

Budget Speech by the Financial Secretary (4)

Reviving the Economy after the Epidemic

38. While having a profound impact on the global economic development and structure, as well as people's lifestyles, the epidemic has also created new business opportunities. To enable our economy to revive after the epidemic, we should adopt a targeted approach. Apart from helping enterprises adapt to the economic "new normal" after the epidemic and stimulating consumption, we should also promote our advantages outside Hong Kong. I will elaborate on the relevant measures in the ensuing parts of my speech.

Digital Economy

39. Many traditional industries have accelerated the application of technology in their operations due to the epidemic. Examples include digital payment; smart self-service systems; and various online businesses, customer services and workflow management. For many people who stay at home during the epidemic, the use of online shopping services, video streaming platforms and online conference software has become their new mode of working, studying and entertainment. For various trades, it has now become a trend to speed up digital transformation in order to adapt to the new consumption modes and habits of the people. Only by making good use of information technology can enterprises seize the opportunities of development when the epidemic is over.

40. In view of the above, we have launched the Distance Business Programme under the AEF to provide funding support for enterprises to adopt information technology solutions and cover the expenses for providing relevant training to their employees. The programme has received an overwhelming response since its launch in mid-2020, and a total funding of nearly \$800 million has been granted. We have subsequently allocated an additional funding of \$1 billion for the continuation of the programme and further enhancement.

41. The challenges posed by the epidemic have also catalysed local I&T development. They not only incentivise businesses to conduct research and development (R&D) for products or innovative services but also provide enterprises with suitable contexts for application. The electronic wristbands used for home confinement and the touchless lift button system are some good examples. The Government will continue to support enterprises or manufacturers through, among others, the Public Sector Trial Scheme, the Technology Voucher Programme and the Re-industrialisation Funding Scheme in realising and commercialising their R&D outcomes, using technological services to improve their productivity or business processes, and setting up smart production lines in Hong Kong. This will enable them to better grasp the opportunities brought by the new economy.

42. I will allocate a total of \$375 million to the Hong Kong Trade Development Council (TDC) in three years starting from 2021-22 for developing

virtual platforms to enhance its capability to organise online activities and to proceed with digitalisation. Moreover, the TDC will promote Hong Kong's strength in the development of the GBA and in healthcare products and services. It will also explore the use of its physical and online Business-to-Consumer platforms to assist young business starters in promoting their original products and gauging the preference of consumers.

43. In light of the epidemic, we have expedited our work in taking forward e-Government by providing more electronic services to make it easier for enterprises and individuals to submit applications, make payments, obtain licences and use government services. By mid-2022, unless there are legal or operational constraints, all government forms and licence applications can be submitted electronically. Besides, e-payment options (including the Faster Payment System) will be available for making payments in respect of most government bills and licences starting from mid-2022.

44. The "iAM Smart", a one-stop personalised digital service platform, was launched at the end of last year. The HKMA is currently working with the Office of the Government Chief Information Officer (OGCIO) to develop the business version of the "iAM Smart" digital authentication platform. It can be used to authenticate the identity of enterprises through an electronic channel. With the wide adoption of "iAM Smart" in various electronic government services, members of the public can choose to obtain their data kept by individual government departments via electronic means, and submit such data electronically when applying for services from financial institutions. In addition, the HKMA has earlier announced the development of "Commercial Data Interchange", which will allow commercial services operators to submit customers' data to financial institutions under the instruction and consent of their corporate customers so as to assist them in the application for services.

45. To promote the LawTech development, I set aside funding in the 2019-20 Budget to support the development of an online dispute resolution and deal making platform by a non-governmental organisation (NGO). With an allocation of \$100 million to the project, starting from this year, the platform will roll out negotiation, arbitration, mediation and online training services progressively and develop other services such as e-translation and smart contract in phases. This year, the Government will actively explore the development of the Hong Kong Legal Cloud, in order to sharpen Hong Kong's edge and raise our status in the provision of professional legal services.

Issue Consumption Vouchers

46. In view of the current special situation, the Government should make good use of the fiscal reserves to energise the market, stimulate the economy, and facilitate the speedy recovery of the consumption market and other economic segments in a timely manner. After careful consideration, I will issue electronic consumption vouchers in instalments with a total value of \$5,000 to each eligible Hong Kong permanent resident and new arrival aged 18 or above, so as to encourage and boost local consumption. This measure, which involves a financial commitment of about \$36 billion, is expected to benefit around 7.2 million people. The Government will identify suitable

stored value facilities operators to help roll out the scheme, and will announce the details of the scheme as soon as possible.

Explore Markets

47. I will inject \$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales, and substantially extend in phases its geographical coverage from 20 to 37 economies to include all those with which Hong Kong has entered into Investment Promotion and Protection Agreements (IPPAs). The funding ceiling for each enterprise will be increased from \$4 million to \$6 million, so as to support enterprises in exploring more diversified markets by fully utilising the better protection offered by the IPPAs.

Support Tourism

48. The epidemic has dealt a heavy blow to the local tourism industry, bringing it to a standstill. Apart from the financial support of nearly \$2.6 billion that has already been provided for the tourism industry, I will further earmark a total of \$934 million to enhance tourism resources, of which \$169 million will be used to continue to take forward local cultural, heritage and creative tourism projects, such as the Yim Tin Tsai Arts Festival and the City in Time. We will continue to improve the facilities along hiking trails to develop more green tourism resources. The purpose is to offer leisure and travel experience with rich historical and cultural elements to both locals and visitors.

49. I will also earmark \$765 million to support the Hong Kong Tourism Board (HKTB) in reviving our tourism industry. The HKTB has launched promotional programmes such as "Holiday at Home" and "360 Hong Kong Moments" with a view to enhancing local ambience and consumption as well as maintaining the promotion and exposure of Hong Kong in visitor source markets. Upon gradual resumption of cross-boundary travel, the HKTB will roll out promotional offers to attract visitors through the "Open House Hong Kong" platform. The HKTB is also conducting a comprehensive review of the positioning of Hong Kong's tourism in the long run in response to the "new normal" after the epidemic with a view to formulating appropriate strategies to spur the recovery of the tourism industry.

50. Provided that public health can be safeguarded, the Government will consider relaxing restrictions on group gatherings in relation to local group tours again to allow room for business operation for the tourism industry. The Government will discuss and work out arrangements regarding Air Travel Bubble with places that have close economic and trade relations with Hong Kong and where the epidemic situation is relatively stable.

51. Apart from the above initiatives, additional resources will also be allocated to enhance country parks, recreational facilities, harbourfront, etc. These enhancements will improve people's quality of life when the epidemic is over and may also appeal to our visitors. I will provide more details in the ensuing parts of my speech.

Promote Hong Kong

52. Once the pandemic further subsides, the Government will launch a large-scale publicity and promotional campaign at home and abroad, showcasing to the world the image of Hong Kong as a highly open international city in the GBA from various perspectives such as finance, I&T, culture and creativity and tourism, as well as our unique advantages under “One Country, Two Systems”. We hope to attract enterprises, investors and talent to Hong Kong. InvestHK and our overseas offices will step up their efforts in this area.

(To be continued.)