

LCQ4: Measures to boost economy

\*\*\*\*\*

Following is a question by the Hon Kwok Wai-keung and a reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (July 8):

Question:

The coronavirus disease 2019 (COVID-19) epidemic has dealt a heavy blow to Hong Kong's economy. In the first quarter of this year, the Gross Domestic Product contracted by a record of 8.9 per cent in real terms from a year earlier and the unemployment rate also soared, hitting a new high in ten years. Given that the epidemic has subsided recently, quite a number of members of the public hope that the Government can unite society and boost the economy. In this connection, will the Government inform this Council:

(1) as the Chief Executive has indicated that she has appealed for a number of times to the landlords of private shop premises to reduce rents so as to ride out the hard times with their tenants but to little avail, of the Government's new measures to prompt those landlords to reduce rents, so as to lower the operating costs of the tenants;

(2) whether it will consider, by drawing reference from the approach adopted by the Government when the Severe Acute Respiratory Syndrome epidemic was over in 2003, setting up an economic relaunch strategy group comprising government officials and non-government individuals, so as to bring together the strengths of the Government, the business sector and the community to jointly boost the economy; and

(3) given that inbound tourism has come to a complete halt due to the epidemic, of the Government's new measures and strategies to promote local consumption so as to sustain the economic heat; whether it will launch a second-round of Cash Payout Scheme and consider afresh issuing consumption vouchers or providing consumption subsidies, so as to step up efforts to boost the economy?

Reply:

President,

Since the outbreak of COVID-19, Hong Kong's economy has been hard-hit. In order to provide support to enterprises and people affected by the pandemic, the Government has rolled out three rounds of relief measures, totalling \$287.5 billion, under the Budget and two rounds of Anti-Epidemic Fund (AEF), with a view to supporting enterprises and safeguarding jobs. However, all economic recovery measures can only be effective on the basis that the pandemic situation is under control, and that the general community continues to abide by the public health protective measures, fights the pandemic together and is supportive of each other. At the same time, we will work tirelessly and in a timely manner to pave the way for economic recovery as soon as the pandemic situation stabilises.

Having consulted the Financial Secretary's Office and the Financial Services and the Treasury Bureau, the consolidated reply to the Hon Kwok's question is as follows:

(1) To alleviate the pressure arising from the pandemic on businesses, the Government has on the one hand appealed to landlords in the private sector to offer rental concessions to their tenants so as to sail through the difficult period together. On the other hand, we have also, led by example, proactively offered rental concessions to eligible business/organisations operating in government premises and other related properties. For the period from April to September 2020, rental concessions for eligible tenants have been increased from 50 per cent to 75 per cent, and the scope of rental concessions has been extended to cover more businesses. As for businesses operating in government premises and other related properties which have to completely cease operation due to anti-epidemic measures imposed by the Government, they will receive a full rental waiver during the closure period. Public bodies, including the Airport Authority, the Hong Kong Housing Society, the Mass Transit Railway Corporation Limited, the Urban Renewal Authority, etc, have also followed suit.

The Chief Executive has repeatedly mentioned in public that she has appealed to the real estate sector that, as landlords, they should ride out the difficult times with their tenants together. I believe that the Chief Executive and other government officials will continue the appeal in this respect.

Apart from rental concessions, the Government has also strived to lower operating costs for enterprises. The Government has announced a series of measures in the Budget and the two rounds of AEF, including waiving of profits tax, rates for non-domestic properties and business registration fees; subsidising electricity charges; and

reduction of water and sewage charges, etc. These measures aim to benefit enterprises from different sectors and of all sizes.

(2) The Chief Executive, the Financial Secretary and other relevant government officials have been engaging different sectors and professionals through various channels and advisory bodies to discuss the current economic situation, with a view to mapping out the strategy for economic development and recovery. For example, the Council of Advisers on Innovation and Strategic Development chaired by the Chief Executive and, for the Commerce and Economic Development Bureau, the Trade and Industry Advisory Board and the recently established Task Force on External Relations chaired by myself discussed extensively and took forward economic support measures together with the trade. The support measures rolled out in the past two years, in response to either the US-China trade conflict or the recent pandemic outbreak, are all the results of the close liaison with various sectors of the community. The Government will continue to maintain partnerships with different sectors in forging the way forward to revive the economy.

(3) To restart the economy and encourage local consumption, the Government has introduced the \$10,000 Cash Payout Scheme with a view to reinvigorating the local economy. As the Financial Secretary wrote in his blog this week, more than \$40 billion funding will be disbursed to the respective bank accounts in the coming week, and for those who register later will also receive their payment in turn. We believe that the Scheme will boost local consumption, driving the demand in other services sectors. The Financial Secretary also responded to media enquiry earlier that there are different ways to stimulate local consumption, and the Government introduced the Scheme to let people decide on spending the money according to their needs. The Government considers that the Scheme is a more appropriate measure, and that cash payout can reach the public earlier when compared with consumption vouchers.

With regard to tourism, as cross border restrictions are still in place, we will begin with local tourism so as to rebuild the city's vibrant atmosphere and stimulate consumption. To this end, the Hong Kong Tourism Board (HKTB) launched the Holiday at Home campaign in mid-June to encourage Hong Kong people to be tourists in our own city. With the staunch support of the local tourism, retail and catering industries, etc, the campaign provides different offers to boost overall local consumption. The HKTB will also roll out offers later so that residents can redeem free local tours through spending. In the meantime, the Government enhanced in June 2020 the Green Lifestyle Local Tour Incentive Scheme which was announced late last year.

Through enhancing cash incentives for travel agents, the Scheme has contributed to the revival of the tourism sector and supported the food and beverage and transport sectors.

For the convention and exhibition sector, the Government has, through the AEF, subsidised convention and exhibition activities organised by the Hong Kong Trade Development Council (HKTDC) and other organisers. The HKTDC will organise the Hong Kong Book Fair next week in which participants will be eligible for full subsidy for their participation fees. In the coming months, the HKTDC and other organisers will host a range of exhibitions targeting the local market. These exhibitions will benefit from the Government subsidy, bringing more business opportunities to local exhibitors and enterprises and creating an atmosphere for consumption.

In sum, the Government will continue to monitor the pandemic development and the economic situation, and keep in close contact with various sectors. We will also provide timely support for different industries and sectors to revive Hong Kong's economy.

Thank you, President.

Ends/Wednesday, July 8, 2020

Issued at HKT 18:10

NNNN