

立法會
Legislative Council

LC Paper No. FC270/19-20
(These minutes have been
seen by the Administration)

Ref : FC/1/1(21)

Finance Committee of the Legislative Council

Minutes of the 22nd meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 17 April 2020, from 9:35 pm to 11:02 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki
Hon Dennis KWOK Wing-hang
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Hon Martin LIAO Cheung-kong, GBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin

Hon CHU Hoi-dick
Hon LAM Cheuk-ting
Hon SHIU Ka-fai, JP
Hon SHIU Ka-chun
Hon Tanya CHAN
Hon HUI Chi-fung
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Jeremy TAM Man-ho
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Abraham SHEK Lai-him, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon MA Fung-kwok, SBS, JP
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon Elizabeth QUAT, BBS, JP
Hon Jimmy NG Wing-ka, BBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon Holden CHOW Ho-ding
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon KWONG Chun-yu
Hon Vincent CHENG Wing-shun, MH, JP
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
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	Deputy Director of Environmental

Wing-ki, JP	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
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-yee	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

Staff in attendance:

Miss Bowie LAM Council Secretary (1)1
Miss Yannes HO Legislative Assistant (1)7

Action

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**

Continuation of the discussion on agenda item FCR(2020-21)2

The Finance Committee ("FC") continued with the discussion on item FCR(2020-21)2.

Employment Support Scheme

2. Mr Tommy CHEUNG asked that in case employers who received subsidies under the Employment Support Scheme ("ESS") were forced to close down during the subsidy period as a result of rental problems in relation to their rented business premises, how could they return the remaining unused subsidies to the Administration.

3. Secretary for Labour and Welfare ("SLW") said that neither the Government nor the public could predict the future development of the pandemic or the economy. For enterprises that closed down due to

unforeseen or uncontrollable factors, the employers must return the remaining unused subsidies to the Government.

4. Mr Paul TSE pointed out that while loan applicants were required to provide proof 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 before they were eligible for the concessionary low-interest loan with 100% Government guarantee under the SME Financing Guarantee Scheme, all eligible employers would be provided with subsidies regardless of their operating status under ESS. He considered the arrangement unreasonable. Separately, Mr TSE suggested that consideration be given to allowing employees to withdraw early their accrued Mandatory Provident Fund ("MPF") benefits to meet their current financial difficulties, which could hopefully help boost the economy to a certain extent. Mr TSE also suggested that the Administration could consider making direct contributions to the employees' MPF accounts, which he believed would provide more efficient relief than the option of a cash payout.

5. Dr Fernando CHEUNG pointed out that notwithstanding the substantial amount of public money involved, ESS failed to benefit employees aged 65 or above without MPF contributions, freelancers and those who were already unemployed. On the contrary, profitable business consortia could receive subsidy to the tune of several hundred million dollars under ESS, which was a waste of public money.

6. In reply, SLW said that the Government considered it difficult to decide whether a company was facing operational difficulties by its scale alone. In fact, redundancy had also been implemented by large enterprises which were hard hit by the pandemic. SLW stressed that enterprises funded by ESS must spend all the subsidies in paying wages to their employees.

7. Mr SHIU Ka-fai considered that with ESS, a certain level of support would be given to those employers who genuinely wanted to ride through the difficulties with their employees by refusing to introduce any pay cut, while financial support would also be provided to those employees who were on no-pay leave. Pointing out that while SLW had said that people aged 65 or above could receive financial assistance through applying for the Old Age Living Allowance, the Working Family Allowance Scheme and the Employment Programme for the Elderly and Middle-aged ("EPEM"), Mr SHIU considered that such measures would only provide very limited support to those employees aged 65 or above who could not benefit from ESS. Furthermore, the allowance under

EPEM was only applicable to new employees, which was no help at all in terms of ensuring continued employment for elderly employees. Mr SHIU called on the Administration to try its best to improve ESS, in order to cover employees aged 65 or above.

8. Ms Claudia MO criticized that ESS was a half-baked scheme launched by the Administration. As a result, ESS, with its limited coverage, could not benefit those who were unemployed due to the pandemic. Dr KWOK Ka-ki sought an explanation from the Administration as to why the subsidy could not be disbursed to the employees directly.

9. SLW said that while other jurisdictions had generally set up systems similar to a social insurance system, pay-as-you-go income tax system or central provident fund system, through which the government could directly disburse subsidy to accounts of individual unemployed persons, there was no comparable system in Hong Kong.

10. Mr CHUNG Kwok-pan asked about the impact of staff wastage (including employees who left upon expiry of their employment contracts and retirement) after the specified month on employers who had applied for subsidies under ESS. Mr CHUNG was concerned whether the scheme was effective in ensuring the continued employment of employees. SLW responded that employers applying for subsidy under ESS must undertake that the number of employees on the payroll in June, July and August should not be less than the total number of paid and unpaid employees in March. In other words, depending on the number of employees who left after March, employers must recruit the same number of employees to fill those vacancies.

11. Dr CHENG Chung-tai said that the Chief Secretary for Administration ("CS") had earlier said publicly that consideration would be given to uploading information of enterprises applying for subsidy under ESS to the official website for access by the public. Dr CHENG sought details of the specific information to be disclosed. If an employee was employed in the specified month, but the employer could not open his MPF account in time before April 2020, Dr CHENG asked how such applications for wage subsidies would be dealt with. Dr CHENG considered that the Administration must provide members of the public with clear guidelines in this regard.

12. In reply, CS said that the Government was considering disclosing the names of enterprises which had been approved under ESS, as well as the amount of subsidies they received, in order to enhance the transparency

of the scheme and facilitate public monitoring of the enterprises' adherence to their commitments thereunder. SLW said that the Government was discussing the relevant details with MPF trustees and would soon announce the application procedures for ESS.

13. Mr WU Chi-wai noted that under the second round of the Anti-epidemic Fund ("the Fund"), the Administration proposed to provide a monthly subsidy of \$6,000 for each eligible active taxi and red minibus ("RMB") driver for a period of six months. Citing the said measure as an example, Mr WU pointed out that even if people working in a particular sector might not have MPF accounts, the Administration could still handle their cases in a flexible manner and provide them with assistance. He called on the Administration to apply the same flexibility under ESS, such as allowing employees to make self-declaration under an honour system, and paying the subsidies directly to employees. Mr WU pointed out that under the existing policy of ESS, it would be impossible to prevent the situation where employers could obtain the subsidy simply by maintaining the same headcount or replacing their employees.

14. In reply, SLW said that under ESS, the Government would process applications from employers according to the MPF record certificates issued by MPF trustees.

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

15. Expressing appreciation for the relief measure, Mr HUI Chi-fung was concerned that some school bus operators still demanded fees from parents during class suspension. He enquired how the Administration would regulate operators providing services to students (including school bus operators, lunchbox providers of primary and secondary schools and training bodies) under the measure, so as to ensure that such operators would not apply for relief grant from the Government, while demanding fees from parents at the same time.

16. In reply, Secretary for Education ("SED") said that schools would generally procure school bus services for parents through bidding, and the relevant service contracts were agreements made between parents and school bus operators. While indicating awareness of the situation mentioned by Mr HUI Chi-fung, he pointed out that under the relief measure, the relevant relief grant was provided for school bus drivers, school private light bus drivers and escorts (commonly called "nannies"), rather than school bus service operators. He said that whether school bus

service operators would continue to demand fees from parents was not a factor for consideration when the Government formulated the relief measure. He added that in order to help parents defray education-related expenses during the class suspension period, the Government had provided an additional \$1,000 to each recipient of the Student Grant for the 2019-2020 school year under the first round of the Fund.

17. Mr Frankie YICK pointed out that three to four nannies were usually hired for each school bus or school private light bus carrying cross-boundary students. He enquired about the criteria for disbursing the relief grant to nannies under the scheme.

18. In reply, SED said that relief grant under the measure would be calculated on a per vehicle basis to provide financial support for drivers and nannies of school buses/school private light buses.

19. While welcoming the Administration's proposal to provide a one-off relief grant of \$7,500 for each instructor, coach, trainer or operator of interests classes engaged by a school under the second round of the Fund, Mr IP Kin-yuen considered that the relief measure would have limited effect. Mr IP said that the Education Bureau ("EDB") had sent letters to school principals on 31 March, calling on schools to negotiate with trainers and instructors and to pay their related expenses from the funds allocated to schools by EDB. However, as the aforesaid letters were not open letters, many trainers and instructors were not aware of EDB's suggestion, and the letters did not say clearly how the relevant suggestion should be implemented. Mr IP sought an explanation from the Administration as to how the aforesaid expenses would be disbursed.

20. In reply, SED said that the aforesaid letters were intended to encourage schools to consider, taking into account the needs of students and the arrangements between schools and instructors, arranging instructors to provide online teaching or tutorials to students during class suspension, so as to engage students in extension activities or physical fitness exercises. If such arrangements were feasible, EDB considered that schools could use their resources to pay related expenses to instructors. In addition, EDB also encouraged schools to work out arrangements for early payment of part of the expenses with instructors.

Job creation

21. Regarding the proposal to create time-limited positions for technicians and supporting staff to carry out repair and maintenance works for more than 20 000 private domestic buildings, Mr Tony TSE called on

the Administration to avoid bundling a number of those works projects into one single tender, so that small and medium-sized contractors could also take part in the tender exercise.

22. Noting Mr Tony TSE's suggestion, Secretary for Development said that the Administration would study feasible ways to separate the relevant construction projects and maintenance works into smaller and standalone projects so that small and medium enterprises could also take part in the tender exercise. The Administration would also support property owners with financial difficulties to carry out necessary maintenance works through various building maintenance subsidy schemes.

23. Mr Charles Peter MOK asked whether the time-limited positions proposed to be created in both the public and private sectors were confined to those job categories set out in the discussion paper. According to the discussion paper, the positions proposed to be created for fresh graduates were mainly related to the construction industry. He enquired whether the Innovation and Technology Bureau would suggest to the Civil Service Bureau ("CSB") that positions related to information technology be created for fresh graduates.

24. In reply, CS said that under the measure, CSB was responsible for coordinating the arrangements in relation to the creation of time-limited positions in various policy bureaux and relevant departments, as well as in the public sector. All bureaux/departments could make suggestions to CSB on the job categories/specialties required under their respective policy portfolios. He said that the Government's aim was to create around 30 000 time-limited jobs in both the public and private sectors in the coming two years. For jobs created in the private sector, the Government would pay for the salary expenses incurred by the temporary positions. CSB would report the progress of the measure under the quarterly reports of the Fund to be submitted by the Government to the Legislative Council.

Flexible handling of Government works and non-works contracts and other development projects

25. Mr Tony TSE welcomed the Government's proposals to shorten payment processing time and to provide more frequent payments regarding both works and non-works contracts. He considered it inadequate for the Administration to seek assistance from departments in implementing the facilitation measures by memo alone. Instead, the Administration should instruct the government departments to work in tandem with the said measures. Meanwhile, it should call on other public bodies to adopt the same measures, in order to ease the cashflow difficulties of contractors.

Implementing a six-month unemployment support scheme under the Comprehensive Social Security Assistance framework

26. Mr WU Chi-wai and Mr Andrew WAN called on the Administration to reconsider the establishment of an unemployment relief fund, instead of implementing a time-limited unemployment support scheme under the Comprehensive Social Security Assistance ("CSSA") framework. Mr WU and Mr WAN pointed out that under the proposed measure, the Administration had only relaxed the asset limits of able-bodied applicants but the amounts of assistance payable would remain the same. Mr WU and Mr WAN called on the Administration to implement this time-limited unemployment support scheme as an independent item and increase the amounts of subsidy.

27. CS said that in response to concerns raised by Members, the said measure, which was now properly named "Short-term Unemployment Assistance Scheme", would continue to use CSSA's existing framework as the basis for calculating the eligible amount of assistance for the applicants. Unlike CSSA, the value of owner-occupied residential properties of applicants would be disregarded for the purpose of calculating their asset limits under the scheme.

28. Mr SHIU Ka-chun enquired whether applicants for this support grant must, as in the case of general CSSA recipients, take part in the "Integrated Employment Assistance Programme For Self-reliance" and submit job search records every week to avoid deduction of CSSA allowance.

29. In reply, SLW said that employment and training opportunities were provided for the unemployed through the Labour Department and the Employees Retraining Board, with a view to assisting them to find paid employment as soon as possible.

COVID-19 Online Dispute Resolution Scheme

30. Ms Claudia MO noted the Administration's proposal to earmark \$70 million for setting up the COVID-19 Online Dispute Resolution ("ODR") Scheme under the second round of the Fund. Ms MO enquired about the definition of disputes related to the pandemic, ways to resolve disputes online, justifications for engaging only one institution (i.e. eBRAM International Online Dispute Resolution Centre Limited ("eBRAM")) to implement the aforesaid scheme, as well as membership of the Board of Directors of eBRAM. Ms MO was concerned if any transfer of benefits was involved.

31. In reply, Secretary for Justice ("SJ") said that the purpose of setting up the scheme was to provide the general public and enterprises, especially micro, small and medium-sized enterprises, with speedy and cost effective means to resolve disputes caused by COVID-19. She explained that it was a global trend to develop and use ODR to provide reliable and efficient platform for dispute resolution, allowing parties to a dispute to handle their case online under the social distancing measures. The use of online platform as an alternative dispute resolution could also help relieve Court's caseload in civil claims, obviating the need to spend time and resources to resolve civil disputes through litigations. SJ further said that eBRAM was the only ODR service provider in Hong Kong of wide representation with support from Logistics and Supply Chain MultiTech R&D Centre. It was also the only service provider from Hong Kong invited to participate as experts in the Asia-Pacific Economic Cooperation ("APEC") workshops and meetings in relation to the development of APEC's Collaborative Framework on ODR and UNCITRAL/UNIDROIT joint workshop on LawTech issues. Recently, eBRAM facilitated, for the first time, the conduct of an online international mooted competition. Members of the Board of eBRAM included representatives from the Hong Kong Bar Association, The Law Society of Hong Kong and the Asian Academy of International Law, namely, Ms Kim ROONEY who represented the Hong Kong Bar Association, Mr Nicholas CHAN who represented The Law Society of Hong Kong and Mr Adrian LAI who represented the Asian Academy of International Law. In addition, there were three independent Members sitting on the Board of eBRAM, namely, Mr Thomas SO, Ms Winnie TAM and Mr Simon WONG.

32. SJ added that the Financial Secretary had announced in the 2019-2020 Budget that \$150 million would be provided for the development and initial operation of an ODR and deal-making platform. The relevant financial proposal was still pending discussion and approval by FC. Of the \$70 million earmarked for the scheme, \$50 million would cover the platform development and initial set-up cost (including staff) for 12 months, as well as operation cost in the first year, and the remaining \$20 million would cover fees of mediators and arbitrators in the first year. She further added that the \$50 million allocated for the web-based platform developed for the scheme would be deducted from the financial proposal to be submitted to FC for approval for the development of ODR and deal-making platform in the future. In other words, the funding for the development of web-based platform for the scheme under the current proposal was not additional subsidies.

33. Mr Kenneth LEUNG sought details about the implementation of the scheme, and asked how a decision could be made as to whether the disputes resolved under the scheme were related to COVID-19.

34. In reply, SJ said that the proposed funding support would cover the costs for developing an ODR platform. She further said that the platform would support e-negotiation, e-mediation and e-arbitration. For example, if a seller failed to fulfill the terms of a procurement agreement signed with a buyer due to the pandemic, the relevant dispute would fall under the scope of the scheme.

Subsidy schemes for premises affected by COVID-19

35. Mr CHAN Chi-chuen noted that as a measure under the second round of the Fund, a one-off subsidy of \$40,000 would be provided to each party room. He said that many party rooms were located in factory buildings, and some of them were operating against the land use principles. He expressed concern that providing subsidies to party rooms was the Administration's strategy to lure them out of hiding, so that prosecutions could be instituted against operators of party rooms which were against the land use principles. Mr CHAN called on the Administration to treat subsidy applications from party rooms and the legality of their operation as separate matters.

36. In reply, CS said that more than 10 types of premises, including party rooms, were ordered to close or put in place specified precautionary measures pursuant to the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap. 599F). Therefore, the Government considered it appropriate to provide financial assistance to such establishments. That said, providing subsidies to party rooms did not mean that the Government acknowledged the legality of their operation. He said that information obtained during the processing of subsidy applications would only be used to determine whether the relevant applications met the requirements of the scheme.

37. Mr Jeremy TAM asked what was meant by party rooms that were "intended to be maintained".

38. SJ explained that party rooms must obtain relevant licences (such as food business licences) and comply with land lease requirements as well as the terms of the deeds of mutual covenant before they could operate legally. For party rooms that had yet to obtain such licences or comply with land lease requirements and the terms of the deeds of mutual covenant, Schedule 2 to Cap. 599F had also included premises intended to

be maintained for hire for holding social gatherings, so as to cover those premises that were trying to be maintained as party rooms but could yet operate legally. She added that as the purpose of the aforesaid Regulation was to avoid group gatherings, premises that were intended to be maintained as party rooms were also covered thereunder.

Tourism Industry Support Schemes

39. Mr YIU Si-wing said that the amount of subsidy for licensed hotels (\$300,000 to \$400,000) under the second round of the Fund was higher than that for licensed guesthouses (up to \$80,000) under the first round of the Fund. Separately, Mr YIU pointed out that tourist attractions including Madame Tussauds Hong Kong, Ngong Ping 360 and the Peak Tram were all facing drastic drop in business due to the pandemic, not to mention the substantial routine maintenance costs incurred by their operation. Mr YIU enquired whether the Administration would, within resource constraints, provide additional support to operators of licensed guesthouses and tourist attractions in addition to the proposed support measures.

40. SCED said that after the launch of support measures for licensed guesthouses under the first round of the Fund, 1 800 licensed guesthouses had so far received full-rate subsidy. Under the second round of the Fund, operators of licensed guesthouses and tourist attractions could also receive financial support under ESS, in order to retain their employees. In addition, such enterprises could also benefit from various measures for reducing fees and charges announced under the 2020-2021 Budget, including subsidy for electricity charges, waiver of water and sewage charges, waiver of rates, tax concessions, etc.

Support measures to benefit PMQ

41. Mr HUI Chi-fung noted that under the Administration's measures to support the creative industries and to provide subsidy to operators of Revitalising Historic Buildings Through Partnership Scheme, PMQ and Fly the Flyover Operation, PMQ would receive \$25 million and \$3 million in subsidies respectively. Mr HUI noted that under the Arts and Culture Sector Subsidy Scheme in the first round of the Fund, only \$80,000 was provided for each arts group. Given the huge difference in the amounts of financial support provided to PMQ and other arts and cultural groups, Mr HUI enquired about the Administration's criteria for supporting arts, culture and creative industries. As far as he knew, there were around 100 tenants in PMQ, and the average monthly rental of tenants was about \$20,000. In other words, the \$25 million subsidy received by PMQ under

the measures to support the creative industries was more than enough to waive the rental of all tenants for one year. Mr HUI enquired whether the Administration had set any requirements or restrictions in respect of rental waiver to be provided by PMQ to its tenants, and whether the full amount of the \$25 million subsidy could be used towards waiving the rentals of tenants.

42. SCED said that given the social events in 2019 and the COVID-19 pandemic, PMQ had taken the initiative to waive part of the rentals of its tenants since October 2019. Considering the tenants' difficulties in future operations, the non-profit organization operating PMQ hoped to extend the rental waiver period. Taking into account the current and future economic conditions, the Government considered the relevant measure necessary. He confirmed that the \$25 million subsidy for PMQ under the measures to support the creative industries would mostly be used to offset income loss due to the extension of rental waiver period for around six months.

Catering Business (Social Distancing) Subsidy Scheme

43. Mr Andrew WAN pointed out that the Administration had earlier indicated that restaurants in breach of the social distancing measures might not be eligible for subsidies under the second round of the Fund. Given earlier reports about the police stepping up inspections on "yellow shops" to check whether they were in breach of the social distancing measures, Mr WAN questioned whether the Administration was taking the opportunity to hinder the operation of "yellow shops". He was also concerned about the circumstances under which restaurants would be stripped of their eligibility for assistance under the Fund.

Operation of the Anti-epidemic Fund

44. Mr Kenneth LEUNG enquired about the duration of subsidy schemes under the second round of the Fund, and how the unspent amount of various subsidy schemes would be handled.

45. CS said that subsidy schemes under the second round of the Fund with longer implementation periods would run for nine months to one year. After the completion of various subsidy schemes, unspent portion of the Fund (if any) would be returned to the public coffers.

46. Ms Tanya CHAN pointed out that according to the Government's press release, as of 16 April, it had approved in principle applications for eight production lines under the Local Mask Production Subsidy Scheme in the first round of the Fund. However, the Administration had yet to sign

any agreements with the approved companies for supplying certified masks to the Government. She enquired about the reason for that, and whether the Administration and the manufacturers had reached any verbal procurement agreement. Given that when FC considered the financial proposal for the first round of the Fund, the Administration had said that the Hong Kong Productivity Council ("HKPC") would assist in confirming whether the masks produced on the production lines met the certification standards, Ms CHAN enquired about the progress of work in this regard. She expressed concern about whether there was a stable supply of masks in the market.

47. In reply, SCED said that the Government had approved in principle the applications involving 13 mask production lines. The approved applicants, apart from being companies holding valid Hong Kong Business Registration Certificates and Certificates of Incorporation, must meet the following five conditions:

- (a) possessed the relevant production equipment in Hong Kong;
- (b) possessed the raw materials in Hong Kong;
- (c) possessed or had rented a production venue in Hong Kong;
- (d) possessed, had rented or had hired a contractor to set up clean room facilities in Hong Kong; and
- (e) each production line must be able to produce at least 500 000 masks per month; and

had submitted the following information and proof thereof, including:

- (a) their capability to comply with the Level 1 standard of the latest version of American Society for Testing Materials (ASTM) F2100, ISO 13485:2016 quality management system standard, and to achieve ISO Class 8 under ISO 14644-1 for the clean room after they began production;
- (b) their committed production output and their ability to achieve it; and
- (c) their target commencement date for mass production supported by a detailed timetable.

SCED further said that after having obtained in-principle approval, the relevant manufacturers must first produce a first batch of masks and submitted the same to HKPC for testing and certification. The Administration would only sign agreements with the manufacturers and arrange disbursement of first payment after the production lines had achieved the necessary certification. Since time was needed for the manufacturers to arrange production of mask samples for testing, it was not feasible to sign procurement agreements with the manufacturers immediately after the Administration had given in-principle approval.

Room for implementing a third round of relief measures

48. Mr WU Chi-wai, Mr Paul TSE, Mr SHIU Ka-fai, Mr LEUNG Yiu-chung and Mr CHU Hoi-dick asked whether there was room for the Administration to launch a third round of the Fund, and what would be the relevant considerations. Mr WU pointed out that the current relief measures only lasted for six months at most. He was concerned about whether the amount of resources earmarked by the Administration was sufficient to help members of the public and the economy cope with the impact and financial pressures caused by the sustained economic downturn.

49. Mr SHIU Ka-fai opined that the Government should consider implementing another round of relief measures to support self-employed persons ("SEPs") who had yet to benefit from the measures under the first and second rounds of the Fund, such as those in beauty care and hairdressing trades.

50. Mr LEUNG Yiu-chung considered that the second round of the Fund failed to provide assistance to tutorial schools, including those not registered with EDB. He said that given the low profits of some trades from daily business takings, even the Special 100% Guarantee Product launched by the Administration would be of no help at all as the operators concerned had limited repayment capabilities, and they would not consider raising funds through debts.

51. Mr CHU Hoi-dick pointed out that under the second round of the Fund, the forms and amounts of assistance provided for SEPs in different sectors varied. For example, active taxi and RMB drivers could receive a monthly subsidy of \$6,000 for a period of six months. Freelance accredited practitioners whose main occupations were tourist guides or tour escorts could receive a monthly subsidy of \$5,000 for six months. However, SEPs in some other sectors could only receive a one-off subsidy of \$7,500, while no relevant subsidy was provided for SEPs in the insurance sector. Mr CHU asked about the Administration's criteria for

providing subsidies to SEPs in different sectors.

52. CS reiterated that the Government would closely monitor the development of the pandemic and its impact on various sectors, as well as maintain communication with people from all walks of life, so as to heed their views. At this stage, the Government would focus on implementing the first and second rounds of the Fund. If necessary, the Government would consider adopting appropriate response measures, including launching a third round of the Fund or other relief measures.

53. Mr Frankie YICK said that local consumption sentiment and port cargo volume had both declined as a result of the pandemic. Local freight volume was affected to a certain extent as most factory orders had been cancelled/delayed for delivery, leaving some local goods vehicles standing idle. However, the owners must still pay for their vehicle mortgage repayments, maintenance expenses or even parking fees during the period. Mr YICK called on the Administration to launch other measures or even a third round of the Fund, so as to provide more financial assistance to owners of goods vehicles, as well as support local goods vehicle drivers.

54. Secretary for Transport and Housing said that the Special Administrative Region Government ("SARG") and the Mainland Government had jointly launched special quarantine arrangements for cross-boundary goods vehicle drivers, including COVID-19 nucleic acid tests administered by the Mainland Government for drivers at relevant boundary control points, with the necessary expenses borne by SARG. SARG had also implemented other measures in relation to air and sea cargo transportation, with a view to maintaining the smooth operation of cross-boundary and local freight traffic as far as practicable. On the other hand, the Financial Services and the Treasury Bureau was holding discussions with the Hong Kong Monetary Authority to explore the launch of joint measures with financial institutions to help vehicle loan borrowers, including measures similar to a principal moratorium.

Other matters

55. Mr Andrew WAN, Dr KWOK Ka-ki, Mr CHAN Chi-chuen and Ms Claudia MO expressed dissatisfaction with the recent comments made by the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region regarding the progress of FC's scrutiny on the present financial proposal and members' voting intention.

56. Mr CHU Hoi-dick expressed concern on the recent wave of layoffs in kindergartens operating on an international school model. He was

worried about shrinkage in the kindergarten education market in the future.

57. SED said that to date, EDB had received notification from five kindergartens that they would cease operation by the end of the current school year. The number was similar to those in the past few years. He said that according to EDB's estimates, the number of places provided by kindergartens in Hong Kong would be sufficient to cope with the demand of school-age population. That said, given the impact of school closure, some students might need to attend kindergartens farther away from their homes.

Arrangement of scrutiny of this item

58. At 10:39 pm, the Chairman said that judging by the number of members who were waiting for their turns to speak, it would take at least two to three hours to complete scrutiny of the item. Since 12 hours of meeting had already been held today, the Chairman instructed that the meeting would end at 11:00 pm.

59. At 11:02 pm, the Chairman declared the meeting closed.

Legislative Council Secretariat
28 August 2020