

Fight the Virus Together with Confidence

15.9.2020

(Translated version)



Hong Kong SAR Government

Relief measures announced

- **First-round Anti-epidemic Fund (AEF)** \$30 billion
 - Enhancing anti-epidemic capability
 - Providing relief to enterprises and individuals

- **Budget measures to support enterprises, safeguard jobs and relieve people's burden** \$120 billion
 - \$10,000 Cash Payout Scheme
 - Reduction or waiver of taxes, fees and charges and rentals
 - Provision of extra allowances for low-income groups

- **Second-round AEF and other relief measures** \$137.5 billion
 - Job retention, job creation and job advancement
 - Provision of one-off relief for specific sectors (businesses and/or individuals)
 - Easing the cash flow and burden of businesses and individuals

Total: \$287.5 billion
(equivalent to about 10% of our GDP)



Progress of two rounds of AEF measures

- The Legislative Council's Finance Committee approved a total commitment of **\$150.5 billion** for the two rounds of AEF.
- So far **73 measures** were approved (including 16 new measures funded by AEF contingency) with a total commitment exceeding **\$145 billion**.
- As at end-August, more than **\$78 billion** of subsidy was disbursed.
 - More than 4.3 million individuals benefitted*
 - More than 450 000 enterprises, businesses, etc. benefitted
 - 16 measures were completed, with the remaining 57 still ongoing

* excluding CuMask+™ recipients



Progress of two rounds of AEF measures

- Enhancing anti-epidemic capability
 - Providing additional resources for the Hospital Authority in tackling the epidemic
 - Supporting the setting up of 20 local mask production lines
 - Sharing with the public: Delivering 10 free masks to each residential address, disbursing a total of around **28 million masks**.
 - Technology applications to enable reusability of masks (CuMask+™)
 - First round: Disbursed **5.9 million CuMask+™**
 - Second round: Delivery of CuMask+™ to registrants started this week



Progress of two rounds of AEF measures

- Employment Support Scheme (ESS)
 - The first tranche of wage subsidy covering June to August 2020 has benefitted more than **150 000** employers, involving a total of around **1.95 million** employees. One-off subsidy to over **110 000** self-employed persons were also approved
 - The application period for the second tranche of wage subsidy covering September to November 2020 has just ended. Over **158 000** applications from employers and **26 000** applications from self-employed persons were received. Amongst the employers' applications, more than **90%** of the employer applicants have successfully applied for the first tranche of the ESS



Progress of two rounds of AEF measures

- Providing relief for specific sectors, including -
 - construction, property management, travel, catering, retail, convention and exhibition, arts and culture, innovation and technology, transport, aviation, agriculture and fisheries, hotel, child care centres and education
 - licenced hawkers, frontline cleansing and security workers, low-income families, secondary, primary and kindergarten



Progress of two rounds of AEF measures

- **16 new measures** were approved by the AEF Steering Committee based on proposals put forth by the relevant bureaux/departments having regard to the development of the epidemic, views from various industry stakeholders and their actual business situation. Examples include -
 - Anti-epidemic Subsidy Scheme for the Laundry Trade
 - Subsidy Scheme for Employment Agencies
 - Subsidy to vehicle maintenance workshops
 - Targeted Group Testing Scheme



Progress of two rounds of AEF measures

- The Government's initiatives to lower enterprises' operating costs and ease cash flow problems (such as the introduction of the Special 100% Guarantee Product under the SME Financing Guarantee Scheme, allowing enterprises to opt for principal moratorium for the first 12 months), together with targeted assistance to enterprises in the hardest-hit sectors, wage subsidy to eligible employers and a range of job creation measures, should have helped avoid closure of some enterprises and keep workers in employment.
- Therefore, these measures have helped preserve the vitality of the economy and reduce the stress on the financial system, and should facilitate a swift recovery once the epidemic is well contained and the external economic environment improves.



Third-round AEF and other measures

With the volatile development of the epidemic, the next wave of the epidemic may coincide with the usual winter influenza season. We have to get prepared and -

- continue making efforts in enhancing our anti-epidemic capability; and
- adopt a focused approach in subsidising targeted sectors and individuals directly affected by the Government's anti-epidemic measures or hard-hit by the epidemic.



(I) Enhancing anti-epidemic capability

Allocate **\$13 billion**, mainly for :

- Procurement of vaccines against COVID-19
- Providing additional subvention to the Hospital Authority to combat the winter surge or the next wave of epidemic
- Enhancing the capacity of quarantine facilities through engaging hotels as designated facilities and operating new quarantine centres in Penny's Bay
- Quarantine centres for residents of residential care homes for the elderly and residential care homes for persons with disabilities
- Subsidy scheme for the promotion of contactless payment in public markets managed by the Food and Environmental Hygiene Department



(II) Providing relief to sectors and individuals directly affected by Government's anti-epidemic measures

Allocate a total of **\$4.5 billion**, mainly for :

- Extension of the Special Scheme of Assistance to the Unemployed under the Comprehensive Social Security Assistance (CSSA) Scheme for six months to 31 May 2021
- Provision of subsidies to sectors directly affected by the Government's anti-epidemic measures or hard-hit by the epidemic. Beneficiaries include :
 - Catering
 - Tourism
 - Aviation & Transport
 - Sports
 - Arts & Culture
 - Companies in performing industry which organise pop concerts
 - Club-houses
 - Cinemas
 - Education (including kindergartens; private primary and secondary schools; tutorial schools; providers of catering services at schools and post-secondary education institutions, interest classes and school bus services for schools)
 - Child care centres
 - Interest class instructors hired by subvented non-governmental welfare organisations
 - Beauty parlours
 - Massage establishments
 - Amusement game centres
 - Bathhouses
 - Fitness centres
 - Places of amusement
 - Places of public entertainment
 - Party rooms
 - Nightclubs
 - Bars / pubs
 - Karaoke establishments
 - Mahjong-tin kau premises



(III) Rental concessions, waivers of fees and charges and enhanced rates concession

- Provide rental concessions, waivers of fees and charges and enhanced rates concession, involving about \$5 billion in total –
 - Rental concessions/waivers: extend the existing 75% or 100% rental concessions/waivers for government premises and short-term tenancies by 6 months, extend the existing waivers of 27 groups of government fees and charges by 1 year, provide waiver of 7 new groups of government fees and charges for 1 year, and extend the 75% waiver of water and sewage charges payable by non-domestic households for 4 extra months
 - Enhance rates concession to non-domestic properties for Q3 and Q4 of 2020-21 by increasing the exemption ceiling from \$1,500 to \$5,000 per quarter
- Invite Hong Kong Housing Authority, Hong Kong Housing Society, Airport Authority Hong Kong, Hong Kong Science Park and Cyberport to provide rental concessions for their tenants, involving about \$1 billion in total



(IV) Enhancement of the SME Financing Guarantee Scheme (SFGS)

- Enhance the Special 100% Guarantee Product under the SFGS:
 - Maximum loan amount: increase the ceiling from the total amount of employee wages and rents for 6 months, to that for 12 months, or \$5 million (originally \$4 million), whichever is lower
 - Maximum repayment period: increase from 3 years to 5 years

* The Hong Kong Monetary Authority has earlier announced the extension of the principal moratorium for the 80% Guarantee Product and the 90% Guarantee Product under the SFGS by 6 months to 31 March 2021, and the increase of the maximum duration of principal moratorium from 12 months to 18 months. The Pre-approved Principal Payment Holiday Scheme was also extended by 6 months to April 2021, while repayment for trade facilities under the Scheme was deferred for 90 days.



Financial implications

- To implement the whole set of measures amounting to \$24 billion, the Government will –
 - Seek Finance Committee's approval to inject \$5.4 billion (comprising 10% contingency) to the Anti-epidemic Fund
 - Seek Finance Committee's approval for a supplementary provision amounting to around \$11.7 billion for COVID-19 vaccine procurement and additional support to the Hospital Authority for combatting the winter surge or the next wave of epidemic
 - Put forward necessary subsidiary legislation and executive arrangements for the implementation of concessions/waivers of rental/fees and charges by the Government and public bodies, which amount to around \$6 billion in total



Financial implications (cont'd)

- The measures under the last two rounds of AEF and the Budget, together with the latest measures under AEF 3.0 involve over \$300 billion in total, which is about 10-11% of GDP and is expected to have a supporting effect of slightly more than 5 percentage points of GDP on our economy
- Taking into account the latest measures announced today, the consolidated deficit for 2020-21 is expected to increase to over \$300 billion. Fiscal reserves will be reduced to around \$800 billion, equivalent to around 12-13 months of government expenditure, close to the level after the SARS epidemic in 2003.



Conclusion

- Facing the new normal of co-existence with COVID-19 and the tough external political and economic environment, we need to –
 - Continue with our anti-epidemic efforts
 - Resume the momentum for economic recovery early
 - Exercise fiscal prudence in providing relief to people and enterprises affected by the anti-epidemic measures and those whose income has been severely affected by the epidemic
 - Preserve fiscal strength, with a view to coping with known and unforeseen needs

