

Fight the Virus Together Support Hong Kong Together

Mrs Carrie Lam
Chief Executive, Hong Kong SAR
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Hong Kong SAR Government

Fight the Virus Together, Support Hong Kong Together

An unprecedented challenge caused by COVID-19 –

- Wide range of economic activities severely disrupted, some come to a complete halt, like aviation and tourism
- Aggressive social distancing measures result in a plunge in business across a wide spectrum of sectors
- Many businesses face pressure of closing down
- Massive staff layoffs anticipated, causing hardship to families and individuals



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An unprecedented Government response to –

- Help businesses to stay afloat
- Retain workers in employment
- Relieve financial burdens of individuals and businesses
- Facilitate the economy to recover once the epidemic is well contained

This is a response further to the \$120 billion relief package in the 2020-21 Budget announced on 26 February and the \$30 billion Anti-epidemic Fund approved by LegCo on 21 February



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We need **bold** and **prompt** measures –

- Simple to understand
- Easy to access
- Quick to disperse funds
- Sufficiently broad-based while providing extra relief to hard-hit sectors
- Pave the way for economic recovery



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Four major components in the package –

- I. Job retention, job creation and job advancement
- II. Sector-specific relief
- III. Government rental concessions, fee waivers, provision of loans and loan repayment deferrals to reduce financial burdens
- IV. Other relief through Government facilitation



I. Job retention, Job creation and Job advancement

(1) Introduce an \$80 billion Employment Support Scheme (ESS)

「保就業」計劃 –

- Government provides wage subsidies to eligible employers to retain their employees in return for employers undertaking not to implement redundancy
- All employers making MPF contributions will be eligible except those on exclusion list (HKSARG, statutory bodies, and Government subvented staff)
- Government subsidies calculated on the basis of 50% of wages, subject to a wage cap of \$18,000 per month (median wage at 2019 Q2) for a period of 6 months



I. Job retention, Job creation and Job advancement (Cont'd)

- Payment to employers in two tranches, first payout no later than June 2020, estimated to cover 1.5 million employees
- Employers in three sectors (involving about 800 000 persons) – catering, construction and transport (mainly taxi and red mini-bus drivers) not well covered by MPF will be assisted in the sector-specific schemes
- Self-employed MPF contributors (about 215 000) will be assisted through a one-off lump sum subsidy
- Relax asset limits of the Comprehensive Social Security Assistance (CSSA) Scheme for six months to assist the unemployed



I. Job retention, Job creation and Job advancement (Cont'd)

- (2) Create 30 000 time-limited jobs worth \$6 billion in public and private sectors in the coming two years. Government, as the biggest employer, will continue to recruit – over 10 000 civil service jobs in 2020-21 and about 5 000 interns for young people
- (3) Support job advancement projects costing \$800 million for staff in private sector to learn new skills or for businesses to apply more technology



II. Sector-specific Relief

Provide 16 items of support under Anti-epidemic Fund 2.0 estimated at \$21 billion in addition to the 24 items under the first round of \$30 billion, benefiting –

- Tutorial schools
- School-related service providers
- Registered sport coaches
- Interest class instructors to social service centres
- Private refuse collectors
- Local primary producers
- SME Exchange participants and SFC licensees
- Licensed estate agents and salespersons
- Passenger transport sector*
- Cinemas, design hub at PMQ and printing and publishing sector
- Travel industry
- Construction-related enterprises*
- Non-profit making organisations running various heritage and open space projects under DEVB
- Aviation industry
- Catering outlets*
- Eleven types of business ordered to close

** Including job retention schemes*



III. Government rental concessions, fee waivers, provision of loans and loan repayment deferrals to reduce financial burdens

(1) Enhance SME Financing Guarantee Scheme –

- Raise maximum loan amount per enterprise

80% guarantee	\$15M → \$18M
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90% guarantee	\$6M → \$8M
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100% guarantee	\$2M → \$4M
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- Provide concessionary interest at a rate up to 3% for one year for loans under 80% and 90% Guarantee



III. Government rental concessions, fee waivers, provision of loans and loan repayment deferrals to reduce financial burdens (Cont'd)

- Extend application period and eligibility to publicly-listed companies
- Raising the guarantee commitment for the Special 100% Guarantee Product from \$20 billion to \$50 billion to meet businesses' demand
- In totality, the 3 schemes are provided with Government guarantee commitment of \$183 billion



III. Government rental concessions, fee waivers, provision of loans and loan repayment deferrals to reduce financial burdens (Cont'd)

- (2) Increase government rental concessions for tenants and hirers of government premises from 50% to 75% for the period April to September 2020
- (3) Increase government rental or fee concessions from 50% to 75% for eligible Short Term Tenancies and waivers administrator by Lands Department for the period April to September 2020
- (4) Expand the scope of (2) and (3) above to more businesses/ tenants not covered previously



III. Government rental concessions, fee waivers, provision of loans and loan repayment deferrals to reduce financial burdens (Cont'd)

- (5) Extend the 75% waive of water and sewage charges payable by non-domestic accounts for a further 4 months to November 2020 (previous rounds already provided 8 months)
- (6) Waive registration/ enrolment fees for 125 000 healthcare professionals for 3 years
- (7) Reduce MTR fares by 20% for 6 months from 1 July 2020, with Government paying for half of the revenue forgone



III. Government rental concessions, fee waivers, provision of loans and loan repayment deferrals to reduce financial burdens (Cont'd)

- (8) Relax the monthly threshold from \$400 under the Public Transport Fare Subsidy Scheme to \$200 for 6 months from July 2020
- (9) Grant interest-free deferral of loan repayment for 2 years to self-financing post-secondary institutions and non-profit-making international schools
- (10) Grant automatically (i.e. without application) interest-free deferral of loan repayment for 2 years to all student loan repayees (except those on default)
- (11) Defer automatically payment of salaries tax, personal assessment and profits tax due for payment in April, May and June 2020 by three months



IV. Other relief through Government facilitation

- (1) Airport Authority – additional relief worth \$2 billion to airlines and its immediate supporting operators
- (2) Hong Kong Monetary Authority – adjust regulatory parameters to enable banks to lend, releasing a total lending capacity of \$1,000 billion, and provide to clients “Principal moratorium” 還息不還本 for a specified period and other sector-specific measures to provide the much-needed liquidity



IV. Other relief through Government facilitation (Cont'd)

- (3) Insurance Authority – facilitate all major insurance companies to offer grace period of premium payment for holders of individual life, critical illness and medical policies for a specified period
- (4) All Government bureaux and departments – extend the deadline for project completion and /or relax the payment schedules of government work and non-works contracts and extend the Building Covenant period by up to 6 months in land leases



FISCAL IMPLICATIONS

- Total cost of the package amounts to \$137.5 billion, comprising –
 - \$135.7 billion additional expenditure of \$109.5 billion to the Anti-epidemic Fund, \$11.7 billion to the Loan Guarantee Scheme and \$3.2 billion to CSSA, plus contingency
 - Around \$1.8 billion revenue forgone from rental concessions, fee waivers, provision of loans and loan repayment deferrals



FISCAL IMPLICATIONS (Cont'd)

- In addition, a \$30 billion additional commitment will be sought for increasing the Special 100% Guarantee Product
- Together with the \$30 billion under the first round of AEF and \$120 billion Budget measures, total fiscal implications are \$287.5 billion, representing 10% of GDP
- These additional measures, assuming all payouts in 2020-21, will enlarge the budget deficit for 2020-21 from \$139.1 billion to \$276.6 billion, that is, from 4.8% of GDP to 9.5% of GDP



CONCLUSION

- Given the epidemic's catastrophic impact on HK's economy, Government has to dig deep into our fiscal reserve accumulated over the years to help our businesses and people
- With HK's fundamental strengths and our people's resilience, we are confident that our city can ride out this storm



CONCLUSION (Cont'd)

- We just need to act in concert, to fight the virus together and to relaunch Hong Kong together
- To show solidarity with the people, the Chief Executive, the Principal Officials (Chief Secretary, Financial Secretary, Secretary for Justice and 13 Bureau Secretaries) and Director, Chief Executive's Office will take a 10% pay cut for the coming 12 months



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THANK YOU



Hong Kong SAR Government