

LCQ19: Face masks produced with government subsidies

Following is a question by the Hon Chan Hak-kan and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (January 13):

Question:

In March last year, the Government launched the Local Mask Production Subsidy Scheme (the Scheme) to provide subsidies to manufacturers for producing face masks locally in order to meet the needs of the Government and society. The first two million face masks produced each month by each subsidised face mask production line (with 20 lines in total) must be sold to the Government for a period of one year, while the manufacturers concerned may sell the remaining face masks in the local market. The Hong Kong Productivity Council (HKPC) was engaged to administer the Scheme and serve as the Secretariat. Besides, the Innovation and Technology Bureau was provided with funding for the research and development (R&D) as well as the production of the reusable CuMask+™ (CuMask) for distribution to all members of the public in Hong Kong. In this connection, will the Government inform this Council:

- (1) (i) in respect of the face masks procured by the Government under the Scheme, of (a) the quantity, (b) the average unit price and (c) the total expenditure involved, as well as (ii) the number of such face masks distributed to various government departments, in each month since the Scheme was launched;
- (2) whether it knows the total quantity of face masks currently made available to the market by the subsidised production lines each month, and the average unit cost of such face masks;
- (3) of the respective amounts of subsidies disbursed to the various production lines so far;
- (4) of the amount of fees payable to the HKPC by the Government under the Scheme and its percentage in the estimated expenditure of the Scheme;
- (5) of the current stock of face masks kept by the Government, and how it will deal with the surplus face masks; and
- (6) of the respective quantities of CuMask distributed to members of the public in the first and second rounds of distribution; the current stock of CuMask, and how the Government will deal with the stock?

Reply:

President,

In consultation with the Financial Services and the Treasury Bureau and the Innovation and Technology Bureau (ITB), our reply to the various parts of the question raised by the Hon Chan Hak-kan is as follows:

(1) to (3) As at December 31, 2020, the Government disbursed a total of about \$14 million in capital subsidy to the 20 production lines under the Local Mask Production Subsidy Scheme (the Scheme). The amount of capital subsidy disbursed to each production line is tabulated at Annex 1. The 20 production lines had collectively delivered over 250 million masks to the Government during the period from June to December 2020, and the monthly breakdown is at Annex 2. Based on information provided by the production lines, the estimated average price of a mask procured by the Government under the Scheme is \$1.39. This figure is subject to change after vetting of supporting documents and calculations provided by the production lines. All of the information above has been uploaded to the website of the Hong Kong Productivity Council (HKPC) (u.hkpc.org/mask) and will be updated monthly.

A subsidised production line that has supplied the Government with two million masks in a month may then decide on the disposal arrangements for the remaining masks it produces, which may include, for example, distributing them to employees for personal use, selling or donating them to individual organisations, and selling them through the local retail market. However, under no circumstances can the masks be exported.

The Government Logistics Department (GLD) started to distribute the masks procured under the Scheme to Government departments since August 2020. During the period from August to November 2020, the GLD distributed on average about 8.05 million masks procured under the Scheme to Government departments per month.

Furthermore, in order to share with the public the first batch of masks procured under the Scheme, the Government distributed about 28 million masks to residential addresses in Hong Kong from June to July 2020. Thereafter, approximately three million masks were distributed to members of the public participating in the Universal Community Testing Programme in September 2020.

(4) The estimated expenditure for the Scheme is \$1.1 billion, of which \$5.36 million is allocated to the HKPC to manage the Scheme and serve as the secretariat. This amounts to less than 0.5 per cent of the estimated expenditure for the Scheme.

(5) As at end December 2020, the GLD had about 300 million masks in stock. As Government departments' demand for masks will vary depending on the development of the epidemic situation, the Government will continue to closely monitor the departments' demand for masks and make arrangements for the distribution of masks in stock.

(6) According to the information provided by the ITB, as at January 11, 2021, the Government has distributed around 10.34 million CuMask+™ in total. The remaining stock is around 450 000 at present. Around 4.14 million and around

3.6 million masks were delivered by the Hongkong Post and distributed via post offices and estate management offices under the Hong Kong Housing Authority and the Hong Kong Housing Society in the first and second rounds respectively. In addition, the Government has distributed around 1.67 million masks via kindergartens, primary schools, and secondary schools, around 770 000 masks via service points of social welfare institutions, residential homes, Consulate Generals, and associations supporting ethnic minorities, as well as around 160 000 masks via three boundary control points (viz. Hong Kong International Airport, the Shenzhen Bay Port, and the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port). Upon the implementation of the Return2hk Scheme, the Government will continue to distribute the CuMask+™ in three boundary control points to Hong Kong residents returning to Hong Kong.