

LCQ1: Disbursement of cash or consumption vouchers to members of public by Government

Following is a question by the Hon Maggie Chan and a reply by the Financial Secretary, Mr Paul Chan, in the Legislative Council today (January 19):

Question:

Since 2011, the Government has disbursed cash or consumption vouchers to members of the public for several times with a view to returning wealth to the people, or relieving people's hardship and boosting the economy, which has been supported by the majority of members of the public and business operators. Some members of the public are of the view that as the coronavirus disease 2019 epidemic is not yet over, and there are still many uncertainties about the prospect of Hong Kong's economy, the Government should continue to implement measures to relieve people's hardship. In this connection, will the Government inform this Council:

(1) whether it has considered disbursing again consumption vouchers of a total value equivalent to or not less than \$5,000 to members of the public, and launching other measures to relieve people's hardship; if so, of the details; if not, the reasons for that;

(2) whether it has compiled statistics on the impacts of the various schemes for disbursing cash or consumption vouchers on the various economic indicators (including the Gross Domestic Product, the unemployment rate and prices), and whether it has assessed the effects brought by such schemes to the people of different income strata and the various trades and industries; if so, of the details; if not, the reasons for that; and

(3) given that chaos arose in the past when the Government implemented schemes for disbursing cash or consumption vouchers (e.g. a large number of elderly people who submitted paper application forms having to queue up for a long time for the procedure of resubmission of registrations), whether the Government has learnt from such experience to prevent the recurrence of similar problems, and whether it has considered allocating resources for co-operating with grass-roots organisations in various districts to enable such organisations to assist the Government in the publicity and registration matters; if so, of the details; if not, the reasons for that?

Reply:

President,

Taking into account the economic, social and financial situations at different points in times, the current-term Government had in the past

disburse cash to the people, including implementing the Caring and Sharing Scheme in 2018 to disburse \$4,000 to each eligible Hong Kong resident aged 18 or above, with the aim of better realisation of sharing the fruits of economic success with the public; and the Cash Payout Scheme in 2020 to disburse \$10,000 to each eligible Hong Kong permanent resident aged 18 or above to relieve people's financial burden and to encourage local consumption. We have also announced in the 2021-22 Budget the implementation of the Consumption Voucher Scheme (the Scheme), under which electronic consumption vouchers with a total value of \$5,000 would be disbursed by instalments to each eligible Hong Kong permanent resident and new arrival aged 18 or above, so as to boost local consumption with a view to accelerating economic recovery, as well as to encourage more local merchants and public to use electronic payment thereby fostering the extensive use of the local electronic payment.

My reply to the different parts of the question raised by the Hon Maggie Chan is as follows:

(1) Since August 1, 2021, eligible people under the Scheme have successively received consumption vouchers via the four stored value facilities in batches and instalments. As at December 31, 2021, consumption vouchers of a total value of about \$30 billion have been disbursed to over 6.3 million successful registrants. The overall response of the community towards the Scheme has been very positive and considers that the Scheme has helped boost the economy by simulating consumer sentiment.

I am currently conducting public consultation to gauge the views of various sectors on the 2022-23 Budget. As resources are limited, the Special Administrative Region Government (SAR Government), in deciding whether to disburse consumption vouchers again or launch similar initiatives involving a large amount of public funds, has to consider relevant factors in a prudent and holistic manner, including the social and economic situation, the impact on social livelihood arising from the outbreaks of the epidemic and the current financial situation, in order to ensure that the measures are in the overall interest of Hong Kong.

(2) Before launching the Scheme, the Government Economist has roughly estimated that the Scheme would have a stimulus effect equivalent to 0.7 percentage point of the Gross Domestic Product on the local economy. The latest statistics released by the Census and Statistics Department shows that, even with the low base effect gradually dissipating, the value of total retail sales still grew by 9.6 per cent year-on-year between August and November last year (i.e. the first four months when the consumption vouchers were disbursed), which was higher than the average growth rate of 7.6 per cent between January and July in the same year. The value of total restaurant receipts rose by 43.9 per cent year-on-year in the third quarter of 2021 against a low base of comparison, while private consumption expenditure in the same quarter also grew by 7.1 per cent year-on-year. This shows that the Scheme has helped stimulate local consumer sentiment and has achieved the intended result. As to the effectiveness of the Scheme in boosting different segments of the economy, we will conduct an overall assessment after its

completion.

Over the period, the labour market has continued to improve since the beginning of last year, with the unemployment rate declining gradually from a high of over 7 per cent in early 2021 to 3.9 per cent by the end of the year. Moreover, the underlying Composite Consumer Price Index inflation rate increased from 0.3 per cent in the second quarter to 1.1 per cent in the third quarter, and averaged to 0.5 per cent in the first 11 months of 2021. Consumer price inflation went up in the second half of 2021 but remained moderate overall.

Apart from the positive impact on local consumption and the overall economy, the Scheme has helped foster the development of the local electronic payment market. Since the Government's announcement on April 11 last year that four stored value facility operators (i.e. Alipay HK, Octopus, Tap & Go and WeChat Pay HK) had been selected to help implement the Scheme, the four operators had altogether attracted over 4.7 million new users and 96 000 new merchants as at December 31 last year. They also indicated that there had been a significant growth in the number and value of transactions processed by them since the implementation of the Scheme.

(3) In the course of working out the implementation details and arrangements of the Scheme, the SAR Government had strived to cater for the needs of different people and stakeholders. In terms of the registration process, we had endeavoured to strike a balance between security and simplicity. During implementation, some registrants had to resubmit their registrations due to incomplete or inaccurate information provided on their paper forms, resulting in a sudden influx of visitors at the Secretariat and hence longer waiting time. We had responded immediately, including extending the period of resubmission of registrations to provide supplementary information to one month, increasing substantially the manpower of the Secretariat and making available additional service hours at the Secretariat on Saturdays. With the implementation of these measures, visitors queuing for the Secretariat's services had largely subsided. To further facilitate people making resubmission of registrations, we had also set up three additional service centres in other districts within a few days.

In fact, in the course of planning for the Scheme and before the commencement of registration, we had liaised with different political parties, organisations and institutions (including district organisations, non-governmental organisations, social welfare organisations, organisations and residential care homes serving the elderly or persons with disabilities) to brief them on the details of the Scheme and the registration procedures. We also provided them with the registration forms and publicity materials to facilitate them to assist their clients to register for the Scheme. With the support and assistance of different parties, the Scheme has finally been implemented smoothly and has achieved the expected result. I would like to express my sincere gratitude to all parties inside and outside the Government for their assistance, support and active participation.

Thank you, President.