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**Panel on Commerce and Industry**

**Subcommittee on Issues Relating to the Stimulation of  
Hong Kong's Economy**

**Information note prepared by the Legislative Council Secretariat  
for the meeting on 29 January 2021**

**Reviewing Government's anti-epidemic measures to facilitate  
the revival of the local economy, including application of technologies**

**Background**

In the past one and a half years, Hong Kong has experienced social unrest incidents and the Coronavirus Disease 2019 ("COVID-19") pandemic. Together with the uncertainties arising from geopolitical tensions, the economy has been hard-hit and business environment has been very difficult for enterprises.

2. In the 2020 Policy Address, the Chief Executive pointed out that to ride out the storm in the trade and economic arena, the inevitable strategy is to leverage Hong Kong's unique advantages under "One Country, Two Systems" to integrate further with the overall national development and to enhance Hong Kong's connections with the world in order to explore more business opportunities.

3. At the policy briefing of the Panel on Commerce and Industry on 15 January 2021, members noted that the Administration had set down the following three strategic directions in the course of relaunching the economy:

- (a) to capitalize on the country's external strategy of "dual circulation";
- (b) to explore markets where Hong Kong's fundamental strengths could be fully utilized; and

- (c) to assist the most hard-hit enterprises to sail through the storm by helping them with their most pressing needs, facilitating their transformation, and encouraging them to invest in the future.

## **Council questions**

### Resumption of cross-boundary people flow

4. According to the Administration's replies to relevant questions raised by Members at Council meetings, the Administration advised that it had been liaising closely with the Guangdong Provincial and Macao Special Administrative Region Governments under the framework of joint prevention and control to discuss the implementation proposal for early resumption of the cross-boundary people flow between Guangdong and Hong Kong and between Hong Kong and Macao, which seeks to allow mutual exemption of compulsory quarantine requirement upon entry to the other side on the basis of the mutual conversion of health codes and mutual recognition of nucleic acid test results. The arrangements and implementation timeline would be subject to the development of the epidemic and further deliberations among the three places.

5. The Administration also advised that it had established an inter-departmental task force led by the Secretary for Commerce and Economic Development to actively explore with countries that had a relatively stable epidemic situation and close economic and trade relations with Hong Kong on the gradual resumption of cross-border travel. The Administration had approached 11 countries since mid-June 2020 to explore the initiative. Among these countries, Hong Kong and Singapore had reached an in-principle agreement to establish a bilateral Air Travel Bubble.<sup>1</sup> Apart from Singapore, the Governments of Thailand and Japan had also announced the commencement of discussion with Hong Kong on relaxing travel restrictions. The inter-departmental task force was following up with the Governments of Thailand and Japan on the relevant details.

### Promotion of local consumption

6. On encouraging local consumption, the Administration advised that it had introduced the \$10,000 Cash Payout Scheme<sup>2</sup> with a view to reinvigorating

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<sup>1</sup> The launch of the designated flights was originally scheduled for 22 November 2020. Yet, in view of the epidemic situation in Hong Kong, the two governments have decided not to implement the Air Travel Bubble within 2020.

<sup>2</sup> The registration period for the Cash Payout Scheme is from 21 June 2020 to 31 December 2021.

the local economy. It was believed that the Scheme would boost local consumption and drive the demand in other services sectors. The Administration also advised that the cash payout under the Scheme could reach the public earlier when compared with consumption vouchers.

7. The Administration added that the Hong Kong Tourism Board had launched the Holiday at Home campaign in mid-June 2020 to stimulate local consumption and increase visitors' confidence to come to Hong Kong. With the staunch support of the local tourism, retail and catering industries, etc, the campaign provided different offers to boost overall local consumption. The Administration also enhanced in June 2020 the Green Lifestyle Local Tour Incentive Scheme.<sup>3</sup> Through enhancing cash incentives for travel agents, the Scheme had contributed to the revival of the tourism sector and supported the food and beverage and transport sectors.

#### Support for remote work or service mode

8. Under the impact of the epidemic, remote work or service mode becomes a new trend, leading to the application of technologies in digitizing business processes by different industries. Against such background, the Administration advised that it had launched the Distance Business Programme<sup>4</sup> under the Anti-epidemic Fund to provide funding support for enterprises to adopt information technology solutions so as to continue their businesses during the epidemic, and at the same time create business opportunities and manpower demand for the industry. The Administration stressed that it had always been encouraging industries and sectors to make more use of technologies. In addition to continuing to support local enterprises and organizations in using technological services and solutions through the Technology Voucher Programme,<sup>5</sup> the Administration would continue to assist the wholesale and retail sectors in improving productivity, upgrading and transforming through various funding schemes.

9. Besides, the Administration advised that it had announced in April 2020 the establishment of the COVID-19 Online Dispute Resolution Scheme under the Anti-epidemic Fund to provide speedy and cost effective online dispute resolution services to the general public and businesses, in particular micro, small and medium-sized enterprises. The Department of Justice and eBRAM International Online Dispute Resolution Centre Limited ("eBRAM Centre")

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<sup>3</sup> The Green Lifestyle Local Tour Incentive Scheme was introduced in January 2020. The application deadline for the Scheme has been extended to March 2021.

<sup>4</sup> The Distance Business Programme was opened for application from 18 May to 31 October 2020.

<sup>5</sup> The Technology Voucher Programme was introduced in 2016.

entered into a Memorandum of Understanding on the Scheme to govern and monitor the use of the relevant funding. The Scheme was launched on 29 June 2020. According to the Administration, after the platform had been established and in operation for one year, eBRAM Centre might continue to make use of the platform for other purposes, for example for serving the Asia-Pacific Economic Cooperation ("APEC") economies after eBRAM Centre was listed under the APEC Collaborative Framework for online dispute resolution. eBRAM Centre might also adapt and make necessary modifications to the platform to handle other cases beyond the Scheme.

10. The relevant questions raised by Members and the Administration's replies are in **Appendices I to VI**.

Council Business Division 1  
Legislative Council Secretariat  
26 January 2021

## Press Releases

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LCQ4: Measures to boost economy

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Following is a question by the Hon Kwok Wai-keung and a reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (July 8):

Question:

The coronavirus disease 2019 (COVID-19) epidemic has dealt a heavy blow to Hong Kong's economy. In the first quarter of this year, the Gross Domestic Product contracted by a record of 8.9 per cent in real terms from a year earlier and the unemployment rate also soared, hitting a new high in ten years. Given that the epidemic has subsided recently, quite a number of members of the public hope that the Government can unite society and boost the economy. In this connection, will the Government inform this Council:

(1) as the Chief Executive has indicated that she has appealed for a number of times to the landlords of private shop premises to reduce rents so as to ride out the hard times with their tenants but to little avail, of the Government's new measures to prompt those landlords to reduce rents, so as to lower the operating costs of the tenants;

(2) whether it will consider, by drawing reference from the approach adopted by the Government when the Severe Acute Respiratory Syndrome epidemic was over in 2003, setting up an economic relaunch strategy group comprising government officials and non-government individuals, so as to bring together the strengths of the Government, the business sector and the community to jointly boost the economy; and

(3) given that inbound tourism has come to a complete halt due to the epidemic, of the Government's new measures and strategies to promote local consumption so as to sustain the economic heat; whether it will launch a second-round of Cash Payout Scheme and consider afresh issuing consumption vouchers or providing consumption subsidies, so as to step up efforts to boost the economy?

Reply:

President,

Since the outbreak of COVID-19, Hong Kong's economy has been hard-hit. In order to provide support to enterprises and people affected by the pandemic, the Government has rolled out three rounds of relief measures, totalling \$287.5 billion, under the Budget and two rounds of Anti-Epidemic Fund (AEF), with a view to supporting enterprises and safeguarding jobs. However, all economic recovery measures can only be effective on the basis that the pandemic situation is under control, and that the general community continues to abide by the public health protective measures, fights the pandemic together and is supportive of each other. At the same time, we will work tirelessly and in a timely manner to pave the way for economic recovery as soon as the pandemic situation stabilises.

Having consulted the Financial Secretary's Office and the Financial Services and the Treasury Bureau, the consolidated reply to the Hon Kwok's question is as follows:

(1) To alleviate the pressure arising from the pandemic on

businesses, the Government has on the one hand appealed to landlords in the private sector to offer rental concessions to their tenants so as to sail through the difficult period together. On the other hand, we have also, led by example, proactively offered rental concessions to eligible business/organisations operating in government premises and other related properties. For the period from April to September 2020, rental concessions for eligible tenants have been increased from 50 per cent to 75 per cent, and the scope of rental concessions has been extended to cover more businesses. As for businesses operating in government premises and other related properties which have to completely cease operation due to anti-epidemic measures imposed by the Government, they will receive a full rental waiver during the closure period. Public bodies, including the Airport Authority, the Hong Kong Housing Society, the Mass Transit Railway Corporation Limited, the Urban Renewal Authority, etc, have also followed suit.

The Chief Executive has repeatedly mentioned in public that she has appealed to the real estate sector that, as landlords, they should ride out the difficult times with their tenants together. I believe that the Chief Executive and other government officials will continue the appeal in this respect.

Apart from rental concessions, the Government has also strived to lower operating costs for enterprises. The Government has announced a series of measures in the Budget and the two rounds of AEF, including waiving of profits tax, rates for non-domestic properties and business registration fees; subsidising electricity charges; and reduction of water and sewage charges, etc. These measures aim to benefit enterprises from different sectors and of all sizes.

(2) The Chief Executive, the Financial Secretary and other relevant government officials have been engaging different sectors and professionals through various channels and advisory bodies to discuss the current economic situation, with a view to mapping out the strategy for economic development and recovery. For example, the Council of Advisers on Innovation and Strategic Development chaired by the Chief Executive and, for the Commerce and Economic Development Bureau, the Trade and Industry Advisory Board and the recently established Task Force on External Relations chaired by myself discussed extensively and took forward economic support measures together with the trade. The support measures rolled out in the past two years, in response to either the US-China trade conflict or the recent pandemic outbreak, are all the results of the close liaison with various sectors of the community. The Government will continue to maintain partnerships with different sectors in forging the way forward to revive the economy.

(3) To restart the economy and encourage local consumption, the Government has introduced the \$10,000 Cash Payout Scheme with a view to reinvigorating the local economy. As the Financial Secretary wrote in his blog this week, more than \$40 billion funding will be disbursed to the respective bank accounts in the coming week, and for those who register later will also receive their payment in turn. We believe that the Scheme will boost local consumption, driving the demand in other services sectors. The Financial Secretary also responded to media enquiry earlier that there are different ways to stimulate local consumption, and the Government introduced the Scheme to let people decide on spending the money according to their needs. The Government considers that the Scheme is a more appropriate measure, and that cash payout can reach the public earlier when compared with consumption vouchers.

With regard to tourism, as cross border restrictions are still in place, we will begin with local tourism so as to rebuild the city's vibrant atmosphere and stimulate consumption. To this end, the Hong Kong Tourism Board (HKTB) launched the Holiday at Home campaign in mid-June to encourage Hong Kong people to be tourists

in our own city. With the staunch support of the local tourism, retail and catering industries, etc, the campaign provides different offers to boost overall local consumption. The HKTB will also roll out offers later so that residents can redeem free local tours through spending. In the meantime, the Government enhanced in June 2020 the Green Lifestyle Local Tour Incentive Scheme which was announced late last year. Through enhancing cash incentives for travel agents, the Scheme has contributed to the revival of the tourism sector and supported the food and beverage and transport sectors.

For the convention and exhibition sector, the Government has, through the AEF, subsidised convention and exhibition activities organised by the Hong Kong Trade Development Council (HKTDC) and other organisers. The HKTDC will organise the Hong Kong Book Fair next week in which participants will be eligible for full subsidy for their participation fees. In the coming months, the HKTDC and other organisers will host a range of exhibitions targeting the local market. These exhibitions will benefit from the Government subsidy, bringing more business opportunities to local exhibitors and enterprises and creating an atmosphere for consumption.

In sum, the Government will continue to monitor the pandemic development and the economic situation, and keep in close contact with various sectors. We will also provide timely support for different industries and sectors to revive Hong Kong's economy.

Thank you, President.

Ends/Wednesday, July 8, 2020  
Issued at HKT 18:10

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## Press Releases

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LCQ12: "New normal" of co-existence with virus

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Following is a question by the Hon Martin Liao and a written reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (July 15):

Question:

At present, the coronavirus disease 2019 (COVID-19) epidemic in various places across the globe is still fluctuating, causing significant impacts on public health and the economy. The epidemic has put additional pressure on Hong Kong's economy, which has been dealt a double blow by the riots and the Sino-US trade conflicts. The World Health Organization has advised recently that the world still has a long way to go in tackling the COVID-19 epidemic, and this novel coronavirus may co-exist with mankind for a long time. The governments of various places across the globe have adopted various anti-epidemic measures for tackling the epidemic, including immigration control, lockdown and isolation measures, social distancing, and restricting the conduct of business in high-risk premises. Worldwide communities may need to maintain the operation of their societies and economies through a wider use of models such as working-from-home and e-commerce. All of these are regarded as the 'new normal' whereby the mankind co-exists with the virus for a long time. In this connection, will the Government inform this Council:

(1) whether it has assessed the impacts of the new normal on (i) Hong Kong's economy, (ii) various trades, and (iii) the effectiveness of the Government's policies for economic revival;

(2) with regard to those trades severely hit by the new normal and are subject to great hardship, of the Government's new thinking and new measures (i) to help alleviate the adverse impacts of the epidemic and the anti-epidemic measures on them, such as by setting up a 'travel bubble' with specific overseas places, and (ii) to turn risks into opportunities, in respect of supporting the digital transformation of small and medium enterprises for instance, apart from increasing the funding allocation for the Distance Business Programme under the Anti-epidemic Fund from \$500 million to \$1.5 billion in the light of the number of applications received which is five times that of the original estimation, what other enhancement measures are in place to ensure that the policy objectives of helping various trades to blaze an escape route and to survive the epidemic can be achieved; and

(3) of the measures in place to help local enterprises tap business opportunities in those markets outside Hong Kong which are also experiencing the new normal, including the establishment of a mechanism for mutual recognition of health certification between Hong Kong and the Mainland, as well as the implementation of electronic payment connectivity within the Guangdong-Hong Kong-Macao Greater Bay Area?

Reply:

President:

Regarding the various parts of the question, our reply which is prepared in consultation with relevant policy bureaux/offices is as follows:

(1) The coronavirus disease 2019 (COVID-19) caused a severe shock to the global economy. In June this year, the International



Monetary Fund forecasted that the global economy would contract sharply by 4.9 per cent for 2020, far worse than the situation seen during the 2008-09 global financial crisis. Currently, the Government forecast the Hong Kong economy to contract by 4 to 7 per cent this year. The threat of the epidemic to the economy would linger before effective vaccines or treatments for the disease are developed. The economic outlook is subject to a high level of uncertainty, and it might take a longer time for the global and local economy to recover.

Nevertheless, under the influence of various uncertain factors, although the global and Hong Kong's financial markets have become more volatile, Hong Kong's financial system and regulatory regime are resilient, and can cope with market volatility. So far, different facets of the financial services sector continue to function in an orderly manner. The Linked Exchange Rate System (LERS) has been operating smoothly. There have been no notable outflows of funds. The strong-side Convertibility Undertaking under the LERS had been repeatedly triggered recently. Financial regulators have, through stress tests conducted from time to time, ascertained that the regulated bodies can withstand market risks amidst market volatilities. The Government and the various financial regulators will continue to closely monitor the development of market situation to ensure normal operation of the local financial market.

(2) The epidemic had caused serious disruptions to a wide range of economic activities, particularly those involving more frequent people contact. The Government has rolled out relief measures of unprecedented scale to support enterprises, safeguard jobs and relieve people's financial burden. The two rounds of measures under the Anti-epidemic Fund and the one-off relief measures in the 2020-21 Budget amounted to \$287.5 billion, equivalent to around 10 per cent of gross domestic product. These measures help preserve the vitality of the economy, and should facilitate a swift recovery once the epidemic is under control and the external economic environment improves.

Among them, in order to assist all walks of life survive the epidemic, the Employment Support Scheme launched by the Government provides wage subsidies for eligible employers to pay wages for employees so as to help alleviate the staff cost to be borne by the employers during this difficult time. As such, companies may be more likely to stay afloat and maintain their businesses during the epidemic and hence, reducing the chances of closures or winding-up. This could enable enterprises to recover their businesses soon after the epidemic subsides, and help the economy recover as quickly as possible. It could also assist employers in retaining employees who may otherwise be made redundant, achieving the objective of maintaining employment.

We have also adopted targeted support measures for individual industries severely hit by the epidemic. Taking tourism industry as an example, in reviving Hong Kong's tourism sector, we will start with local tourism with the aim of energising the local community so as to send a positive message worldwide and enhance visitors' confidence in visiting Hong Kong.

First, the Government has recently enhanced the Green Lifestyle Local Tour Incentive Scheme, which was announced late last year, by increasing the total commitment to \$100 million, doubling the number of visitors to be subsidised for each travel agent as well as the subsidy per visitor, with a view to encouraging travel agents to organise green tours, which will also benefit related sectors such as food and beverage as well as transport. The trade has responded positively. The two theme parks have also reopened in June this year and provided a range of concessionary packages which received positive response from the community.

Besides, the Hong Kong Tourism Board (HKTb) has also launched the "Holiday at Home" campaign to encourage Hong Kong people to be tourists in our own city. With the staunch support of the tourism, retail and catering industries, the campaign provides different offers to boost consumption. Moreover, once individual source markets have the conditions for resuming travelling to Hong Kong, the HKTb will team up with the Government and trade partners to create a travel platform to welcome back visitors with enticing offers and exciting experiences.

For overseas, to generate a positive mood and ambience, the HKTb launched a community campaign called "#Miss You Too" in April this year. The HKTb, local trades, and celebrities shared their posts or messages at online platforms to rekindle passion of Hong Kong people and their friends overseas for the city. On the other hand, the Government is now exploring with places where the epidemic situation have stabilised how to gradually resume cross-border travel and establish the related arrangement as soon as possible. The Hong Kong Special Administrative Region (HKSAR) Government has already had some initial discussions with various governments, among them, the Government of Thailand is going to commence discussion with Hong Kong on relaxing border control.

In addition, the epidemic also highlights the importance of developing and promoting technology application. At the same time, it creates opportunities for the innovation and technology (I&T) sector. The promotion of I&T is a key area in the Government's long-term economic development strategy. First of all, home office and distance service models have become a new trend under the influence of the epidemic. To support digital transformation in small and medium-sized enterprises (SMEs), the Government has launched the Distance Business Programme under the Anti-epidemic Fund to provide funding support for enterprises to adopt information technology solutions so as to continue to operate during the epidemic, and at the same time create business opportunities and manpower demand for the industry and promote employment. In view of the overwhelming response from SMEs, the Government has decided to allocate an additional \$1 billion for the Programme, increasing the total commitment to \$1.5 billion to benefit more enterprises.

At the same time, the Government has been proactively adopting local research and development (R&D) outcomes to help combat the epidemic. A special call for projects under the Public Sector Trial Scheme of the Innovation and Technology Fund (ITF) has been launched to support product development and application of technologies for the prevention and control of the epidemic, as well as to foster commercialisation of relevant R&D results.

Moreover, the Technology Voucher Programme under the ITF subsidises local enterprises to use technological services and solutions to improve productivity, or to upgrade and transform their business processes. A funding of up to HK\$600,000 for each eligible enterprise will be provided on a 3 (Government):1 (Enterprise) matching basis.

The Government also supports SMEs, public services and different industries face the impact brought by the "new normal" and facilitates economic recovery through various measures to promote the development of I&T and smart city. We will release the "Smart City Blueprint for Hong Kong 2.0" in the second half of 2020, proposing more new proposals to bring convenience to the public, including initiatives which will promote and assist the general public to conduct various economic activities through online platforms and meet their living needs while staying home, thereby effectively maintaining social distancing and avoiding crowd gathering.

The Government will also launch the 'iAM Smart' one-stop personalised digital government service platform in the fourth quarter of 2020, enabling access to commonly used online government services, including the application or use of the e-Services for Public Rental Housing, eTAX, renewal of full driving licence, registration of outbound travel information and registration by job seekers etc., and form-filling function etc. These functions allow safer and more convenient use of various e-services provided by the Government and commercial organisations by the public, and promote e-commerce and facilitate the development of more innovative services by public and private organisations. We will also actively promote the adoption of 'iAM Smart' platform and run simulated tests for public and private organisations' online services.

(3) Amid the continuous eastward shift of the global economic gravity, the Government will strive to strengthen Hong Kong's competitive edge, and actively seize the opportunities brought about by the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development, with a view to ensuring a sustainable and steady development of the Hong Kong economy.

Hong Kong, Guangdong and Macao are closely connected and there are frequent economic and trade activities among the three places. At present, the COVID-19 outbreak in Guangdong Province and Macao has relatively subsided. In view of this and in line with our 'suppress and lift' strategy, relevant policy bureaux and departments are actively discussing with the relevant government departments of Guangdong and Macao, under the framework of joint prevention and control, on the resumption of the cross-boundary people flow between Hong Kong and Guangdong, and between Hong Kong and Macao in an orderly manner once the epidemic situation has stabilised. In respect of the mutual recognition of virus test result and exemption of designated cross-boundary travelers from compulsory quarantine, the three governments intend to mutually recognise the COVID-19 tests results carried out by designated testing facilities which meet the standards. The mutual recognition will be done through the 'Health Codes' of the respective places. In relation to this, one of the preparatory tasks of the HKSAR Government is to develop a "Hong Kong Health Code" system. We shall announce the details of the arrangement for implementation after conclusion of discussions with the governments of Guangdong Province and Macao Special Administrative Region.

The Hong Kong Monetary Authority has been maintaining close liaison with e-wallet operators to promote service that can better address Hong Kong people's demand for making retail payments electronically in the Mainland. Currently, there are Hong Kong e-wallet operators providing services for their users to make retail payments in the Mainland. The relevant e-wallets have been widely accepted by merchants based not only in the GBA but also other cities in the Mainland, and the operators will continue to progressively extend their services to more Mainland merchants nationwide.

To facilitate SMEs to carry out sourcing activities while staying indoors during the epidemic, the Hong Kong Trade Development Council (HKTDC) launched the first Spring Virtual Expo in April this year, and will launch 'Summer Sourcing Weeks | Go ONLINE' from July 27 to August 7. The HKTDC will continue to enable buyers and exhibitors from all around the world to forge business connections online and beyond physical exhibitions through virtual expos, which could in turn generate synergy with physical exhibitions.

Furthermore, since January this year, the Dedicated Fund on Branding, Upgrading and Domestic Sales and the SME Export Marketing Fund have both expanded the funding scope to include virtual exhibitions organised by Government-related organisations or reputable exhibition organisers with good track record to provide

support for enterprises to conduct online promotion during the epidemic.

The Government will also collaborate with the HKTDC to share with overseas markets and the GBA Hong Kong's experience in applying technology to combat the epidemic, and explore more business opportunities for Hong Kong's I&T industry.

Ends/Wednesday, July 15, 2020

Issued at HKT 14:46

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## **Press Releases**

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LCQ19: Measures to boost the economy and relieve people's hardship  
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Following is a question by the Hon Elizabeth Quat and a written reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (October 28):

Question:

Regarding the measures to boost the economy and relieve people's hardship amid the Coronavirus Disease 2019 (COVID-19) epidemic, will the Government inform this Council:

(1) of the latest progress of the implementation of a system for mutual recognition of health codes (mutual recognition system) by the authorities of Guangdong, Hong Kong and Macao;

(2) whether it will discuss the following matters with the authorities of Guangdong and Macao:

(i) on the premise that the effectiveness of the efforts to combat the epidemic will not be compromised, increasing the health code quota under the mutual recognition system by phases, with the first phase covering those who need to commute between the three places on grounds of business and trade, work, study, visiting relatives or special needs; and

(ii) allowing residents of the three places, upon entry, to renew their health codes through nucleic acid tests on COVID-19 conducted locally; if so, of the details; if not, the reasons for that;

(3) of the progress of the discussions between the Government and other countries and places, apart from Singapore, on the establishment of bilateral "Air Travel Bubbles";

(4) given that the non-seasonally adjusted numbers of unemployed and underemployed persons in June to August this year have risen to almost 250 000 and almost 150 000 respectively, whether the Government will consider afresh establishing an unemployment assistance; if so, of the details; if not, the reasons for that;

(5) whether it will consider amending the legislation to permit employees to withdraw the accrued benefits of employees' contributions in their Mandatory Provident Fund accounts, but such a withdrawal may be made only once with the amount capped at 50% of the accrued benefits concerned or \$100,000, whichever is the lower; if so, of the details and the legislative timetable; if not, the reasons for that; and

(6) as some experts have pointed out that COVID-19 may co-exist with mankind for a long time, and Hong Kong cannot rely solely on internal consumption to support its economy in the long run, of the Government's new plans to boost the economy and help various trades and industries to tide over the difficult times?

Reply:

President,

In consultation with relevant policy bureaux, including the Constitutional and Mainland Affairs Bureau, Commerce and Economic Development Bureau, Labour and Welfare Bureau, Financial Services and the Treasury Bureau, etc., my consolidated reply to the various parts of the question raised by the Hon Elizabeth Quat is as follows:

(1) and (2) For the early resumption of the cross-boundary flow of people between Guangdong and Hong Kong, and between Hong Kong and Macao, the Hong Kong Special Administrative Region (SAR) Government has been liaising closely with the Guangdong Provincial and Macao SAR Governments to discuss the relevant implementation proposal. The latest thinking is to mutually exempt the compulsory quarantine requirement upon entry to the other side based on the conditions of mutual conversion of "Health Codes" and mutual recognition of the nucleic acid test results. Details of the arrangement and implementation timeline will be determined upon further deliberations by the three places having regard to the development of the epidemic situation. On the other hand, we have earlier amended the Compulsory Quarantine of Certain Persons Arriving at Hong Kong Regulation (Cap. 599C) and the Compulsory Quarantine of Persons Arriving at Hong Kong from Foreign Places Regulations (Cap. 599E) to empower the Secretary for Food and Health (SFH) to exclude certain categories of persons specified by SFH arriving from certain Category 2 specified places from compulsory quarantine provided that they meet the conditions specified by SFH. The Hong Kong SAR Government will continue to closely monitor the development of the epidemic and discuss with the Guangdong Provincial and Macao SAR Governments, with a view to implementing the relevant arrangement as soon as possible.

(3) The Hong Kong SAR Government has established an inter-departmental task force led by the Secretary for Commerce and Economic Development to actively explore with countries that have a relatively stable epidemic situation and close economic and trade relations with Hong Kong on the gradual resumption of cross-border travel. We have approached 11 countries since mid-June 2020 to explore the initiative. Amongst these countries, Hong Kong and Singapore have reached an in-principle agreement to establish a bilateral Air Travel Bubble (ATB). Both governments are committed to fleshing out the full details of the ATB and look forward to the resumption of travel between both cities as soon as possible, with the necessary safeguards in place to ensure that public health concerns of both sides are addressed. The launch date of the ATB and other implementation details will be announced in due course. Apart from Singapore, the governments of Thailand and Japan have earlier announced the commencement of discussion with Hong Kong on relaxing travel restrictions. The inter-departmental task force is following up with the governments of Thailand and Japan on the relevant details.

As the relaxation of quarantine arrangement involves a lot of complicated operational details, such discussion would take time. On the other hand, the implementation of the relevant arrangement still need to depend on the development of the epidemic situation both locally and in the countries or regions concerned. We will closely monitor the relevant situation and announce the progress in due course.

(4) Having considered the unprecedented challenges posed by COVID-19 in Hong Kong, the Hong Kong SAR Government announced in April 2020 the introduction of a time-limited "Special Scheme of Assistance to the Unemployed" through the Comprehensive Social Security Assistance (CSSA) system. The asset limits for able-bodied applicants under the CSSA Scheme have been temporarily relaxed for six months by 100% from June 1, 2020. In September 2020, the Government announced the further extension of the special scheme for six months to May 31, 2021. Over the past few months, there has been a significant increase in CSSA unemployment cases, which shows that CSSA is effectively serving its purpose as the safety net and could help the unemployed who are facing temporary financial hardship. The Employees Retraining Board (ERB) annually attracted more than 100 000 trainees to enroll in its training courses in the past three years. To support the unemployed or underemployed affected by the economic downturn for skills enhancement, ERB was

commissioned by the Government to launch the "Love Upgrading Special Scheme" (the Special Scheme) in October 2019, offering training courses of around two to three months free of charge for trainees. The Government has assisted ERB in raising the ceiling of the monthly allowance per trainee from \$4,000 to \$5,800 in May 2020, and tasked it to launch Phase 2 of the Special Scheme and introduce a series of enhancements in July 2020, including increasing the number of training courses to about 300, as well as supporting enterprises and trade associations in arranging their employees or staff of corporate members who are underemployed or taking no-pay leave to attend courses under the Special Scheme, etc.

(5) Any proposals allowing early withdrawal of accrued benefits from the Mandatory Provident Fund (MPF) System must take into consideration the corresponding reduction of scheme members' accrued benefits meant for their retirement. Scheme members should not overlook the characteristics of MPF as a long-term investment with compounding effect. Its design is to allow MPF benefits to accumulate steadily and keep in the accounts for value growth during the working life of scheme members. Therefore, accrued benefits should be preserved in the System as far as possible and should only be withdrawn upon retirement of the employed persons. The MPF legislation only allows scheme members to make early withdrawal of accrued benefits before reaching the retirement age under certain exceptional circumstances. If we were to relax the preservation requirement on accrued benefits and allow scheme members to make early withdrawal to meet short-term financial needs or for contingency purposes, the accrued benefits would fail to accumulate for value growth, thereby undermining the integrity of the MPF system and rendering it difficult to achieve the purpose of assisting the working population to save for their retirement.

(6) The Hong Kong SAR Government understands that the persistent epidemic and relevant anti-epidemic measures have added tremendous burden to various sectors. As such, the three rounds of the Anti-epidemic Fund (AEF) have introduced around 100 measures to provide relief to sectors and individuals hard-hit by the epidemic and directly affected by the Government's anti-epidemic and social-distancing measures, as well as to enhance our anti-epidemic capability. The total commitment of AEF has exceeded \$150 billion, covering various sectors including small and medium enterprises, construction, property management, travel, catering, retail, convention and exhibition, arts and culture, creative, innovation and technology, passenger transport, aviation, agriculture and fisheries, hotel, child care centres and registered private schools offering non-formal curriculum, etc. The AEF also provides support to a wide spectrum of employees and needy groups including licenced hawkers, frontline cleansing and security workers, low-income families, secondary, primary and kindergarten students and school-related service providers (such as registered interest class teachers). The relief measures under the three rounds of AEF and the 2020-21 Budget involve over \$300 billion in total, which is about 10%-11% of Hong Kong's Gross Domestic Product (GDP) and is expected to have a supporting effect of slightly more than 5% of GDP on our economy. Relevant measures include the Cash Payout Scheme, rates concession and financial assistance to the sectors and individuals affected by the epidemic. The Government has also provided rental concessions for eligible tenants/holders of government premises, short-term tenancies and waivers administered by the Lands Department, as well as a wide range of fee concessions/waivers, with a view to relieving the burden on businesses and individuals. While many of the above measures are still in force and yielding effects, the Government will keep a close watch on the latest situation and respond in a timely manner.

Nevertheless, with a sizeable spending on the said support measures and an anticipated reduction in government revenue due to the economic downturn, we estimate that the consolidated deficit

for the current financial year will exceed \$300 billion, and our fiscal reserves will be reduced to around \$800 billion, equivalent to around 12-13 months of government expenditure. In the face of the current economic downturn and uncertainties arising from COVID-19, it is crucial that the Government exercises fiscal prudence and preserve our fiscal strength, with a view to meeting our known commitments as well as coping with any unforeseen needs. Maintaining a healthy level of fiscal reserves is also fundamental to ensuring the financial stability of Hong Kong.

Ends/Wednesday, October 28, 2020  
Issued at HKT 17:20

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## Press Releases

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LCQ4: Boosting economic recovery

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Following is a question by the Hon Chung Kwok-pan and a reply by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, in the Legislative Council today (November 4):

Question:

Since the beginning of this year, the Government has allocated a total of 311.5 billion dollars for implementing various relief measures, so as to assist enterprises and members of the public affected by the epidemic. That sum includes an allocation of 120 billion dollars made out of the Budget for the current financial year and an injection of 191.5 billion dollars into the Anti-epidemic Fund. In this connection, will the Government inform this Council:

- (1) of the to-date commitments and balances of the aforesaid allocations, and a breakdown of the commitments by the relief measures and the industries benefited;
- (2) whether it has studied the ways in which the balances of the aforesaid allocations can be used more effectively to better support enterprises and boost economic recovery; and
- (3) given that the epidemic on the Mainland has been brought under control, whether it will grant all persons arriving in Hong Kong from the Mainland exemption from compulsory quarantine and expeditiously launch a health code mutually recognised by the authorities of Guangdong, Hong Kong and Macao, so as to facilitate residents' commuting between the three places and to boost the economy; if so, of the details; if not, the reasons for that?

Reply:

President,

My consolidated reply to the question raised by the Hon Chung Kwok-pan is as follows:

(1) and (2) The Hong Kong Special Administrative Region (SAR) Government fully understands that the persistent COVID-19 epidemic and relevant anti-epidemic measures have created certain and different extent of impact upon the daily lives of individuals and operation of enterprises. These have added considerable burden and caused operating difficulties to various sectors. In view of these challenges, the Government has expeditiously deployed fiscal reserve to introduce the Anti-epidemic Fund (AEF) to "support enterprises, safeguard jobs and relieve people's burden", with a view to enhancing our overall anti-epidemic capability and providing suitable relief to sectors and individuals hard hit by the epidemic or affected by the Government's anti-epidemic and social distancing measures. The Government secured on February 21, 2020 the approval of the Finance Committee of the Legislative Council (FC) for a commitment of \$30 billion to establish the AEF. The Government subsequently secured the FC's funding approval on April 18, 2020 and September 28, 2020 for a further \$120.5 billion and \$5.4 billion injection respectively to the AEF to implement second-round and third-round measures. A total financial commitment of \$155.9 billion was approved for the three rounds of AEF, with measures covering a wide spectrum of sectors and groups in need.

Under the chairmanship of the Chief Secretary for Administration, the AEF Steering Committee (SC) has so far approved 99 measures. Apart from the 83 measures listed in the FC papers, the SC has approved 16 new measures based on proposals put forth by the relevant bureaux or departments having regard to the

development of the epidemic, views from various industry stakeholders and their actual business situation. The total financial commitment of the 99 measures is around \$155 billion. The financial commitment and beneficiary of individual AEF measures are tabulated in Annex 1. As at October 9, 2020, over \$107 billion of subsidies have been disbursed, benefitting over 4.4 million persons and around 450 000 applications from enterprises or businesses.

As of October 9, 2020, 27 measures under AEF have been completed. As the remaining 72 measures are still ongoing, it is difficult to accurately estimate the final expenditure or saving under individual measures at this juncture. The Government will continue to implement the ongoing AEF measures and, having regard to the development of the epidemic and the situation of different sectors, optimise the unspent balance of AEF to provide support and assistance as and when needed.

Apart from AEF measures, the Financial Secretary also announced a series of relief measures in the 2020-21 Budget. The relevant details are tabulated in Annex 2. The expenditure measures, which are all non-recurrent (NR) in nature, cost about \$80 billion. The commitment for each NR expenditure item is approved for designated purpose and any unspent balance cannot be redeployed for other purposes. Meanwhile, the revenue measures cost about \$42 billion. Most of them are under implementation. The revenue forgone will be directly reflected in the Government's actual revenue (for example, rates concession will reduce the Government's receipt in general rates).

In addition, the Government also introduced other relief measures, including the extension of the Special Scheme of Assistance to the Unemployed administered by the Social Welfare Department, provision of enhanced rate concession to non-domestic tenements for the third and fourth quarters of 2020-21, extension of existing government rental and fee concessions or waivers, as well as introduction of new fee waivers, etc.

The relief measures, including those under the three rounds of AEF and the 2020-21 Budget, involve over \$300 billion in total. This is equivalent to about 10 per cent to 11 per cent of Hong Kong's Gross Domestic Product (GDP) and is expected to have a supporting effect of slightly more than five percentage points of GDP on our economy.

(3) On part (3) of the question, the Hong Kong SAR Government has been following up proactively on the arrangements to allow Hong Kong residents currently in Guangdong Province and Macao to return to Hong Kong without being subject to 14-day compulsory quarantine upon meeting certain conditions. To ensure that the arrangements will operate smoothly upon roll-out, we are considering putting in place a quota system, such that Hong Kong residents who obtain a quota and meet the conditions can be exempted from the 14-day compulsory quarantine upon their return to Hong Kong. The Hong Kong SAR Government will announce the details of the arrangements as soon as possible.

For the early resumption of cross-boundary people flow between Guangdong and Hong Kong and between Hong Kong and Macao, the Hong Kong SAR Government has been liaising closely with the Guangdong Provincial and Macao SAR Governments under the framework of joint prevention and control to discuss the implementation proposal, which seeks to allow mutual exemption of compulsory quarantine requirement upon entry to the other side on the basis of the mutual conversion of health codes and mutual recognition of nucleic acid test results. Details of the specific arrangements and implementation timeline will be subject to the development of the epidemic and further deliberations among the three places. The Hong Kong SAR Government is closely monitoring the development of the epidemic and actively discussing with the Guangdong Provincial and

Macao SAR Governments, with a view to implementing the relevant arrangements as soon as possible.

The Hong Kong SAR Government will continue with our anti-epidemic efforts to suppress the epidemic so that our economic activities and daily lives could resume normal as soon as possible.

Thank you President.

Ends/Wednesday, November 4, 2020  
Issued at HKT 17:40

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**Anti-epidemic Fund measures**

Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
<b>First-round AEF measures</b>			
1.	Enhancing support to the Hospital Authority (HA) for combating the epidemic	4,700	HA's staff and patients of public hospitals
2.	Support local mask production	1,100	To subsidise the setting up of a maximum of 20 local production lines (with an undertaking from the Government to purchase up to 40 million masks per month for one year)
3.	Global procurement of personal protective equipment	1,000	All
4.	Support property management sector in anti-epidemic efforts	1,325	Frontline property management workers serving in around 36 500 private residential, composite, industrial and commercial buildings
5.	Technology applications to enable reusability of masks	230	All Hong Kong ID card holders
6.	Support construction sector in anti-epidemic efforts	914	Around 7 400 construction establishments and 486 000 workers
7.	Support cleansing and security staff engaged by Government and Hong Kong Housing Authority service contractors in anti-epidemic efforts	622	67 000 frontline workers
8.	Installation of emergency alert system (EAS)	150	24 million mobile telephone users
9.	Home quarantine support	107	Persons who are required to observe the home quarantine requirement

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<sup>1</sup> The figures are rounded to the nearest million.

Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
10.	Ex-gratia payment to eligible public rental housing (PRH) applicants who have accepted the advance allocation offers of Fai Ming Estate and Chun Yeung Estate	83	4 700 prospective tenants (700 for Fai Ming Estate and 4 000 for Chun Yeung Estate)
11.	Retail Sector Subsidy Scheme	5,516	70 000 retailers
12.	Food Licence Holders Subsidy Scheme	3,750	28 000 licensees
13.	Subsidy for the transport sector	3,147	59 000 taxi drivers, 2 000 red minibus drivers, 165 green minibus operators; 13 000 cross-boundary goods vehicle drivers; franchised buses, local ferries and tram operators; registered owners of about 7 400 non-franchised buses, 2 200 school private light buses, 1 300 hire cars, 120 000 goods vehicles; 8 800 local commercial vessels; operators of cross-boundary ferry services; 850 pleasure vessels let for hire or reward
14.	Convention and Exhibition Industry Subsidy Scheme	1,020	Convention/exhibition organisers and participants
15.	Special allowance for eligible Working Family Allowance (WFA) and Student Financial Assistance (SFA) households	895	All eligible WFA households and SFA households
16.	Additional student grant for 2019/20 school year	876	900 000 students
17.	Rental waivers for tenants at the Hong Kong Science Park, industrial estates and Cyberport	340	863 tenants of Science Park and industrial estates, as well as 740 tenants of Cyberport
18.	Subsidies for live marine fish wholesale traders, fishing vessels with Mainland deckhands and fresh marine fish/vegetable/freshwater fish/hen egg/fresh fruit wholesalers	282	1 800 traders and vessel owners; 1 300 fresh marine fish/vegetable/freshwater fish/hen egg/fresh fruit wholesalers
19.	Support to child care centres (CCCs)	246	257 aided CCCs; 294 non-aided CCCs
20.	Arts and Culture Sector Subsidy Scheme	137	Around 860 arts groups/projects and around 5 600 arts practitioners and freelancers

Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
21.	Licensed Guesthouses Subsidy Scheme	124	1 800 licensed guesthouses
22.	Travel Agents Subsidy Scheme	138	1 736 licensed travel agents
23.	Support to training bodies of Employees Retraining Board	88	80 training bodies
24.	Licensed Hawkers Subsidy Scheme	26	5 500 licensed hawkers
<b>Second-round AEF measures</b>			
25.	Employment Support Scheme	92,351	Around 270 000 employers who have been making Mandatory Provident Fund (MPF) contributions and have set up MPF-exempted Occupational Retirement Schemes Ordinance (ORSO) schemes, employing 1.77 million employees, as well as around 215 000 self-employed persons who have set up an MPF account on or before 31 March 2020 and with the accounts remaining opened as of the date
26.	Job Creation	6,600	30 000 time-limited job will be created
27.	LAWTECH Fund	40	Around 700 SME law firms and barristers' chambers with 5 or less practising lawyers
28.	COVID-19 Online Dispute Resolution Scheme	70	General public and businesses with disputes arising out of or in relation to COVID-19; and mediators, arbitrators and their pupils, etc.
29.	Subsidy for encouraging early deployment of 5G	55	Around 100 projects of 5G application in public and private sectors
30.	Distance Business Programme	1,500	Private enterprises with a valid Business Registration Certificate and social enterprises with a Social Enterprises Certificate issued by the Hong Kong Council of Social Service
31.	Training subsidies for consultants in the construction sector	30	Some 600 consulting firms
32.	Matching Grant Scheme for Skills Upgrading	100	Employees in various sectors

Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
33.	Registered operators of private schools offering non-formal curriculum	97	About 3 000 private schools offering non-formal curriculum
34.	School-related service providers (including catering, interest groups, school bus services)	350	Around 900 operators of catering outlets in schools and post-secondary education institutions; lunchbox providers of around 1 000 schools; around 6 000 school bus drivers, 2 200 school private light bus drivers and 5 400 escorts; and around 27 000 instructors, coaches, trainers and operators of interests classes engaged by schools
35.	One-off grant to registered sports coaches	64	Around 17 000 registered sports coaches
36.	Relief grants for freelance workers hired by subvented non-governmental welfare organisations to provide training and coaching for service users	32	Around 8 200 interest class instructors hired by non-governmental organisations subvented by the Social Welfare Department
37.	Subsidy for the refuse transfer station account holders for transporting municipal solid waste (MSW)	6	800 eligible refuse transfer station account holders
38.	Subsidies for local primary producers	72	Around 7 600 local primary producers
39.	Special subsidy to exchange participants and Securities and Futures Commission licensees	126	Some 790 Category B and Category C exchange participants; and some 44 000 Securities and Futures Commission licensed individuals
40.	Cash subsidy for individual licensees in the estate agency sector	130	Around 40 000 individual licensees

Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
41.	Subsidy for the passenger transport sector	3,634	5 franchised bus companies, 9 local ferry operators and Hong Kong Tramways Limited; Registered owners of about 7 400 non-franchised buses, 2 200 school private light buses, 1 300 hire cars, 18 163 taxis and 1 010 red minibus; 165 green minibus passenger service licence holders; 59 000 taxi drivers and 2 500 red minibus drivers; 3 000 green minibus and 200 local ferry employees aged 65 or above; 72 kaito routes
42.	Providing relief to creative industries (a) Cinemas Subsidy Scheme; (b) Subsidy to PMQ tenants; and (c) Printing and Publishing Sector Subsidy Scheme	85	(a) 7 cinema circuits (operating 50 cinemas in total) and 9 standalone cinemas; (b) All the 107 tenants of PMQ; and (c) All exhibitors at the next Hong Kong Book Fair (about 730 exhibitors)
43.	Tourism Industry Support Schemes	761	Some 1 730 licensed travel agents; some 26 000 travel agents' staff and freelance accredited tourist guides and tour escorts whose main occupations are tourist guides and tour escorts; about 300 licensed hotels; about 9 300 tour service coach drivers; Kai Tak Cruise Terminal and cruise lines with ship calls cancelled
44.	Relief measures for construction sector	5,795	Around 530 000 construction workers and 30 000 construction-related enterprises, and around 3 500 employers of the construction sector
45.	Subsidy to operators of Revitalising Historic Buildings Through Partnership Scheme, PMQ and Fly the Flyover Operation	36	10 non-profit-making organisations (NPOs) running projects under the Revitalising Historic Buildings Through Partnership Scheme, PMQ and the NPO operating and managing the three Fly the Flyover sites for the Government
46.	Subsidy for the aviation sector	343	Some 270 aircraft registered in Hong Kong; and some 40 aviation support services and cargo facilities operators at the Hong Kong International Airport
47.	Catering Business (Social Distancing) Subsidy Scheme (CSS)	4,650	About 17 000 catering outlets and their employees



Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
48.	Amusement Game Centres Subsidy Scheme	21	Around 240 amusement game centre operators
49.	Commercial bathhouses Subsidy Scheme	5	Around 50 commercial bathhouses
50.	Fitness Centre Subsidy Scheme	166	Around 1 660 fitness centres
51.	Places of Amusement Licence Holders Subsidy Scheme	6	59 licensed billiard establishments, public bowling-alleys and public skating rinks
52.	Places of Public Entertainment Licence (PPEL) Holder Subsidy Scheme	24	Around 180 PPEL holders and 300 temporary PPEL (TPPEL) holders
53.	Mahjong / Tin Kau Licence Holder Subsidy Scheme	7	66 holders of Mahjong/Tin Kau Licence
54.	Subsidy Scheme for Beauty Parlours, Massage Establishments and Party Rooms	707	Around 11 000 beauty parlours, 1 400 massage establishments and 500 party rooms
55.	Club-house Subsidy Scheme	56	Around 580 holders of the Certificate of Compliance issued under the Clubs (Safety of Premises) Ordinance
56.	Sports and Recreational Sites Subsidy Scheme	7	Operators of sports and recreational facilities on sites granted by the Government
57.	A 20% fare concession of MTR and temporary relaxation of the monthly threshold of the Public Transport Fare Subsidy Scheme (PTFSS)	800	MTR Corporation Limited (MTRCL) and its railway passengers; and passengers with monthly public transport expenses in excess of \$200
<b>Third-round AEF measures</b>			
58.	Quarantine centres for residents of residential care homes for the elderly and residential care homes for persons with disabilities	730	3 quarantine centres including Hong Kong PHAB Association Jockey Club PHAB Camp, Cheung Muk Tau Holiday Centre for the Elderly, and AsiaWorld-Expo, providing a total of 740 beds
59.	Quarantine facilities	610	2-3 hotels providing a total of up to 1 000 guestrooms to serve as quarantine facilities and the 3 500 quarantine units in Penny's Bay

Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
60.	Subsidy scheme for the promotion of contactless payment in public markets	68	Tenants of about 12 000 stalls in Food and Environmental Hygiene Department markets, and some 1 500 stalls in Hong Kong Housing Authority markets (including wet market stalls and cooked food stalls)
61.	Catering Business Subsidy Scheme	1,672	About 18 000 catering outlets, including some 17 000 licensed catering outlets and about 1 000 cooked food/light refreshment stall operators
62.	Tourism Industry Support Scheme	397	Around 1 700 travel agents, 20 000 travel agents' staff and freelance accredited tourist guides and tour escorts whose main occupations are tourist guides and tour escorts, and 3 400 tour service coach drivers
63.	Subsidy Scheme for Beauty Parlours, Massage Establishments and Party Rooms (Second Round)	350	Around 11 000 beauty parlours and massage establishments, and 500 party rooms
64.	Subsidy Scheme for the Transport and Aviation Sector	250	Owners of about 7 400 non-franchised buses, 2 200 school private light buses, 1 300 hire cars; operators of the 84 cross-boundary ferries; 36 aircrafts registered in Hong Kong, and 27 aviation support services operators at the Hong Kong International Airport (HKIA)
65.	One-off Relief Grant to Providers of Catering Services for Schools and Post-Secondary Education Institutions and Providers of Interest Classes and School Bus Services for Schools	249	Around 910 operators of catering outlets in primary and secondary schools and post-secondary education institutions; lunchbox providers of around 900 schools; 5 000 school bus drivers, 2 200 school private light bus drivers and 5 000 escorts; and around 25 000 instructors, coaches, trainers and operators of interests classes engaged by schools
66.	Support for Child Care Centres (CCCs)	130	258 aided CCCs; 291 non-aided CCCs
67.	Fitness Centre Subsidy Scheme	86	Around 1 660 fitness centres
68.	One-off Grant to KGs and Private Schools	68	Around 1 000 KGs and 180 private primary and secondary day schools

Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
69.	One-off Grant to Private Schools Offering Non-formal Curriculum (generally referred to as “Tutorial Schools”)	60	Around 3 000 private schools offering non-formal curriculum
70.	One-off Grant to Registered Sports Coaches	45	Around 9 000 registered sport coaches
71.	Club-house Subsidy Scheme	40	580 holders of Certificate of Compliance issued under the Clubs (Safety of Premises) Ordinance
72.	Sports Premises Subsidy Scheme	34	Around 1 100 sports premises ordered to be closed under the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap. 599F)
73.	Scheme on Relief Grants for Interest Class Instructors Hired by Subvented Non-governmental Welfare Organisations	30	Around 6 000 interest class instructors hired by non-governmental organisations subvented by the Social Welfare Department
74.	Arts and Culture Sector Subsidy Scheme - Subsidy to individual arts practitioners and freelancers	23	Around 3 300 individual art practitioners/freelancers and 775 Chinese opera practitioners
75.	Places of Public Entertainment Licence (PPEL) Holder Subsidy Scheme	13	Around 180 PPEL holders and 400 temporary PPEL holders
76.	Amusement Game Centres Subsidy Scheme	12	Around 240 amusement game centre operators
77.	Cinemas Subsidy Scheme	11	7 cinema circuits (with 51 cinemas in total) and 8 standalone cinemas, which are operating around 290 screens
78.	Provision of subsidy to companies in the performing industry which organise pop concerts	8	Around 76 companies in the performing industry which organise pop concerts
79.	Arts and Culture Sector Subsidy Scheme - Rental support for tenants of Arts Spaces and Jockey Club Creative Arts Centre	7	260 tenants of the Jockey Club Creative Arts Centre and arts spaces run by the Hong Kong Arts Development Council
80.	Sports and Recreational Sites Subsidy Scheme	4	Operators of sports and recreational facilities on sites granted by the Government

Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
81.	Mahjong/Tin Kau Licence Holder Subsidy Scheme	3	66 holders of Mahjong/Tin Kau Licence
82.	Places of Amusement Licence Holders Subsidy Scheme	3	59 licensed billiard establishments, public bowling-alleys and public skating rinks
83.	Further Subsidy to Commercial Bathhouses	3	Around 50 commercial bathhouses
<b>New measures approved by the AEF Steering Committee</b>			
84.	Application of Anti-virus Coating for Residential Care Homes for the Elderly and Residential Care Homes for Persons with Disabilities	76	761 residential care homes for the elderly and 328 residential care homes for persons with disabilities
85.	Enhancing Support for Testing Service on COVID-19	208	Up to 2 400 additional tests are expected to be carried out per day in the public sector
86.	Training Subsidies for Employers of Engineering Graduates	78	Employers of additional 728 engineering graduates under the Engineering Graduate Training Scheme in the 2020-21 cohort
87.	Anti-epidemic Subsidy Scheme for the Laundry Trade	85	1 400 laundry shops or workshops
88.	Subsidy Scheme for Employment Agencies	103	About 3 000 licensed employment agencies, including about 1 250 employment agencies that provide foreign domestic helper placement service
89.	Hong Kong Export Credit Insurance Corporation's 100% Credit Limit Top-Up Scheme	300	Exporters
90.	Subsidy to vehicle maintenance workshops	140	Around 2 800 vehicle maintenance workshops
91.	One-off Subsidy Scheme for the Dishware Washing Trade	3	Around 60 dishware washing operators
92.	Special Subsidy to Chinese Gold and Silver Exchange (CGSE) members and practitioners registered with CGSE	3	102 CGSE members with valid trading licence and some 550 practitioners registered with CGSE

Item	Measure	Estimated Expenditure <sup>1</sup> (\$M)	Estimated number of beneficiary
93.	Further subsidy to cooked food tenants operating in public housing developments with hawker licences	2	Some 40 licensed fixed-pitch (cooked food or light refreshment) hawkers operating in public housing developments
94.	Installation of Gas Water Heaters at non-Quarantine units of Chun Yeung Estate	10	Around 1 675 public rental housing flats
95.	Procurement of Private COVID-19 Testing Services (TGTS)	680	A total of 528 000 beneficiaries <sup>2</sup> , including (1) groups who if infected, may pose risks to vulnerable persons, and (2) groups who have frequent contact with the general public by their job nature.
96.	Funding for Provision of about 2 000 Quarantine Units at Penny's Bay	1,725	2 000 quarantine units in Penny's Bay
97.	Relocation and expansion of test and hold facilities of Department of Health	515	Maximum "test and hold" capacity would be about 3 900
98.	Universal Community Testing Programme	530	All
99.	Pyrotechnics and Special Effects Operators Subsidy Scheme	2	Around 240 special effects operators and assistants licensed under the Entertainment Special Effects Ordinance (Cap. 560) and its subsidiary legislation

<sup>2</sup> As some of the high-risk groups and high-exposure groups may need repeated testing, the actual number of testing conducted will be more than 528 000.

### Support Measures under the 2020-21 Budget

Measure	Amount \$M	Beneficiary
<b><u>Expenditure Measures</u></b>		
1. Cash Payout Scheme	71,008	Hong Kong permanent residents aged 18 or above
2. Provide an equivalent of one month extra allowance to recipients of social security payments; and apply similar arrangements to recipients of Individual-based Work Incentive Transport Subsidy (I-WITS)	4,225	About 1.39 million persons eligible for social security payments and 27 000 I-WITS recipients
3. Provide electricity charge subsidy to non-residential electricity accounts for four months	2,900	Around 430 000 non-residential electricity account holders
4. Pay one month's rent for lower income tenants living in the public rental units of the Hong Kong Housing Authority (HKHA) and the Hong Kong Housing Society (HKHS)	1,829	About 760 000 households living in HKHA's public rental units; and about 30 000 households living in public rental units of HKHS Group A estates and Elderly Persons' Flats of HKHS Group B estates
5. Pay the examination fees for school candidates sitting for the 2021 Hong Kong Diploma of Secondary Education Examination (HKDSE)	151	About 44 100 HKDSE school candidates
6. Provide rental subsidy for six months for recycling enterprises through the Recycling Fund	100	Around 500 street-corner recycling stores and 400 open recycling sites
<b>Sub-total for Expenditure Measures</b>	<b>80,213</b>	

Measure	Amount \$M	Beneficiary
<b><u>Revenue Measures</u></b>		
1. Reduce salaries tax and tax under personal assessment for the year of assessment 2019/20 by 100%, subject to a ceiling of \$20,000	18,800	1.95 million taxpayers
2. Waive rates for four quarters of 2020-21 subject to a ceiling of –		
<u>For each rateable domestic property</u> \$1,500 per quarter	13,300	2.93 million domestic properties liable to rates
<u>For each rateable non-domestic property</u> \$5,000 per quarter in the first two quarters and \$1,500 per quarter in the remaining two quarters	3,200	420 000 non-domestic properties liable to rates
3. Waive the business registration fees for 2020-21	3,000	1.5 million business operators
4. Reduce profits tax for the year of assessment 2019/20 by 100%, subject to a ceiling of \$20,000	2,000	141 000 taxpayers
5. Reduce rental and fees by 50% for six months for eligible tenants of government properties, lands, and EcoPark, etc.	573	Around 16 800 tenants and operators
6. Waive 75% water and sewage charges for four months for non-domestic households	340	Around 250 000 non-domestic households
7. Reduce fee by 50% for six months for eligible operators of properties covered by short-term waivers	265	3 211 waiver holders
8. Waive fees for annual registration (except for late delivery) for two years	212	About 1.4 million companies
9. Reduce the basic hire charges by 50% for six months for facilities of civic centres managed by LCSD	23	Some 2 900 hirers of LCSD civic centre facilities
10. Reduce fees and rent for cruise lines and existing tenants of the Kai Tak Cruise Terminal	18	71 ship calls and 5 existing tenants
11. Waive the examination fees for pigs to be paid by slaughterhouse licensees for one year	10	2 slaughterhouse licensees
<b>Sub-total for Revenue Measures</b>	<b>41,741</b>	
<b>Total</b>	<b>121,954</b>	

## **Press Releases**

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LCQ14: COVID-19 Online Dispute Resolution Scheme

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Following is a question by the Hon Yung Hoi-yan and a written reply by the Secretary for Justice, Ms Teresa Cheng, SC, in the Legislative Council today (November 11):

Question:

The COVID-19 Online Dispute Resolution (ODR) Scheme, established under the Anti-epidemic Fund by the Government, was launched on June 29 this year. Under the Scheme, an arbitration and mediation institution has been appointed to provide speedy ODR services to micro, small and medium-sized enterprises as well as members of the public. The following conditions are to be met for disputes to be admitted under the Scheme: (i) the dispute is related to the Coronavirus Disease 2019 (COVID-19), (ii) the claim amount does not exceed \$500,000, and (iii) either one of the parties involved in the dispute is a Hong Kong resident or company. The parties involved are required to pay \$200 each as registration fee, while the fees for the mediators and arbitrators will be paid by the Government. In this connection, will the Government inform this Council:

(1) whether it knows the number of cases received so far under the Scheme, with a tabulated breakdown by (i) the group to which the claim amount belongs (each group spanning \$100,000), (ii) the type of dispute, and (iii) whether or not either one of the parties involved is a resident or company from (a) the Mainland or (b) an overseas country/region; of the public expenditure incurred so far on the Scheme;

(2) whether it knows, among those cases mentioned in (1), the respective total numbers of cases (a) admitted and (b) rejected; among the cases admitted, the respective numbers of those in which the parties involved (i) are negotiating, (ii) are receiving mediation, (iii) have reached a settlement, (iv) are undergoing arbitration, and (v) have obtained an arbitral award, in respect of their disputes; regarding those cases in which a settlement has been reached, the major types of disputes involved, the average overall processing time for such cases, and the range of the claim amounts agreed to by the parties involved;

(3) whether it knows the respective numbers of arbitrators and mediators participating in the Scheme, with a breakdown by the professional qualifications they possess; whether they are required to undergo any special training and examination before participating in the Scheme; if so, of the details of such training and the passing rate of such examination;

(4) whether it knows the respective to-date numbers and percentages of arbitrators and mediators who have provided services under the Scheme; and

(5) whether it has reviewed, in respect of the Scheme, the response received since its launch, its cost effectiveness and whether its objectives have been achieved; if it has reviewed, of the outcome, and the Government's follow-up measures; if it has not reviewed, the reasons for that?

Reply:

President,

It is a global trend to develop and use online dispute



resolution (ODR) services to provide a reliable and efficient platform to facilitate alternative dispute resolution (ADR). In light of the pandemic's impact on the economy and in anticipation of an upsurge of disputes arising from or relating to the pandemic, the Government announced on April 8, 2020 the establishment of the COVID-19 Online Dispute Resolution Scheme (Scheme) under the second round of the Anti-epidemic Fund to provide speedy and cost effective ODR services to the general public and businesses, in particular micro, small and medium-sized enterprises. The Scheme starts from negotiation and mediation so as to prevent entrenched views on the conflicts, thereby helping to foster harmony in society. It also provides an ADR mechanism which may help relieve the Court's caseload in civil claims.

On May 18, 2020, the Department of Justice (DoJ) and eBRAM International Online Dispute Resolution Centre Limited (eBRAM Centre) entered into a Memorandum of Understanding (MoU) on the Scheme to govern and monitor the use of the relevant funding. A funding support totalling \$70 million was provided, including (i) \$50 million covering the cost of the first 12 months of platform development and initial set-up (including staff), as well as the operation cost in the first year; and (ii) \$20 million covering the fees of mediators and arbitrators for an estimate of 2,000 cases in the first year. After the platform has been established and in operation for one year, eBRAM Centre may continue to make use of the platform for other purposes, for example for serving the Asia-Pacific Economic Cooperation (APEC) economies after eBRAM Centre is listed under the APEC Collaborative Framework for ODR. eBRAM Centre may also adapt and make necessary modifications to the platform to handle other cases beyond the Scheme.

The Scheme was launched on June 29, 2020.

In relation to the Hon Yung Hoi-yan's questions, the DoJ replies as follows:

(1) to (4) According to the MoU entered into by eBRAM Centre and the Government in May 2020, eBRAM Centre is required to regularly report to the Government on the progress of the Scheme. As the Scheme was launched only less than half a year ago, eBRAM Centre is still in the process of compiling the relevant statistics. It plans to report the latest progress of the Scheme, including the relevant statistics and details, to the Legislative Council Panel on Administration of Justice and Legal Services later this year.

According to the preliminary information provided by eBRAM Centre, since the launch of the Scheme, over 150 mediators and arbitrators have been enlisted in the Scheme and the training provided by eBRAM Centre to them has also been completed. The arbitrators and mediators enlisted in the Scheme come from different sectors, while those from the legal sector account for the majority. All of the participants are selected from the lists of arbitrators and mediators maintained by the Hong Kong International Arbitration Centre, Hong Kong Bar Association and the Law Society of Hong Kong, and are professionals who have passed the assessment and possess sufficient experience in arbitration and mediation. Before their eligibility to participate in the Scheme is confirmed, participants must first complete the training course provided by eBRAM Centre. The content of the training course includes understanding of the eBRAM Rules for the Scheme, the arbitration and mediation process and operational guidelines of the online platform, as well as recent developments of ODR etc. The training course was conducted online and was delivered by senior arbitrators, mediators of the sector and prominent academics in the field of ODR. All of the arbitrators and mediators enlisted in the Scheme had passed the training course provided by eBRAM Centre eventually.

(5) As afore-mentioned, the Scheme aims to provide the general

public and businesses that are involved in disputes arising from or in relation to the pandemic with a speedy and cost-effective means to resolve such disputes by deploying ODR. The Scheme also provides the benefits of job creation and job advancement for the legal and dispute resolution sectors including mediators, arbitrators and their pupils. At the same time, the DoJ hopes to, through the Scheme, facilitate the development of Hong Kong's ODR services and enhance Hong Kong's LawTech capability.

The Scheme was launched less than half a year ago and is still at its initial stage. We are delighted that the Scheme received very positive response from the general public. The Scheme has also successfully aroused the interest of relevant stakeholders as the number of inquiries and applications received by eBRAM Centre have been on the rise. The DoJ will continue to work closely with eBRAM Centre to jointly promote the Scheme.

eBRAM Centre has been proactively promoting the Scheme locally, to the Mainland and globally through various means and channels, including actively participating in various types of webinars (for example the China International Fair for Trade in Services 2020's Mainland-Hong Kong Services Industry Forum 2020, In-House Community e-Congress Japan 2020 and In-House Community e-Congress Hong Kong 2020). Furthermore, eBRAM Centre also promoted the Scheme through interviews with different media and with various chambers of commerce in Hong Kong. Currently, eBRAM Centre has reached consensus with relevant local organisations and bodies to jointly further promote the Scheme.

Moreover, the Scheme has helped advance the relevant skills and capabilities of mediators and arbitrators, as well as facilitated the development of an ODR platform by eBRAM Centre, which signifies an important milestone for Hong Kong's ODR services development. The DoJ will continue to monitor the progress of the Scheme and conduct timely review of its effectiveness.

Ends/Wednesday, November 11, 2020  
Issued at HKT 14:25

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## Press Releases

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LCQ11: The wholesale and retail sectors moving towards a new business model

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Following is a question by the Hon Shiu Ka-fai and a written reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (November 18):

Question:

There are comments that under the impact of the Coronavirus Disease 2019 epidemic, purchasing goods and services online has become increasingly common, and remote working or service provision has developed into a new trend. Quite a number of wholesalers and retailers have expedited the adoption of an integrated online-to-offline (O2O) model of doing business. In this connection, will the Government inform this Council:

(1) of the number of applications received from wholesale and retail business operators under the Distance Business Programme, which was launched under the Anti-epidemic Fund, by the time when applications closed on October 31, and among such applications, the number of those approved; a breakdown by the type of information technology solutions involved; the (i) total, (ii) average, (iii) largest and (iv) smallest amounts of funding granted in respect of the approved applications;

(2) of the annual numbers of applications received from wholesale and retail business operators under the Technology Voucher Programme (TVP) since its launch in November 2016, and among such applications, the number of those approved and the total amount of funding involved;

(3) given that the Government successively launched three rounds of enhancement measures for TVP between February 2018 and April this year, whether it has plans to launch enhancement measures again in the coming year; if so, of the details; if not, whether it will conduct a review expeditiously; and

(4) whether, in light of the wholesale and retail sectors moving towards the integrated O2O business model, it has plans to step up the relevant support for the sectors; if so, of the details; if not, the reasons for that?

Reply:

President,

Under the impact of the epidemic, remote work or service mode has become a new trend, leading to the application of technologies in digitising business processes by different industries, including the wholesale and retail sectors. Through various regular initiatives as well as measures introduced during the epidemic, the Government provides support for the application of technologies in different sectors and industries.

Having consulted the Commerce and Economic Development Bureau, our reply to the various parts of the question is as follows:

(1) The Innovation and Technology Commission (ITC) launched the Distance Business Programme (the Programme) under the Anti-epidemic Fund to support enterprises to continue their businesses and provide services during the epidemic through the adoption of information technology (IT) solutions. The Programme was open for funding application from May 18 to October 31, 2020. A total of

38 572 applications including 7 709 applications from the retail sector have been received. The Secretariat (namely the Hong Kong Productivity Council) does not have statistics of the funding applications from the wholesale sector.

Regarding the 7 709 applications from the retail sector, as at November 17, a total of 4 137 have been processed, of which 3 745 were approved with a total funding of around \$234 million. The average approved funding amount was around \$62,500. The highest and lowest approved funding amounts were \$202,800 and \$1,164 respectively.

Under the Programme, each enterprise can submit no more than two applications, and include in each application three IT solutions with no duplications in the IT solution categories. The IT solution categories involved in the applications from the retail sector are tabulated as follows:

IT solution categories involved	Applications from the retail sector	
	Number received	Number approved (as at November 17)
1. Online business	5 365	2 893
2. Online order taking and delivery, and smart self-service systems	1 138	404
3. Online customer services and engagement	2 952	1 500
4. Digital customer experience enhancement	2 074	801
5. Digital payment / mobile point of sale	1 711	654
6. Online / cloud-based financial management systems	831	431
7. Online / cloud-based human resources management systems	486	194
8. Remote document management, cloud storage and remote access services	801	501
9. Virtual meeting and conference tools	373	206
10. Virtual team management and communications	258	139
11. Cybersecurity solutions	397	171
12. Other online / custom-built / cloud-based business support systems	1 503	675

(2) and (3) From November 2016 up to October 31, 2020, 7 554 applications (excluding those which were subsequently withdrawn by the applicants or were unable to be processed due to ineligibility or incomplete documents) were received under the Technology Voucher Programme (TVP), including 1 969 applications from the wholesale and retail industry. As at October 31 this year, the TVP Committee has considered 848 applications, 793 of which have been approved. Relevant number of applications and funding amount are tabulated as follows:

Year	Number of applications received	Number of applications approved*	Funding amount (\$ Million)
2016	1	1	0.03

(from the launch of the TVP on November 21)			
2017	124	118	15.0
2018	179	172	25.5
2019	445	402	66.2
2020 (as at October 31)	1 220	100	14.9
Total	1 969	793	121.6

\* The figures denote the number of applications received in the year and subsequently approved.

Since the launch of the TVP in November 2016, the ITC has been closely monitoring the implementation of the TVP, and has introduced enhancement measures several times. Following the enhancements from February 2018 to April 2020 (including relaxing the eligibility criteria of applicants, regularising the TVP, raising the cumulative funding ceiling, maximum number of approved projects and the Government funding ratio, and introducing the arrangement for disbursing partial funding in advance for approved projects), the ITC has relaxed, from June 1, 2020, the requirement for TVP projects to obtain approval before commencement. Applicants can start their projects the next day after the submission of the application so as to facilitate early adoption of technological services and solutions. With effect from August 14, 2020, the restriction pertaining to related entities under the TVP has also been relaxed. Related entities, i.e. enterprises/ organisations having the same individual(s) holding 30 per cent or more ownership in each of the enterprises/ organisations, are no longer treated as one single entity for the purpose of calculating the cumulative funding amount of each individual entity under the TVP.

The ITC will continue to closely monitor the implementation of the TVP and introduce further enhancement measures as appropriate.

(4) The Government has always been encouraging all industries and sectors to make more use of technologies. In addition to continuing to support local enterprises and organisations (including the wholesale and retail sectors) in using technological services and solutions through the above-mentioned TVP, the Government will also continue to assist the wholesale and retail sectors in improving productivity, upgrading and transforming through various funding schemes. For example, the Trade and Industrial Organisation Support Fund under the Trade and Industry Department provides financial support to non-profit-distributing organisations to implement projects which aim at enhancing the competitiveness of Hong Kong enterprises in general or in specific sectors.

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