

For discussion
on 30 April 2021

**Legislative Council Panel on Commerce and Industry
Subcommittee on Issues Relating to the Stimulation
of Hong Kong's Economy**

Consumption Voucher Scheme

PURPOSE

This paper briefs the Subcommittee on Issues Relating to the Stimulation of Hong Kong's Economy of the Panel on Commerce and Industry on the latest development of the Consumption Voucher Scheme (“the Scheme”).

BACKGROUND

2. The COVID-19 pandemic has dealt a heavy blow to the global and Hong Kong economies. In addition, the social distancing measures have serious impact on local consumption activities, bringing hardship to different business sectors.

3. The Financial Secretary has announced in the 2021–22 Budget that electronic consumption vouchers with a total value of \$5,000 will be disbursed by instalments to eligible Hong Kong permanent residents and new arrivals aged 18 or above. It is estimated that there are around 7.2 million eligible persons, involving a financial commitment of about \$36 billion. The Scheme aims to stimulate the consumer sentiment, enabling the funding under the consumption vouchers to circulate in the local economy, so as to boost local consumption to the fullest extent and accelerate economic recovery through the multiplier effect. The Government also wants to encourage more local merchants and members of the public to use electronic payments through the Scheme, with a view to fostering the development of the local electronic payment market.

OVERVIEW OF THE SCHEME

Eligibility Criteria

4. The Scheme will cover all Hong Kong permanent residents and new

arrivals¹ who are aged 18 or above and residing in Hong Kong. We believe there is a general consensus that people who have not resided in Hong Kong for a long time should not benefit from the Scheme, and will therefore include a “residing in Hong Kong” requirement in the eligibility criteria. We are working with the Immigration Department on the relevant details.

Registration Procedures

5. The registration procedures of the Scheme will follow the principles of simplicity, convenience and security. Registrants will only be required to provide basic personal information, including name, number and date of issue of the identity card or Certificate of Exemption, a SMS-enabled local mobile number, and the account number of the Stored Value Facility (“SVF”) selected for collecting the consumption vouchers. The Government will set up a central registration system for registration by the public and verification of the identity of the registrants. Each eligible person can only register once. Duplicated registrations with the same identification document number or SVF account will not be allowed. In addition to the central registration system, eligible persons may also register through paper forms and submit them with copies of their identification documents at designated locations.

Coverage of Merchants

6. The coverage of the consumption vouchers will be as extensive as possible, including consumption at physical and online stores of local businesses in the retail, food and beverage, and services sectors. Taking into consideration the policy intent, the consumption vouchers will in principle not be usable for payments to the Government and public organisations/ public utilities, public transport services covered by the Public Transport Fare Subsidy Scheme, purchases of financial products, overseas consumption, person-to-person payments, encashment, etc.. We are discussing with the SVF operators on practical means to prevent the use of consumption vouchers on payments other than local consumption.

Disbursement Arrangement

7. After thorough study and consultation with the Hong Kong Monetary Authority, we are of the view that disbursing the consumption vouchers through SVFs serves the purpose of the Scheme. After drawing on the experiences of other economies in issuing consumption vouchers, we consider

¹ Including persons entering Hong Kong with the “Permit for Proceeding to Hong Kong and Macau” (commonly called “One-way Permit”) and those as dependents of Hong Kong permanent residents.

that consumption vouchers with a validity period disbursed by instalments over a period of time could continuously drive and stimulate local consumption during the particular period.

8. We are carefully considering the different views expressed by the public previously, and will finalise as soon as possible the implementation details, including the number of instalments, the amount in each instalment, the validity period, etc.. We will strive to strike the best balance among various needs based on the principles of simplicity, convenience and security, with a view to launching the Scheme as early as possible.

PREPARATION PROGRESS

9. We announced on 11 April that four SVF operators, namely AlipayHK, Octopus, Tap & Go and WeChat Pay HK, had been selected to assist in implementing the Scheme. When identifying the suitable SVFs, our major considerations included their popularity in Hong Kong, ease of use, merchant coverage, the operators' relevant experience and supporting facilities, the preparation time required, etc.. The above SVFs currently cover a network of around 30 000 to 100 000 merchants respectively in the local retail, food and beverage, and services sectors. We believe that the public are able to select a SVF that suits their needs to collect and use the consumption vouchers.

10. To boost local consumption to the fullest extent with the Government's funding injection to the Scheme so as to benefit the society, the operators have agreed to waive, as far as practicable, relevant fees for the installation and usage of electronic payment devices by local merchants (in particular small and medium enterprises) as well as the administrative fees for processing payments made with the consumption vouchers. Merchants do not have to pay for installation if they apply directly to the operators for payment codes or simple devices. The SVF operators, taking into account their own operational model and commercial arrangements, will rebate the additional income generated from the consumption vouchers to consumers or merchants by various means.

11. We are working in full swing with the SVF operators and relevant departments to prepare for the Scheme, including establishing the central registration system and other computer systems, designing various detailed workflows, setting up the website and enquiry hotline, and preparing for promotion activities etc.. Our current target is to commence registration this summer vacation.

WAY FORWARD

12. We will continue to work closely with all stakeholders and spare no effort in preparing the Scheme. We will announce the details of the Scheme as soon as possible. We will also conduct comprehensive publicity and promotion through various channels, including website, promotion videos, advertisements, press conference, press releases, enquiry hotline, social media, etc., to enable the public and merchants to understand the details and arrangements of the Scheme, as well as to encourage and facilitate their participation. We will continue to foster cooperation between the SVF operators and merchants to organise different activities so as to boost consumption. We will also encourage the business sectors to organise promotion events and provide different offers during the Scheme, with a view to bringing about more additional consumption, rendering the effect of the Scheme more significant.

ADVICE SOUGHT

13. Members are invited to note the content of this paper.

**Financial Secretary's Office
Financial Services and the Treasury Bureau
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