

LCQ17: Provision of further assistance for people in need

Following is a question by the Hon Paul Tse and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (November 4):

Question:

By raising a question at the Legislative Council meeting of the 21st of last month, I repeatedly urged the Government to allow Mandatory Provident Fund (MPF) contributors to withdraw part of the accrued benefits in their MPF accounts in order to address their imminent financial needs and relieve their hardship, and yet the Government still flatly rejected my request. Quite a number of members of the public are gravely dissatisfied that the Government only seeks to uphold the integrity of the MPF system but turning a blind eye to people's hardship in the waves of closing down of businesses and layoffs. There were messages on my Facebook page and various major social media that slammed the Secretary for Financial Services and the Treasury for being "detached from reality", "living in cloud cuckoo land" and having a "let them eat cake" attitude. In the face of the waves of enterprises closing down, the upcoming Lunar New Year and the yet-to-end epidemic, some economic analysts and securities researchers have predicted a sharp rise in the unemployment rate in the coming months. In view of members of the public's discontent with the Government's disregard for their request for withdrawing their MPF contributions to address their imminent financial needs, their disgruntlement about the MPF system unreasonably locking up their usable funds for a long time, and the financial pressure exerted on them by the waves of unemployment and pay-cut which are more severe and persistent than those during the "SARS" epidemic, will the Government inform this Council:

- (1) whether it will consider afresh allowing MPF contributors to withdraw half of the accrued benefits in their own MPF accounts, or making contributions to MPF accounts on behalf of the employers and employees in Hong Kong for at least six months;
- (2) whether it will consider afresh making another cash payout of \$10,000 per person to all adult residents of Hong Kong for addressing their imminent needs;
- (3) whether it will provide a full or 50% waiver on salaries tax for this year for all taxpayers in Hong Kong;
- (4) whether it will provide concessions on rates and government rent for the whole of this year for all property owners in Hong Kong;
- (5) as more and more unemployed property owners, even though they are subject to the Special Stamp Duty for selling the properties that they have held for

less than three years, are still eager to sell their properties urgently to obtain cash for addressing their imminent needs, whether the Government will (i) exempt unemployed property owners from paying such duty or (ii) abolish such duty that has been imposed since 2010; and

(6) whether it will instruct the Secretary for Justice to (i) formulate within a prescribed timeframe a plan for establishing a supervisory managing organisation for the estate of the late Mrs Nina WANG which has a value of over \$130 billion and (ii) proceed to plan on how best to use the estate for the purposes of combating the epidemic and relieving people's hardship?

Reply:

President,

With a view to providing support to business sectors and individuals for tiding over the challenges posed by the economic downturn and coronavirus disease 2019, the Government has introduced a series of relief measures amounting to over \$300 billion through the Budget this year and the three rounds of injections into the Anti-epidemic Fund. These relief measures address society's needs while at the same time take into account Government's overall fiscal position.

Having consulted the relevant policy bureaux and departments, my consolidated response to the Member's question is set out below:

(1) As mentioned in my response to Hon Paul Tse and other Members on October 21, allowing Mandatory Provident Fund (MPF) scheme members to make early withdrawal of their accrued benefits to cope with short-term financial needs or contingency would cause the accrued benefits to be leaked from the system from time to time and impede accumulation 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.

Using the total contribution sums made by employers and employees in the first two quarters of 2020 as the basis of calculation, if the Government were to make contributions to MPF accounts for employers and employees for half a year, it would involve over \$30 billion. We are of the view that the Employment Support Scheme has offered appropriate assistance to qualifying employers and self-employed persons. Given the limited fiscal resources, the Government must exercise financial prudence and offer targeted measures for those businesses and persons hard-hit by the pandemic situation.

(2) The Financial Secretary launched in this year's Budget the Cash Payout Scheme (the Scheme), disbursing a sum of \$10,000 to each Hong Kong permanent resident aged 18 or above and benefiting about 7 million eligible persons. The funding involved amounts to over \$70 billion. As at October 29, the Scheme had disbursed payment to over 6.3 million eligible citizens.

Given the current economic downturn and uncertainties surrounding the

pandemic, we need to exercise fiscal prudence and preserve our financial capability in meeting known and unexpected needs. It is also important that we maintain a healthy level of fiscal reserves to maintain Hong Kong's monetary stability. At the present stage, the Government does not have any other plan to disburse \$10,000 to all Hong Kong permanent residents aged 18 or above again.

(3) and (4) The Government launched tax and rates concessions through the Budget this year. We are providing 100% reductions of salaries tax and tax under personal assessment on a one-off basis, subject to a ceiling of \$20,000 per case for the year of assessment 2019/20, benefiting about 1.95 million taxpayers. The revenue forgone amounts to \$18.8 billion.

With regard to rates, rates concession for four quarters of 2020-21 are provided through the Budget. For domestic tenements, the exemption ceiling is \$1,500 per tenement per quarter. For non-domestic tenements, the ceiling was \$5,000 per tenement per quarter for the first two quarters; and \$1,500 per tenement per quarter for the remaining two quarters. To sustain the support for enterprises in response to the challenges and economic impact brought about by the pandemic, the Government announced in September an enhanced rates concession to non-domestic tenements, with the exemption ceiling adjusted from \$1,500 to \$5,000 per tenement per quarter for the third and fourth quarters of 2020-21. The aforesaid rates concessions will benefit about 3.35 million properties. No rates will be charged on 61% domestic properties and 73% non-domestic properties in 2020-21. The revenue forgone by the Government will be about \$17.7 billion.

As regards Government rent, the Basic Law and the Government Rent (Assessment and Collection) Ordinance (Cap. 515) has clearly stipulated the obligation of a property owner to pay Government rent. Article 121 of the Basic Law stipulates the liability of Government rent payment for leases of land granted or renewed during the period from May 27, 1985 to June 30, 1997. The arrangement of levying Government rent is extended to leases of land granted on or after July 1 1997 to ensure consistency with the relevant policy. The Government has to comply with the Basic Law, and there has not been any form of concession on Government rent.

(5) Maintaining the healthy development of the private residential property market is one of the important objectives of the Government's housing policies. The Special Stamp Duty (SSD) is one of the demand-side management measures. Over the past year, while there has been a slight retreat in property prices owing to global and local factors, the rate of monthly adjustment is not significant and the overall property prices remain at a level beyond the affordability of the general public. Any move to relax the demand-side management measures may be speculated by the market as a signal for adjustments to the Government's policies on the property market. It may also stimulate demand for local residential properties from some citizens. At present, the Government has no intention to abolish SSD or to exempt unemployed owners from payment of SSD. The Government will, as always, keep watch on the market conditions and make reference to relevant indicators, and take appropriate actions as and when necessary in response to market changes.

(6) Currently, the administration of the estate of the late Mrs Nina Wang (Estate) is vested with the interim joint administrators appointed by the Court. As pointed out by the Secretary for Justice (SJ)'s detailed written response to a relevant LegCo question on May 29, 2019 (Note), the Department of Justice (DoJ) made an application to the Court on March 29, 2019 in respect of the relevant matters, to seek the Court's determination or directions, such that DoJ might continue to complete the remaining tasks. The Court held the first directions hearing on June 13, 2019. The Chinachem Charitable Foundation (Foundation), being one of the parties to the proceedings, was directed to file an affirmation by October 31, 2019. As a result of the Foundation's failure to file the relevant affirmation after a few extensions of deadline, DoJ made an application to the Court on May 6, 2020. At the hearing on May 26, 2020, the Court ordered that unless the Foundation could file an affirmation within 56 days, it would be debarred from filing evidence so that the proceedings could continue to progress. The Foundation eventually filed its affirmation on July 17, 2020. The next step is for the interim joint administrators to file their affirmation(s) in reply. Upon the completion of evidence, the Court will hold another directions hearing on May 26, 2021. Since the relevant legal proceedings are underway, it is not appropriate for DoJ to make any further comments.

DoJ has all along been acting expeditiously in the proceedings. We consider it neither possible nor practicable to impose any deadline for the proceedings. DoJ will continue to closely monitor the interim joint administrators' work in managing and preserving the Estate.

Although SJ, as the protector of charities, is necessarily a party to charity proceedings and represents the beneficial interest or objects of the charity, charities are generally allowed to operate autonomously under their own governing articles and in accordance with their own rules or regulations. Except otherwise prescribed by law or ordered by the Court, the charity may operate autonomously and decide the manner in which the public is to be informed about its operation. SJ does not participate in a charity's decision and arrangement to make donations to others for charitable purposes, and has no power to direct any charity to make donations.

Note: LCQ16: Monitoring the administration of estates for charitable purposes.