

LCQ5: Electronic consumption vouchers

Following is a question by the Hon Starry Lee and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (May 5):

Question:

When delivering the Budget on February 24 this year, the Financial Secretary proposed issuing 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 stimulate local consumption. The initial thinking then was to disburse the sum in five instalments of \$1,000 each, and impose a validity period for use. The Government selected four stored value facility (SVF) operators in early April to assist in implementing the scheme. In this connection, will the Government inform this Council:

(1) whether it will relax the restrictions on the use of the consumption vouchers, including allowing the unused consumption vouchers of a certain period to be retained for use together with the consumption vouchers disbursed subsequently, and bringing more types of transactions under the scope of use of the consumption vouchers; if so, of the details; if not, the reasons for that;

(2) whether it will urge the SVF operators concerned to waive the administrative fees charged on merchants for transactions associated with the consumption vouchers; if so, of the details; if not, the reasons for that; and

(3) of the measures in place to encourage the business sector to organise sales discounts and promotional activities associated with the consumption vouchers so as to further stimulate local consumption?

Reply:

President,

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. The Consumption Voucher Scheme (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. It is estimated that there are around 7.2 million eligible persons, involving a financial commitment of about \$36 billion. At the same time, the Government also wants to encourage through the Scheme more local merchants and members of the public to use electronic payments, so as

to foster the development of the local electronic payment market.

My reply to the different parts of the question raised by the Hon Starry Lee is as follows:

(1) Making reference to the experiences of other economies in issuing consumption vouchers, we consider that consumption vouchers with a validity period disbursed by instalments over a period of time and limited for use in local merchants could continuously drive and stimulate local consumption during the particular period.

According to the current design, the coverage of the consumption vouchers will be as extensive as possible, covering consumption at physical and online stores of local merchants in the retail, food and beverage, and services sectors. Taking into consideration the policy intent of the Scheme, the consumption vouchers will in principle not be usable for payments to the Government and public organisations or public utilities, spending on public transport covered by the Public Transport Fare Subsidy Scheme, purchases of financial products, overseas consumption, person-to-person payments, encashment, etc. We are discussing with operators of the four Stored Value Facilities (SVF) selected to participate in the Scheme on practical means to prevent the use of consumption vouchers on payments other than local consumption.

We are working out the implementation details of the Scheme, including the disbursement arrangement. We will carefully consider the different views previously expressed by the public with regard to the number of instalments, the restrictions on usage and scope of use, etc. We will strive to strike the best balance among various needs and provide flexibility, so as to facilitate the public to use the consumption vouchers for local consumption of different amounts according to their needs, and at the same to achieve the aim of boosting and stimulating the local consumption.

(2) To boost local consumption to the fullest extent with the Government's funding injection to the Scheme so as to benefit the society, the four SVF 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 also rebate the additional income generated from the consumption vouchers to consumers or merchants by various means.

Since the Government announced the list of selected SVFs participating in the Scheme on April 11, the operators indicated that the number of enquiries from merchants has increased several times, reflecting that merchants' interest to install electronic payment facilities has increased significantly as a result of the implementation of the Scheme and the offers provided by the SVF operators.

(3) We will continue to foster co-operation between the SVF operators and merchants to organise different activities 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, so as to enhance the effect of the Scheme.

In addition, we will conduct comprehensive publicity and promotion for the Scheme through various channels, including a website, promotion videos, advertisements, a press conference, press releases, an enquiry hotline, social media, etc., to enable the public and merchants to understand clearly the details and arrangements of the Scheme, as well as to encourage and facilitate their participation.