

FS announces additional measures to support enterprises and safeguard jobs

Over the past few months, local social unrest has not only damaged Hong Kong's image as a safe city and an international financial, commercial, trade and aviation hub, but also hit the local economy hard. Retail, catering, transport and tourism sectors have suffered a heavy blow.

To counter the increasingly challenging economic environment, further to the measures announced in mid-August and early September for supporting enterprises and residents respectively, the Financial Secretary, Mr Paul Chan, announced today (October 22) a new round of measures costing about \$2 billion in total to support enterprises and safeguard jobs, particularly in hard-hit sectors. The new measures are as follows:

(a) Provide fuel subsidy for the transport trade for six months or a one-off fuel subsidy. This will cost about \$1,365 million and benefit around 61 000 taxi/red minibus drivers, 180 public transport operators, and owners of 130 000 commercial vehicles and vessels;

(b) Provide a one-off survey fee subsidy for local commercial marine vessels. This will cost about \$16.5 million and benefit around 6 300 local commercial marine vessels;

(c) Reduce the rental for short-term tenancies of government land for fee-paying public car parks and harbourfront recreational or event venues under the Lands Department by 50 per cent for six months, with retrospective effect from October 1, 2019. Government revenue will be reduced by about \$200 million and more than 200 tenants will benefit;

(d) Reduce the rental for fee-paying public car parks under the Government Property Agency (GPA) by 50 per cent for six months, with retrospective effect from October 1, 2019. Government revenue will be reduced by about \$8 million and 16 tenants will benefit;

(e) Extend the coverage of the rental concession of 50 per cent for six months for catering establishments and retail stores leased by the GPA announced in mid-August to include supermarkets, superstores, a shopping mall and vending machines, with retrospective effect from October 1, 2019. Government revenue will be reduced by about \$18 million and 27 tenants will benefit.

(f) Reduce the rental for fee-paying public car parks and catering and retail premises under the Leisure and Cultural Services Department (LCSD) by 50 per cent for six months, with retrospective effect from October 1, 2019. Catering premises that will benefit include coffee lounges, general restaurants, light refreshment kiosks/restaurants, tea houses, fast food kiosks and outside seating accommodation. Retail premises that will benefit include shops,

vending machines and bike kiosks. Government revenue will be reduced by about \$71 million and more than 200 tenants will benefit;

(g) Reduce fees of short-term waivers and temporary waivers issued to most waiver holders for varying the terms of land grants for community and business use by 50 per cent for six months, with retrospective effect from October 1, 2019. The beneficiaries mainly include warehouses and the logistics industry, retail and catering industries, and workshops. Government revenue will be reduced by about \$265 million and more than 3 200 waiver holders will benefit; and

(h) Reduce hire charges of facilities of civic centres managed by the LCSD by 50 per cent for six months, with retrospective effect from October 1, 2019. The rental concession will be around \$23 million and about 3 000 hirers will benefit.

The Government will seek funding approval from the Legislative Council (LegCo) as soon as possible for helping measures that require additional resources.

"I appeal to all sectors of the community to stick together and help one another to overcome the present economic challenges. I urge the operators of fee-paying public car parks benefiting from the rental concession to share such concessions with the car park users, thereby helping the transport trade and car owners in general. I also call on property owners and developers to provide rental concessions to support their tenants, in particular those in sectors hard-hit by the economic downturn, such as retail, catering, transport and tourism," the Financial Secretary said.

In addition, the Commerce and Economic Development Bureau, in conjunction with the Hong Kong Tourism Board and the Travel Industry Council of Hong Kong, is considering providing measures to support the operation of travel agents. Further details will be announced by the bureau separately after consulting the trade.

The Government announced helping measures costing over \$19.1 billion in mid-August and early September 2019 and good progress has been made. Among those measures, waivers for 27 groups of government fees and charges and rental concessions of 50 per cent for six months applicable to government land and properties (including the EcoPark in Tuen Mun as announced in late September) have taken effect since October 1. The legislative amendments required for increasing the reduction of salaries tax, tax under personal assessment and profits tax for the Year of Assessment 2018/19 from 75 per cent as proposed in the 2019-20 Budget to 100 per cent will resume second reading in the LegCo tomorrow (October 23).

For those helping measures requiring additional resources, the Government will consult the relevant Panels of the LegCo and then seek the funding approval of the Finance Committee as soon as practicable. Such measures include:

(1) making further enhancements and additional injections to the Dedicated Fund on Branding, Upgrading and Domestic Sales and the SME Export Marketing Fund, and introducing a new loan scheme with a 90 per cent guarantee under the SME Financing Guarantee Scheme;

(2) providing 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 and applying similar arrangements to recipients of the Working Family Allowance and the individual-based Work Incentive Transport Subsidy;

(3) providing a subsidy to kindergarten and 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 by defraying education expenses;

(4) paying 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); and

(5) providing a one-off electricity charges subsidy of \$2,000 to each residential electricity account.

The above helping measures and the one-off relief measures announced in 2019-20 Budget costing \$42.9 billion will provide support to enterprises and residents to ease the pressure brought about by the economic downturn.

Relevant bureaux and departments will follow up on the implementation of the above measures at full speed so that enterprises and the public can benefit early.

Moreover, public organisations including the HA, the HKHS, the Airport Authority Hong Kong, the Hong Kong Science and Technology Parks Corporation and the Cyberport, as well as the MTR Corporation, have earlier responded to the Government's appeal by announcing rental concessions to provide relief for their tenants. The Construction Industry Council has waived the registration fees for construction workers. The Government has also entrusted the Employees Retraining Board to launch additional training programmes providing special allowances to assist unemployed and under-employed persons in trades suffering amid the downturn.

"In the face of the economic downturn, both enterprises and residents alike are in need of support. Although the launch of the various rounds of supporting measures may cause fiscal deficit, with sound financial strength the Government will utilise our financial reserves to implement timely and suitable countercyclical measures, so as to stimulate the economy and relieve people's hardship, and go through the wave of economic downturn with the community together," the Financial Secretary said.