pm, the Chairman declared the meeting closed.