

LCQ10: Anti-epidemic Fund

Following is a question by the Hon Chan Pui-leung and a written reply by the Financial Secretary, Mr Paul Chan, in the Legislative Council today (May 18):

Question:

To cope with the coronavirus disease 2019 epidemic, the Government has introduced one after another six rounds of measures through the Anti-epidemic Fund (AEF). In this connection, will the Government inform this Council:

- (1) whether it has assessed the overall effectiveness of the AEF in coping with the epidemic;
- (2) whether it has reviewed what percentage of the funding allocated from the AEF has been spent on the administrative costs involved in the implementation of various measures, and whether there is any waste of public money;
- (3) as it has been reported that in the past two years, the expenditure on frontline anti-epidemic efforts accounted for less than 10 per cent of the funding allocated from the AEF, and the additional funding received by the Hospital Authority was insufficient to cope with the epidemic, whether the Government has reviewed the effectiveness of the AEF in enhancing the anti-epidemic capability of public hospitals; if so, of the details as well as the improvement measures in place; and
- (4) given that at present, the Government needs to apply to the Finance Committee of this Council from time to time for injection into the AEF to introduce a new round of relief measures, whether the Government has considered establishing, under section 29 of the Public Finance Ordinance (Cap. 2), a fund with purposes same as those of the AEF, so that the Government can transfer resources from the General Revenue Account to the newly established fund, thereby responding to the development of the epidemic more speedily?

Reply:

President,

In response to the various parts of the question raised by the Hon Chan Pui-leung, having consulted relevant bureaux, the reply on behalf of the Chief Secretary for Administration's Office is as follows:

(1) In light of the development of the COVID-19, the Government has taken vigilant anti-epidemic measures to contain the public health risk. Having regard to the impact of these measures on the livelihood of individuals and business operation, the Government secured the approval of the Legislative Council (LegCo) Finance Committee (FC) on February 21, 2020, to set up the Anti-epidemic Fund (AEF). The purposes of the AEF are to provide suitable relief to businesses and individuals hard hit by the pandemic or more

seriously affected by anti-epidemic measures, and to enhance Hong Kong's overall capability in combating the pandemic.

The Government secured the LegCo's approval of a total \$250.9 billion injection into the AEF to introduce six rounds of measures. Over 220 measures were introduced, including two rounds of the Employment Support Scheme, three rounds of the Job Creation Scheme, over 180 measures providing support for sectors and individuals hard hit by the pandemic and tightening of the social distancing measures, as well as some 20 anti-epidemic measures. As at early May 2022, the Government has deployed over \$170 billion from the AEF, benefitting over 7 million individuals and 950 000 applications submitted by enterprises/businesses.

The various rounds of AEF measures were introduced having regard to the latest pandemic situation to provide timely support to individuals and businesses in need. A number of LegCo Members also affirmed the role played by the AEF in providing timely relief to help relevant individuals and businesses cope with the impact brought by the pandemic.

(2) Among the over 220 AEF measures introduced, most measures were implemented using the existing resources of the implementation departments and units, with only a few measures involving additional administrative fees. The relevant administrative fees account for less than 1 per cent of the total financial commitment of all measures. In formulating the implementation details of measures, relevant bureaux and departments would have regard to the measures' objectives, intended beneficiaries and the actual situation of industries, etc, and would ensure the funding allocated are appropriately deployed according to the criteria and details approved by the AEF Steering Committee (SC).

To continuously monitor the implementation progress of individual AEF measures, the secretariat of the SC regularly invites implementation departments and units to submit progress report. The Government also submits quarterly report to the LegCo to report on the latest progress of various measures. In addition, the Audit Commission conducts annual audit on the AEF. The annual financial statements of the AEF and the Report of the Director of Audit are presented for LegCo's perusal.

(3) Since the outbreak of COVID-19 in Hong Kong, the Government has introduced some 20 measures under the AEF to strengthen anti-epidemic work, including allocating resources to the Hospital Authority (HA) to tackle the epidemic, in particular for ensuring sufficient support and protection for frontline healthcare staff. The total financial commitment of these measures are around \$25 billion, accounting for around one-tenth of the total financial commitment of AEF measures.

Apart from allocating resources from the AEF, the Government has provided additional resources to the HA to combat the pandemic through other channels. For example, an additional funding of \$3.044 billion was allocated to the HA in September 2020 to strengthen its service capacity in combating the fourth wave of epidemic; an additional subvention of \$7.5 billion was allocated to the HA in 2022-23 for enhancing its capacity in combating the

new wave of COVID-19 epidemic and sustaining anti-epidemic measures; and \$1.141 billion was provided to the HA to continuously support its different areas of work, including the operation of the North Lantau Hospital Hong Kong Infection Control Centre, the implementation of the COVID-19 Vaccination Programme and Enhanced Laboratory Surveillance Programme at general out-patient clinics. As at February 28, 2022, the HA has incurred around \$8.565 billion for implementing various anti-epidemic measures, among which about \$3.1 billion is for manpower-related expenditure; about \$1.3 billion for expenditure regarding establishment and operation of extra isolation and treatment facilities (excluding manpower-related expenditure); and about \$4.2 billion for remaining expenditure items (including support for testing, vaccination, procurement of drugs and medical equipment, personal protective equipment and other equipment). The Government and the HA will continue to closely monitor the epidemic development and resources need in order to ensure there is sufficient resources in combating the epidemic and continue to implement various anti-epidemic measures as required.

(4) Measures under different rounds of the AEF were formulated having regard to the latest development in the pandemic situation and its impact on different sectors. In the past, the Government was able to submit funding applications swiftly after announcing the relevant measures. The Government's funding applications were efficiently vetted and approved by the FC. Such arrangements are conducive to effective monitoring of the use of public financial resources, and enable the Government to make funding application for the needed resources more flexibly according to the latest epidemic development.

On the contrary, the existing funds established under section 29 of the Public Finance Ordinance (PFO) are all standing government funds and operate with funding transferred from the General Revenue Account (GRA). If a new fund was established by resolution of the LegCo under that section for the purpose of coping with the epidemic situation, when additional injection is needed, the Government still has to submit a funding application to the FC as required under section 8 "Changes to the approved estimates of expenditure" of the PFO for approval of changes/increases to the estimates of expenditure under Head 184 "Transfers to Funds" of the GRA, and then transfer the additional funding needed to the new fund from the GRA. As such, the suggestion of establishing a new fund under section 29 of the PFO to cope with the epidemic cannot effectively streamline the procedures.