

LCQ4: Boosting economic recovery

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.