

**Business Facilitation Advisory Committee
Food Business and Related Services Task Force**

Relief Measures to Support Food Business

Purpose

This paper briefs members on the relief measures that support food business.

Background

2. The Hong Kong economy faced significant downward pressure. The situation has turned even more austere in recent months. Externally, the global economic outlook is darkened by high uncertainties, including the escalation of China-US trade tensions, sluggish industrial and trading activities in Asia, heightening financial market volatilities and market concerns about major economies slipping into recession. Domestically, the social incidents have hit the retail trade, restaurants and tourism, adding a further blow to an already-weak economy. Based on the latest developments and assessments on the outlook, the Hong Kong economy will continue to face an austere environment for the rest of the year.

3. To counter the challenging external and local economic environment, the Financial Secretary announced on 15 August 2019 a package of measures to support enterprises, especially small and medium enterprises, to safeguard jobs and relieve people's financial burden. A copy of the related press release with the measures is at **Appendix**.

4. In relation to food business, the support measures are mainly on the waiver of government fees and charges which are outlined below.

Support Measures

Waiver of Licence Fees

5. Fees for the following food business related licences / permits are waived for 12 months :

- (a) New issue or renewal of a licence or provisional licence for food business (general restaurants, marine restaurants, light refreshments restaurants, factory canteens, fresh provision shops, siu mei and lo mei shops, composite food shops, bakeries, food factories, frozen confection factories, milk factories and cold stores)

- (b) Renewal of a licence for slaughterhouses
- (c) New issue or renewal of a restricted food permit
- (d) New issue or renewal of a permit or provisional permit for karaoke establishment
- (e) New issue or renewal of a liquor /club liquor licence

Waiver of Trade Effluent Surcharge

- 6. Fees for the trade effluent surcharge are waived for one year.

Implementation Schedule of the Measures

7. The concession period of fee waiver for the food business licences / permits in paragraph 5 above will last for one year, commencing on 1 October 2019 and ending on 30 September 2020 (both dates inclusive). For licences with possible validity period of more than one year such as that for karaoke establishment permit and liquor/club liquor licence, fee payable for the issue and/or renewal of the respective permit(s) or licence(s) commencing during the concession period will be waived for a maximum period of 12 months.

8. The concession period for the waiver of trade effluent surcharge will be commencing on 1 January 2020 and ending on 31 December 2020.

Way Forward

- 9. Members are invited to note the contents of this paper.

Food and Environmental Hygiene Department

Drainage Services Department

November 2019

FS announces measures to support enterprises and residents

The Hong Kong economy faced significant downward pressure in the second quarter. The situation has turned even more austere in recent months. Externally, the global economic outlook is darkened by high uncertainties, including the escalation of China-US trade tensions, imminent risk of a hard Brexit, continued geopolitical tensions in the Middle East, sluggish industrial and trading activities in Asia, heightening financial market volatilities, and market concerns about major economies slipping into recession. Against this background, the import/export trades, logistics and related sectors will continue to face a difficult environment. Domestically, the recent social incidents have hit the retail trade, restaurants and tourism, adding a further blow to an already-weak economy, and also affected the international image of Hong Kong. A total of 29 countries have issued different levels of travel alerts against Hong Kong. International credit rating agencies have also expressed concerns about the situation of Hong Kong. The incentives of tourists travelling to Hong Kong and of businessmen abroad operating businesses and investing in Hong Kong have been affected.

Based on the latest developments and assessments on the outlook, the Hong Kong economy will continue to face an austere environment for the rest of the year. As such, the Government must revise downwards the real growth forecast for the economy in 2019 as a whole to 0 per cent to 1 per cent.

To counter the challenging external and local economic environment, the Financial Secretary, Mr Paul Chan, announced today (August 15) a package of measures to support enterprises, especially small and medium enterprises (SMEs), to safeguard jobs and relieve people's financial burden.

(A) Support enterprises and safeguard jobs

SMEs account for over 98 per cent of local enterprises and around 45 per cent of total employment, and are the cornerstone of our economy. To assist our SMEs to cope with the operating pressure in the current economic environment, we will introduce the following support measures:

(a) Waive 27 groups of government fees and charges for 12 months to benefit a wide range of sectors from maritime, logistics, retail, catering, tourism, construction, to agriculture and fisheries. A full list is at Annex A.

(b) Reduce the rental for most short term tenancies of government land for community and business use under the Lands Department, public market stalls leased by the Food and Environmental Hygiene Department, catering establishments and retail stores leased by the Government Property Agency, public cargo working areas leased by the Marine Department and stalls/facilities in the four wholesale markets managed by the Agriculture, Fisheries and Conservation Department by 50 per cent for six months. A list of these measures

is at Annex B.

(c) Implement a fee review moratorium on government fees and charges set on a cost recovery basis with immediate effect until December 31, 2020.

(d) Make further enhancements to the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the SME Export Marketing Fund and again provide additional injections into these Funds to better support enterprises in exploring business opportunities, promoting sales and participating in business missions organised by the Government and related organisations for market development. See Annex C for details.

(e) The HKMC Insurance Limited to introduce a new loan guarantee product under the SME Financing Guarantee Scheme (SFGS), under which the Government will provide for a 90 per cent guarantee for approved loans to help individuals looking to set up new businesses, businesses with relatively less operating experience, as well as professionals seeking to set up their own practices, to obtain financing. It will also extend the application period of the special concessionary measures under the SME Financing Guarantee Scheme (SFGS) (i.e. Government to provide for an 80 per cent guarantee for approved loans) and the validity period of the three enhancement measures introduced last year to 30 June 2022.

(f) Continue to explore room for increasing or expediting minor works projects both to meet public needs and to create more employment opportunities for the construction sector. For example, we will advance the implementation of the second phase of the Pier Improvement Programme, which enhances the structural and facility standard of public piers in remote areas to facilitate public access to remote villages, scenic spots and natural heritages. An Enhancement to the existing Building Maintenance Grant Scheme for Elderly Owners, an Operation Building Bright 2.0, a Lift Modernisation Subsidy Scheme, and a Fire Safety Improvement Works Subsidy Scheme will also be considered.

(g) The Employees Retraining Board will plan for specific training programmes to assist unemployed/under-employed workers in trades suffering from the downturn to upgrade their skills to increase their competitiveness and provide special allowance. Details will be provided by the Board.

(B) Relieve people's burden

To ease the financial burden of the people, the Government will implement the following measures:

(a) Further to the proposal in the 2019-20 Budget to reduce salaries tax, tax under personal assessment and profits tax for the Year of Assessment 2018/19 by 75 per cent subject to a ceiling of \$20,000, to increase the reductions to 100 per cent while retaining the ceiling of \$20,000. About 1.43 million taxpayers (of which 1.33 million taxpayers will have all taxes waived) will benefit from a further

saving of \$1.84 billion.

(b) Provide an extra allowance to social security recipients, equal to one month of the standard rate Comprehensive Social Security Assistance (CSSA) payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance. Similar arrangements will apply to recipients of the Working Family Allowance and individual-based Work Incentive Transport Subsidy. This will cost about \$4 billion.

(c) Provide a subsidy to kindergarten, primary and secondary day-school students in Hong Kong at \$2,500 per head in the 2019/20 school year to alleviate parents' financial burden in defraying education expenses. This will cost about \$2.3 billion and benefit over 900,000 students.

(d) Pay one month's rent for lower income tenants living in the public rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society. This will cost about \$1.4 billion.

(e) Provide a one-off electricity charge subsidy of \$2,000 to each residential electricity account. This will cost about \$5.6 billion and benefit over 2.7 million eligible households.

(f) Invite the Community Care Fund to consider providing a one-off living subsidy for low-income households not living in public housing and not receiving CSSA (commonly known as the "N have-nots").

(g) Hong Kong Housing Authority, Airport Authority Hong Kong, Construction Industry Council, Hong Kong Science and Technology Parks Corporation as well as the Cyberport are also formulating relief proposals. Details will be announced by these bodies separately.

Details of the expenditure measures in (b) to (e) above are in Annex D.

"The package of helping measures to support enterprises and relieve people's financial burden, excluding public works expenses, will cost a total of about \$19.1 billion," said Mr Chan. "Together with one-off relief measures announced in the 2019-20 Budget, which cost \$42.9 billion, they will provide impetus for our economy and help cushion the enterprises and people of Hong Kong against challenges arising from economic uncertainties."

(C) Timing for implementation

Amongst the 27 groups of fee waiver proposals, the adjustment of 19 groups of fee items will require subsidiary legislation subject to negative vetting by the Legislative Council (LegCo). We will put the subsidiary legislation to LegCo in October 2019.

We will also seek funding approval from LegCo as soon as possible for

helping measures that require additional resources.

We will propose amendments to the Inland Revenue (Amendment) (Tax Concessions) Bill 2019 in October 2019 to implement the abovementioned enhanced tax concession proposal. Tax demand notes for Year of Assessment 2018/19 will be issued by the Inland Revenue Department after passage of the Bill by LegCo.

"Relevant bureaux and departments will follow up on the implementation of the above package of measures in full speed so that the enterprises, especially SMEs, and the public can benefit early," said Mr Chan.

Proposed Waiver of Government Fees and Charges

Initiative	Estimated Revenue Forgone (\$ million)	Estimated Number of Beneficiaries	Implementation
1. Port Facilities and light dues payable by ocean-going vessels (OGV) and high speed crafts (HSC)	187	25 400 OGV and 87 700 HSC arrivals	October 2019
2. “Permit to Remain” fees payable by river-trade vessels (RTV)	103	67 600 RTV arrivals	November 2019
3. Licence fees of all local vessels, namely Classes I (passenger), II (working), III (fishing) and IV (pleasure) vessels (Note 1)	24	9 600 licensed local vessels	November 2019
4. “Vehicle Entry Ticket” fee for the first hour payable by trucks entering the Public Cargo Working Areas	28	856 500 truck entries	October 2019
5. “Operation Area Permit” fee payable by the Public Cargo Working Areas operators	12	Operators of 123 operation areas	October 2019
6. Closed road permit fee for cross boundary goods vehicles, buses and hire cars	7.2	14 400 vehicles	December 2019
7. Vehicle licence fees for registered commercial vehicles (Note 2)	543	177 400 commercial vehicles	December 2019
8. Vehicle examination fees for registered commercial vehicles (Note 2)	135	177 400 commercial vehicles	December 2019
9. Fees payable for the new issue or renewal of Passenger Service Licence (PSL) for eligible types of vehicles (Note 3)	0.5	2 100 PSL holders	December 2019
10. Fees payable for the new issue or renewal of Passenger Service Licence Certificate for eligible types of vehicles (Note 3)	2.6	11 600 vehicles	December 2019
11. Fees payable for the new issue or renewal of Hire Car Permits	1.3	1 200 permit holders	December 2019

Annex A

Initiative	Estimated Revenue Forgone (\$ million)	Estimated Number of Beneficiaries	Implementation
12. Fees for new issue or renewal of a licence for fixed pitch hawker and itinerant hawker licence and fees for the allocation and use of fixed pitches	28.6	5 900 licensees	October 2019
13. Fees for new issue or renewal of a licence or provisional licence for general, marine restaurants, light refreshments restaurants and factory canteens	86.3	16 300 licensees	October 2019
14. Fees for new issue or renewal of a liquor licence	15	8 500 licensees	October 2019
15. Fees for new issue or renewal of a restricted food permit	4.2	8 100 permit holders	October 2019
16. Fees for new issue or renewal of a licence for fresh provision shops	24.6	2 700 licensees	October 2019
17. Fees for new issue or renewal of a licence for bakeries, siu mei and lo mei shops and composite food shops	3.4	940 licensees	October 2019
18. Fees for new issue or renewal of a licence for food factories, frozen confection factories, milk factories and cold stores	60.7	8 400 licensees	October 2019
19. Renewal fees of a licence for slaughterhouses	0.3	3 licensees	October 2019
20. Fees for grant or renewal of a marine fish culture licence and fees for renewal of a livestock keeping licence	2.3	1 000 licensees	October 2019
21. Trade Effluent Surcharge	248	30 000 businesses	January 2020
22. Fees for Mine Blasting Certificate, licence/permit in respect of Category 1 dangerous goods, and explosives conveyance and storage	22.9	142 shot firers/ contractors/ explosives suppliers/ store owners	October 2019

Annex A

Initiative	Estimated Revenue Forgone (\$ million)	Estimated Number of Beneficiaries	Implementation
23. Registration-related fees for Minor Works Contractors under the Building (Minor Works) (Fees) Regulation	4.3	19 600 contractors	October 2019
24. Fees for new issue or renewal of hotel/ guesthouse licences	12.6	2 180 licensees	October 2019
25. Fees for new issue or renewal of licences and provisional licences for cinemas under the Places of Public Entertainment Regulations	1.1	80 licensees	October 2019
26. Fees payable for the new issue and renewal of a permit, provisional permit, licence and provisional licence for karaoke establishment	0.1	100 licensees	October 2019
27. Travel agent licence fees	11.3	1 800 travel agents	October 2019
Total	1,569.3		

Note 1: Only pleasure vessels let for hire or reward are included.

Note 2: Commercial vehicles include goods vehicle, special purpose vehicle, trailer, taxi, non-franchised public bus, franchised public bus, private bus, light bus (both public and private) and hire car.

Note 3: Eligible types of vehicles include non-franchised public bus, private bus for student service, and public light bus.

Rental Waiver Proposals

	Initiative	Estimated Revenue Forgone (\$ million)	Estimated Number of Beneficiaries	Implementation
1.	Reduce rental by 50% for 6 months for most short term tenancies of government land for community and business use under the Lands Department	100	1 500 tenants	October 2019
2.	Reduce rental by 50% for 6 months for stalls in public markets of the Food and Environmental Hygiene Department	111	12 400 public market stalls	October 2019
3.	Reduce rental by 50% for 6 months for catering establishments and retail stores (except supermarkets, superstores and shopping malls) leased by the Government Property Agency	16	100 tenants	October 2019
4.	Waiving 50% of the monthly fee payable by operators of Public Cargo Working Areas (PCWAs) under Berth Licence Agreement (BLA) for 6 months by the Marine Department	20	100 PCWAs operators	October 2019
5.	Reduce rental by 50% for 6 months for stalls/facilities in the four wholesale markets managed by the Agriculture, Fisheries and Conservation Department	24.5	950 tenants	October 2019
	Total	271.5		

Support Measures to Small and Medium Enterprises (SMEs)

Measure	Estimated Expenditure (\$ million)	Beneficiaries
1. Inject another \$1 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and double the funding ceiling per enterprise under its Mainland Programme to \$2 million for supporting enterprises to explore development opportunities, further to the proposal in the 2019-20 Budget to inject \$1 billion into the BUD Fund and to extend the geographical coverage of the funding support to include all economies with which Hong Kong has signed Free Trade Agreements	1,000	Non-listed Hong Kong enterprises
2. Inject \$1 billion into the Export Marketing and Trade and Industrial Organisation Support Fund to increase substantially the cumulative funding ceiling for each enterprise under the SME Export Marketing Fund (EMF) by doubling the amount to \$800,000, and to enhance the operation of the EMF to provide more comprehensive support to SMEs for participating in business missions organised by the government and related organisations for market expansion	1,000	Hong Kong SMEs
Total	<u><u>2,000</u></u>	

Expenditure Measures to Relieve People's Burden

Measure	Estimated Expenditure (\$ million)	Estimated Number of Beneficiaries
<p>1. Provide an extra allowance to social security recipients, equal to one month of the standard rate Comprehensive Social Security Assistance payments, Old Age Allowance, Old Age Living Allowance or Disability Allowance</p> <p>Similar arrangements will apply to recipients of the Working Family Allowance (WFA) and individual-based Work Incentive Transport Subsidy (WITS)</p>	4,043	<p>About 1.33 million eligible social security recipients, 57 000 eligible household receiving WFA and 31 600 eligible individual-based WITS recipients</p>
<p>2. Provide a subsidy to kindergarten, primary and secondary full-time students in Hong Kong at \$2,500 per head in the 2019/20 school year to alleviate parents' financial burden in defraying education expenses</p>	2,325	<p>About 930 000 students</p>
<p>3. Pay one month's rent for lower income tenants* living in the public rental units of the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HKHS)</p> <p>* Excluding tenants required to pay additional rent to HA or HKHS, and tenants of non-elderly persons' flats in the HKHS Group B estates</p>	1,433	<p>About 785 000 tenants</p>
<p>4. Provide a one-off electricity charge subsidy of \$2,000 to each residential electricity account</p>	5,569	<p>Over 2.7 million eligible households</p>
Total	13,370	