

# Applications for second tranche of Employment Support Scheme from large property management companies approved

A Government spokesman today (November 11) said applications for the second tranche of the Employment Support Scheme (ESS) from 18 large property management companies (PMCs) have been approved. The 18 PMCs will receive wage subsidies of \$974 million to maintain a paid headcount of 41 013. Meanwhile, these PMCs have undertaken to give back at least 80 per cent of the amount equivalent to their ESS subsidies (as approved under the second tranche to pay for employees' wages covering September to November 2020) to the owners or Incorporated Owners (the owners) of residential properties or properties with residential units under their management.

"Having considered the implementation of the first tranche of the ESS and views of our society, the Government introduced new requirements under the second tranche targeting two large supermarket chains and major PMCs that have not been affected by the pandemic. As far as large PMCs are concerned, the Government requires large PMCs applying for the second tranche of the ESS to undertake to give back at least 80 per cent of the amount equivalent to their ESS subsidies to the owners of residential properties or properties with residential units under their management. These PMCs are required to submit their give-back proposals to the Policy Innovation and Co-ordination Office (PICO) and the Government will first consider their proposals before approving their applications for the second tranche of the ESS," the spokesman said.

Where the second tranche of the ESS is concerned, "large PMCs" refers to those with 1 000 or more employees. The list of 18 large PMCs which are subject to the additional undertaking is in the Annex. Their give-back proposals submitted to PICO must meet the following principles set out by the Government:

- (a) PMCs should undertake to give back an amount equivalent to at least 80 per cent of the ESS subsidy to the owners of residential properties or properties with residential units under their management;
- (b) the give-back proposal must be implemented and completed before the end of December 2020; and
- (c) the mode of rebate may include (i) time-limited waiver or reduction in management fees or related charges; (ii) depositing the rebate into the reserve funds of the relevant Incorporated Owners (IOs)/owners' associations; or (iii) depositing the rebate into an independently administered bank account of the IOs/owners' associations for use in fulfilling the requirement of the proposal.

The spokesman added that large PMCs must pass on the rebate to the owners of residential properties or properties with residential units under their management upon approval of their ESS subsidies under the second tranche. The rebate amount should not be less than 80 per cent of the amount of ESS subsidies relevant to those properties. Since ordinary owners of residential properties are affected by the pandemic to a larger extent than owners of non-residential properties, the additional undertaking applies only to residential properties or properties with residential units. Nonetheless, PMCs applying for the ESS may decide whether they should give owners of non-residential properties a rebate.

"The 18 large PMCs have already submitted their give-back proposals to PICO and they were all approved. All proposals comply with the principles set out by the Government. Some PMCs have indicated to PICO that they will also give back to the owners of non-residential properties under their management. And some have committed to give back an amount which is equivalent to more than 80 per cent of the ESS subsidy. The ESS Secretariat has sent email and SMS to notify these PMCs of their successful applications for the second tranche of ESS subsidies, and will expeditiously arrange disbursement of wage subsidies."

These 18 large PMCs received a total amount of \$510 million of wage subsidies for residential properties under their management in the first tranche (representing about 53 per cent of total wage subsidies). Based on such a calculation, their give-back proposals as approved under the second tranche are amounting to about \$440 million, representing about 86 per cent of the subsidy amount relevant to the residential properties. Around 1 500 residential buildings or buildings with residential units will benefit from give-back proposals.

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The spokesman said, "The Government expressed gratitude to these 18 large PMCs for being willing to comply with the additional undertaking under the second tranche of the ESS and give back to the owners of residential properties. The Government also appreciated that some of the large PMCs are willing to give back a higher amount or give back to the owners of non-residential properties (such as industrial or commercial properties) as well."

As regards the monitoring mechanism, the Government will continue with the arrangements under the first tranche of the ESS to upload the list of employers who have received wage subsidies under the second tranche of the ESS, the amount of subsidies received and their committed headcount of paid employees. Property owners may obtain this information from the ESS website in respect of large PMCs which are granted subsidies. The ESS Processing Agent will require large PMCs to provide the breakdown of the amount to be given back to each of the owners of residential properties or properties with residential units under their management, as well as relevant records to show that the rebate has been fully disposed of. The Processing Agent will also conduct random checks to ensure that relevant PMCs have implemented and completed the give-back proposals as approved by the Government. We plan to announce the total rebate amount, the total number of residential properties

or properties with residential units and the breakdown of properties for each of the PMCs concerned when all of the PMCs have completed their give-back proposals.