

# Transcript of remarks by FS at Budget press conference (with photos/ video)

Following is the transcript of remarks by the Financial Secretary, Mr Paul Chan; the Secretary for Financial Services and the Treasury, Mr Christopher Hui; the Permanent Secretary for Financial Services and the Treasury (Treasury), Ms Alice Lau; and the Government Economist, Mr Andrew Au, at the Budget press conference at Central Government Offices, Tamar, today (February 24):

Reporter: I hope you may clarify to us on and answer the questions regarding the national security funding. Just now you said that it could be spent on personnel, and could you clarify do you mean the office for safeguarding the national security or for the Police, and can you say the exact number of years the fund involved? The second question is on the consumption vouchers. What is the Government's plan for the elderly or anyone who does not use a smartphone or any form of digital payment? And can service sectors like beauty parlours, film rooms accept the vouchers? And also, how do the Government address the security concerns of online payment platforms? And the third question is because, in the Budget, you will offer the unemployed low-interest loans, but can the Government explain the logic why there are no emergency funds for them despite repeated demands from different groups? Thank you.

Financial Secretary: On national security expenditure, we have set aside \$8 billion for that purpose. That amount is for multiple years. It was incurred in December last year and published in the quarterly accounts of the Government at the beginning of February. In the coming financial year, year 2021-22, we have not provided for any additional provisions. The expenditure is not just for the Police; it is for national security purposes and there are other government departments involved. So it is a fund, a special fund, set aside according to the national security legislation for that purpose.

As to the consumption voucher, we hope the scope could be as wide as possible so long as it is to be incurred in domestic consumption. For online purchases, if it is for online purchases from local merchants it is okay. We are not going to allow those consumption vouchers to be spent on overseas purchases.

On unemployment, on your question about the government guarantee personal loan, we acknowledge that under this prolonged economic recession, many members of the public have been suffering dearly, suffering badly, and some of them might want to have more financing options in order to tide themselves over. So the personal loan is meant for that purpose, an option available to those unemployed to consider. The amount to be borrowed from the bank is six times of his salary up to a cap of \$80,000. This is an option for them to consider, and it is also available to freelancers who can prove they have lost their income for a consecutive period.

Reporter: First question on the spending voucher, can the Secretary tell us what are authorities planning to do for the elderly people or people who don't have smart phones, as like a question that was put forward by another reporter just now? And why not just store up cash directly, when kind of coming up with a new system to dole out these spending vouchers could cost a lot of administrative costs as well? Second question regarding the unemployment loan, would this measure kind of be putting the unemployed people into debt, in essence, because you're giving them an option to get loans? And third question about the forecast for economic growth, with the pandemic still raging on around the world and in Hong Kong, is that focus a bit too optimistic even though you're expecting growth to come back in the second half, the pandemic is still continuing in Hong Kong as of now? Thank you.

Financial Secretary: Thank you. On the consumption voucher we are conscious of the need of the elderly. Taking the Cash Payout Scheme as an example, for those elderly individuals, they can have their relatives or caretakers to help them to apply for the cash payout. On the consumption voucher, it seems to me that a lot of people are quite familiar of using Octopus cards, which is the most common stored value facility in Hong Kong. If we could use Octopus as one of the means to effect this consumption voucher, I think it would also be acceptable by our elderly members of the public. We are working on it. Definitely, Octopus is one of our obvious choices.

On the personal loan, we are not encouraging people to borrow. We just reckon that in the community, during this prolonged period of economic recession with a high unemployment rate, there are members of the public who are facing financial difficulty, and may need to have some money to tide them over. So we offer this as an option for them to consider. That's why when you look at the details of the scheme, it is not a huge loan amount; it is to be based on the earnings of the individuals in the past period, taking six times of their average monthly earning as the ceiling, subject to a cap of \$80,000. The interest rate is just 1 per cent per annum and upon complete repayment of the loan, this interest paid would be fully refunded to them. The idea is to allow them to have, if they want to use this option available to borrow a small loan, and during the initial 12 months they need only to pay interest. They would need to repay the interest together with the principal from the 13th month, over a period of a maximum of five years. With these terms, I think our intention is to offer an option for those in need and we hope this could be of some use to them.

On the pandemic's impact on the economic forecast, if I remember correctly, the IMF's estimate for the global economic growth for 2021 is about 5.5 per cent. And we are part of China. The Mainland will be registering a very strong economic growth. In Europe and the US, if the pandemic is under control when the vaccination programme is widely adopted by their citizens, it seems to be quite possible that in those overseas economies, their economic revival and recovery will be quite strong as from the middle of this year. Given these circumstances we think it would not be unreasonable to give an economic growth estimate of between 3.5 per cent and

5.5 per cent, although there are uncertainties. The pandemic situation is one, the Sino-US tension is another. Geographic tension are also something we have to watch out, not to mention the volatility of the financial market because of the quantity easing in European countries and the US over the past two years. So we have to be very careful. We have to watch out for risks, but on the other hand, we should not be overly pessimistic. Thank you.

(Please also refer to the Chinese portion of the transcript.)

