

Transcript of remarks by CS on Budget

Following is the transcript of remarks by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, at a media session at the Legislative Council Complex after the Financial Secretary presented the Budget today (February 26):

The Financial Secretary has just delivered the 2020-2021 Budget. It was not an easy task at all for this year's Budget was prepared against the gloomy backdrop of looming uncertainties in the global economy, the aftermath of local social incidents and the outbreak of novel coronavirus disease.

We expect a budgetary deficit of about \$139 billion, but the current-term Hong Kong Special Administrative Region Government has the courage to make optimal use of public resources, including our fiscal reserves accumulated over the years, to introduce a package of counter-cyclical measures amounting to \$120 billion to support enterprises (especially the medium, small and micro enterprises), safeguard jobs, stimulate the economy and relieve people's burden.

The key measures include the most eye-catching \$71 billion cash handout scheme to provide \$10,000 for each Hong Kong Permanent Identity Card holder to encourage and boost local consumption and relieve people's financial burden.

Other measures to relieve the burden of businesses and individuals include concessionary tax reduction measures, waiver of rates, fees and water and sewerage charges, electricity charge subsidies, an additional month of allowance for social security payments, one-month rental payment for lower income tenants of public housing rental units and more.

The recurrent expenditure for the three key livelihood areas, that is, education, health care and social welfare is expected to exceed \$280 billion accounting for nearly 60 per cent of the Government's total recurrent expenditure or an increase of more than 50 per cent over the past five years. This demonstrates the Government's commitment to address people's needs, nurture talents and protect public health.

When examining the Government's enormous effort to support enterprises, safeguard jobs, stimulate our economy and improve people's livelihood in the fight against the deteriorating external economic and trade environment, local social conflicts and the epidemic, we should also take into full account the four rounds of relief measures costing \$30 billion that have been introduced by the Government since last August, which were followed by over 220 new measures amounting to \$48.7 billion in operating expenditure and \$24.8 billion in capital expenditure announced by the Chief Executive in her 2019 Policy Address last year.

This afternoon, I, as the Chief Secretary for Administration, will chair

the first meeting of the Steering Committee on Anti-epidemic Fund to review the latest progress, implementation framework and timetable of the 24 measures costing \$30 billion to enhance Hong Kong's capacity in combatting the epidemic and provide assistance or relief to enterprises (such as restaurants, retail, travel agents, transport sector, etc.) and members of the public that are hard hit by the epidemic or anti-epidemic measures. We will roll out the measures as soon as possible.

I must highlight that while the deficit will hit an all-time high, almost \$120 billion, this is related to the cash payout scheme and other one-off relief measures which will not incur long-term financial commitments.

I strongly support this year's Budget, and fervently hope that the Legislative Council will pass the Appropriation Bill as soon as practicable so that the measures can be implemented for the benefit of the community.

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

FS uses budget to promote economic diversification, boost pillar industries and foster talent

In his 2020-21 Budget today (February 26), the Financial Secretary, Mr Paul Chan, offered a wide range of measures to strengthen Hong Kong's pillar industries while identifying new growth engines among emerging sectors.

"This will not only broaden the foundation of our economy, but also provide diversified and quality employment opportunities for young people to unleash their potential," Mr Chan said.

On financial services, Mr Chan set out a series of proposals to fortify the city's competitiveness as an international financial centre. Initiatives include:

- * issuing green bonds totalling \$66 billion over the next five years to develop Hong Kong's position as a premier hub for green finance;
- * waiving the stamp duty on stock transfers paid by Exchange Traded Fund (ETF) market makers when creating and redeeming ETF units listed in Hong Kong to spur development of the ETF market;
- * issuing inflation-linked retail bonds (iBond) and Silver Bonds totalling not less than \$13 billion; and
- * providing tax concessions for carried interest issued by private equity

funds and preparing to establish a limited partnership regime to encourage them to domicile and operate in Hong Kong.

Mr Chan also highlighted the importance of promoting innovation and technology as a driving force for future economic development. To this end, he announced a series of proposals. These include:

- * earmarking \$3 billion for Phase 2 of the Hong Kong Science Park Expansion Programme;
- * exploring the development of a third InnoHK research cluster, in addition to the two research clusters currently being set up at the Science Park, one focusing on healthcare technologies and the other on artificial intelligence and robotics technologies;
- * increasing the Government's funding ratio under the Technology Voucher Programme to three-fourths from two-thirds, and raising the funding ceiling from \$400,000 to \$600,000, to promote the wider use of technological services and solutions among local companies; and
- * providing \$345 million for a pilot subsidy scheme to encourage the logistics industry to enhance its productivity through technology application.

To offer additional support for the tourism industry, which has been hit hard by the economic downturn and the novel coronavirus outbreak, the Financial Secretary earmarked more than \$700 million for the Hong Kong Tourism Board to expand promotion and revive the industry once the epidemic is over.

Similarly, the Hong Kong Trade Development Council will receive \$150 million in additional funding to support promotional activities and assist Hong Kong enterprises in exploring new market opportunities.

"Human capital is a valuable asset for our society," Mr Chan said.

"To provide young people with more opportunities to broaden their horizons and apply their knowledge, the Government and relevant organisations have provided training, internship schemes, subsidies, etc. for young people to develop their strengths in different areas."

Mr Chan unveiled various proposals to foster talent, including:

- * boosting the Researcher Programme and Postdoctoral Hub to cover all technology companies conducting research and development in Hong Kong;
- * setting aside \$40 million to subsidise short-term internships for undergraduates and postgraduates taking STEM programmes at local universities; and
- * increasing short-term internship opportunities in the Government and public organisations for students to almost 5 000 in 2020-21.

Mr Chan said that these and other measures in the Budget would help create "new areas of economic growth, with a view to increasing our revenue, promoting social development, coping with the challenges arising from an ageing population, and providing more quality employment opportunities."

LCQ4: Use of copyright work

Following is a question by the Hon Chan Chi-chuen and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (February 26):

Question:

It has been reported that on December 27 last year, the Police used on its social networking platform a photograph, the copyright of which was owned by an online media organisation, without obtaining prior consent from the organisation. In response to queries on their copyright infringement, the Police argued that under section 54A of the Copyright Ordinance (Cap. 528), "[f]air dealing with a work by the Government...for the purposes of efficient administration of urgent business does not infringe the copyright in the work". Some members of the public and media organisations are worried that the Police may abuse the said provision, making the protection for copyright owners under the Copyright Ordinance exist only in name. In this connection, will the Government inform this Council:

(1) whether it will immediately put forward a clear definition for the term "urgent business" in section 54A of Cap. 528, so as to allay the concern of members of the public and media organisations; and

(2) whether it will consider, prior to invoking the provision and using the photographs and video clips the copyright of which is owned by media organisations, informing the media organisations concerned and seeking their consent; if so, of the details; if not, the reasons for that?

Reply:

President,

The Copyright Ordinance confers to copyright owners a set of exclusive rights to do certain restricted acts in relation to their copyright works, including copying the works and issuing copies of the works to the public. At the same time, the Copyright Ordinance also sets out a number of exemption provisions to prescribe certain permitted acts which may be done (for example, for the purposes of research, private study, education, criticism, review, reporting current events, administration of urgent business by the Government, proceedings of the Legislative Council and judicial proceedings),

so as to allow for reasonable uses of other people's copyright works without infringing copyright. Whether a specific act constitutes copyright infringement under particular circumstances is subject to the actual circumstances of the case.

Regarding the two parts of the question, our reply is as follows:

(1) Section 54A of the Copyright Ordinance is one of the copyright exemption provisions. Pursuant to this section, fair dealing with a copyright work by the Government is permitted for the purposes of efficient administration of urgent business. As explained by the Government when the provision was enacted, the provision does not provide for any legal definition for the term "urgent business", with the intention that the term should be given its plain and literal meaning, namely, business that needs to be dealt with immediately.

(2) The purpose of providing copyright exceptions is to balance the legitimate interests of copyright owners with the need for reasonable uses of copyright works by users. If users need to invoke certain copyright exemptions, it would be desirable for the users to inform the copyright owners as far as practicable. Nevertheless, it remains that, with the exemption provisions therein, the Copyright Ordinance allows users to reasonably use copyright works under prescribed conditions without having obtained the consent of the copyright owners.

[LCQ7: Financing of small and medium enterprises](#)

Following is a question by the Hon Chung Kwok-pan and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (February 26):

Question:

Some persons-in-charge of small and medium enterprises (SMEs) have relayed that many SMEs, having been hit simultaneously by the slowdown of the global economy, the uncertainties of the external environment and the disturbances arising from the opposition to the proposed legislative amendments that have persisted for half a year, have tremendous business difficulties. Such SMEs urgently need liquidity to tide over the difficult times so as to avoid layoffs or closing down of business. Although the Financial Secretary extended in August last year both the application period of the 80% Guarantee Product under the SME Financing Guarantee Scheme (SFGS) and the validity period of the relevant enhancement measures to June 30, 2022, and the HKMC Insurance Limited (HKMCI) introduced in December last year

a new 90% Guarantee Product under SFGS, the procedure for banks to vet and approve SME loan applications is complicated and time-consuming and the eligibility criteria are stringent (such as requiring applicants to put up their properties as collaterals and submit documentary proofs of their business turnovers). As such, bank loans have failed to serve the function of "providing timely relief". In this connection, will the Government inform this Council:

(1) of the respective numbers of applications under SFGS received by HKMCI in the previous and the current financial years to date as well as the year-on-year percentage change of such applications, with a breakdown of the numbers of applications by loan amount and the type of industry to which the SME applicants belonged;

(2) of the respective numbers of the relevant applications received and approved by HKMCI since the launch of the 90% Guarantee Product, with a breakdown by the type of industry to which the SME applicants belonged; and

(3) whether it will discuss with the banking industry the simplification of the procedure for vetting and approval of SME loan applications and the relaxation of the application criteria, so as to resolve the financing difficulties encountered by SMEs?

Reply:

President,

Small and medium enterprises (SMEs) are a major pillar of the Hong Kong economy. With the cash flow pressure faced by some SMEs under the current economic environment, the Government has been providing loan guarantee under the SME Financing Guarantee Scheme (SFGS) to assist SMEs in obtaining commercial loans, and has been introducing enhancements to the scheme as appropriate. Also, the Hong Kong Monetary Authority (HKMA) requires that banks provide funding support to SMEs as far as their credit policies and risk management principles allow.

Having consulted the Financial Services and the Treasury Bureau, our reply to the three parts of the question is as follows:

(1) The HKMC Insurance Limited (HKMCI) administers the 80% Guarantee Product and the 90% Guarantee Product under its existing SFGS to respectively provide 80% and 90% loan guarantee for enterprises at concessionary fee rates.

Since the launch of the 80% Guarantee Product in May 2012 and up to end January 2020, the HKMCI has received 19 510 applications and approved 17 475 of them, involving a total loan amount of about \$73.1 billion and a total guarantee amount of about \$58.5 billion. The approval rate was 99.4 per cent (Note). The approved applications are mainly from enterprises of the trading, wholesale and retail sectors (accounting for about 55 per cent of the approved applications), the manufacturing sector (accounting for about 19 per cent of the approved applications), and the engineering and construction

(accounting for about 7 per cent of the approved applications) sector, etc.

The Government introduced three enhancement measures to the 80% Guarantee Product in November 2018, including reducing the guarantee fee by 50 per cent; increasing the maximum loan amount from \$12 million to \$15 million; and lengthening the maximum loan guarantee period from five years to seven years. Since then, we have seen a marked increase in the number of applications received and approved, as well as the amount of loans involved. Relevant figures are set out in the table below:

Applications Approved under the 80% Guarantee Product

	2018	2019	Increase
Number of Applications Received	1 932	2 965	+53%
Number of Applications Approved	1 714	2 734	+60%
By Sector			
• Trading, Wholesale and Retail	939	1 469	+56%
• Manufacturing	215	287	+33%
• Engineering and Construction	161	286	+78%
• Others	399	692	+73%
By Loan Size			
• Over \$10 million		339	+104%
• \$3 million to \$10 million	166	1 025	+64%
• Less than \$3 million	626	1 370	+49%
Total Amount of Loans Involved for Approved Applications (\$)	7.277 billion	13.772 billion	+89%

(2) The 90% Guarantee Product was launched on December 16, 2019 and the market response is positive. As at end January 2020, the HKMCI has received 187 applications and approved 155 of them, involving a total loan amount of about \$272 million and a total guarantee amount of about \$245 million. The approval rate was 100 per cent (Note 1). The approved applications are mainly from enterprises of the trading, wholesale and retail sectors (72 cases, accounting for about 46 per cent of the approved applications) and the manufacturing sector (nine cases, accounting for about 6 per cent of the approved applications).

(3) To strengthen funding support to SMEs, the HKMA has established a banking sector SME lending co-ordination mechanism. Three meetings were held in October 2019, January and February 2020 respectively under the co-ordination mechanism. The meetings were attended by representatives from the Hong Kong Association of Banks, major banks active in SME lending, and the HKMCI. Banks attending the meeting agreed to adopt a series of measures to strengthen support to SMEs. Key measures adopted by banks include making good use of the countercyclical capital buffer released by the HKMA to support SMEs; allowing SMEs to extend or reschedule their repayment period so as to relieve their cash flow pressure, having regard to the HKMA's clarification of credit risk management requirements; introducing relief measures targeting specific

sectors (such as the import and export and transportation sectors) to facilitate fund flow management by SMEs; and following the guidelines set out in the "Hong Kong Approach to Corporate Difficulties" to handle SMEs encountering financial difficulties with sympathy and enhanced communication, and to avoid withdrawing credit lines hastily or taking other credit actions that will adversely affect the customers' business operations.

A number of banks have responded to the HKMA's call by proposing various measures to help SMEs tide over this difficult time. The HKMCI and banks have also simplified the application procedures for the SFGS, such as by accepting other forms of financial proof in lieu of financial statements where appropriate. In view of possible changes to loan guarantee terms as necessitated by banks' extension of loan tenors and trade financing repayment schedules, the HKMCI has streamlined procedures to expedite processing of bank applications for revision of loan terms.

The HKMA, in collaboration with the HKMCI and banks, will also hold briefing sessions for SMEs to explain banks' lending procedures and the SFGS. The HKMA, together with the banking sector, will continue to maintain close dialogue with the commercial sector with a view to providing appropriate support to SMEs and helping them cope with the economic challenges.

Note: Excluding cases withdrawn by participating lenders and applicants, and those under processing.

[LCQ12: Personal data of arrested person](#)

Following is a question by the Hon Chan Chi-chuen and a written reply by the Secretary for Security, Mr John Lee, in the Legislative Council today (February 26):

Question:

It is learnt that while being arrested by police officers during the social conflicts over the past six months, quite a number of members of the public have tried to scream their names, so as to facilitate bystanders or people watching live broadcast in helping them obtain legal assistance expeditiously, but the police officers at the scene have, by various means, stopped them from doing so. Some of such police officers even claimed that such people did not have the right to scream their names and such act was an "invasion of privacy". In this connection, will the Government inform this Council:

(1) whether it has assessed if people's act of screaming their names on their

own initiative while being arrested is an invasion of their own privacy; if it has assessed and the outcome is in the affirmative, of the reasons for that; and

(2) whether there is any legal basis for police officers stopping people from screaming their names on their own initiative while they are being arrested; if so, of the details; if not, whether it will immediately prohibit police officers from doing so again, so as to ensure arrestees' right of facilitating their expeditious access to legal assistance through screaming their names while being arrested?

Reply:

President,

Members of the public enjoy the freedoms of expression, speech and assembly but they must exercise such freedoms peacefully and lawfully. When unlawful acts occur, the Police have a statutory duty to handle them so as to maintain public safety and public order. Since June last year up till now, more than 1 300 demonstrations, public assemblies and processions have been staged in Hong Kong, and many of them ended up as violent illegal activities. Rioters repeatedly committed serious unlawful acts including wantonly blocking roads, paralysing the traffic, hurling petrol bombs and setting fire at different locations, throwing bricks, and vandalising and burning shops and MTR and Light Rail facilities with intent. These acts have seriously threatened personal safety, as well as public order and public safety.

Section 50(1) of the Police Force Ordinance (Cap 232) empowers a police officer to apprehend any person whom the officer reasonably believes will be charged with or whom the officer reasonably suspects of being guilty of an offence for which a person may (on a first conviction for that offence) be sentenced to imprisonment. When a person is arrested by the Police, the police officer will, as soon as possible, inform the person of the fact that he or she is under arrest, as well as the factual grounds and the reasons for the arrest.

The Police always strive to protect the privacy and rights of detained persons, including the rights to seek legal assistance, communicate with a relative or friend, receive copies of written record under caution, be provided with food and drink, seek medical attention, etc. The rights of a detainee are clearly stated in the notice issued by the Police to every detainee in police custody or involve in police enquiries.

During the protests and unrest in the past eight months or so, we noticed that some arrested persons shouted their personal data such as their names, ID numbers, and telephone numbers after being subdued by police officers. Anyone (including those arrested by the Police) has the right to choose how to use his or her personal data, including the situation described in the question. We will not speculate on whether the arrested person shouted his or her name and personal data for the purpose of obtaining legal

assistance as soon as possible, notifying his or her partners to evade legal liability or destroying evidence.

During criminal investigations, if the arrested person has taken the initiative to shout his or her name or personal data at the scene, the relevant information coupled with other evidence collected by the Police (such as CCTV footage, statements from other witnesses, etc.) may be used as evidence in court to support that the arrested person was at the scene of the crime concerned.

When police officers take action, they will consider the actual situation and purpose at the time. As each situation is different, they cannot be generalised. Anyone who is dissatisfied with the enforcement actions of the Police can lodge a complaint with the Complaints Against Police Office (CAPO). CAPO will investigate, find out the actual situation of the incident and the purpose of the actions taken at that time, and handle the complaint in a fair and just manner.