

Government to launch series of job retention and job creation measures to alleviate worsening unemployment

In view of the soaring seasonally adjusted unemployment rate and underemployment rate for January to March this year at their highest levels in recent years due to the severe blow dealt by the COVID-19 epidemic to economic activities in Hong Kong, the Government will launch a series of measures on job retention and job creation to prevent massive layoffs and further worsening unemployment.

"With reference to the practice of some overseas governments in providing wage subsidies to employers and following the funding approval by the Legislative Council Finance Committee last Saturday, the Government will launch as soon as possible an Employment Support Scheme (ESS) of a total commitment of \$81 billion to provide time-limited financial support to employers to retain their employees who will inevitably be made redundant due to the downturn in business. The provision of subsidies for employers, together with other relief measures and loan arrangements under the Anti-epidemic Fund and the Budget, will help the businesses to stay afloat and retain jobs to prepare for quick recovery once the epidemic is over," a Government spokesman said today (April 20).

The spokesman pointed out that except for organisations with employees' salaries not affected by the epidemic (including the Hong Kong Special Administrative Region Government, statutory bodies and subvented staff in government-funded organisations), all employers who have been making Mandatory Provident Fund (MPF) contributions or have set up Occupational Retirement Schemes will be eligible for the ESS. Employers joining the ESS are required to provide an undertaking not to implement redundancies during the subsidy period, and to spend all wage subsidies from the Government in paying wages to their employees.

Wage subsidies provided by the Government under the ESS are calculated on the basis of 50 per cent of wages in a specified month subject to a wage cap of \$18,000 per month for a period of six months. Payment will be made in two tranches, with the first payout no later than the end of June 2020 to subsidise employers to pay employees' wages from June to August this year to prevent layoffs and retain employment.

After approval of the application, the number of employees on payroll shall not be less than the number of employees in March 2020 and the wage subsidies applied by employers must be used fully for employees' wages, benefiting employees hired by the employers in the said period.

Under the ESS, self-employed persons who have made contributions to the MPF from January 1, 2019, to March 31, 2020, will be granted a one-off lump sum subsidy of \$7,500. Excluding those unqualified applicants, the ESS is

expected to benefit over 260 000 employers who have been making MPF contributions or have set up Occupational Retirement Schemes for 1.7 million employees, and about 215 000 self-employed persons. Employers/employees in the three sectors not well covered by the MPF, i.e. catering, construction and transport, will be taken care of by sector-specific schemes.

On job creation, the Government has earmarked \$6 billion to create around 30 000 time-limited jobs in the public and private sectors in the coming two years for people of different skills and academic qualifications. This will be in addition to the over 10 000 civil service job openings for replacing retirees and filling new posts to be created in the 2020-21 Estimates, and about 5 000 short-term interns for young people.

Besides, the Labour Department (LD) will raise the ceiling of the on-the-job training (OJT) allowance payable to employers under the Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme and the Work Orientation and Placement Scheme in the second half of 2020, with a view to further encouraging employers to hire elderly persons aged 60 or above, young people and persons with disabilities and provide them with OJT. The LD also plans to launch a pilot scheme in the second half of 2020 to encourage eligible elderly persons, young people and persons with disabilities to undergo and complete OJT under the above employment programmes through the provision of a retention allowance, thereby stabilising employment.

In parallel, a time-limited unemployment support scheme will be launched through the Comprehensive Social Security Assistance Scheme to provide timely and basic financial support to the unemployed who may not be covered under the ESS to weather the deteriorating employment conditions as a result of the epidemic.

"To maintain Hong Kong's economic vibrancy and relieve the financial burden of the public under the epidemic, the Government has introduced the largest package to date of relief measures, including the one-off relief measures in the 2020-21 Budget costing \$120 billion and the two rounds of measures under the Anti-epidemic Fund, totalling \$287.5 billion altogether. This accounts for about 10 per cent of Hong Kong's Gross Domestic Product," the spokesperson stressed.

The spokesperson said that in addition to the measures on job retention and job creation as well as support to the unemployed, subsidies are provided to various sectors hit by the epidemic in the two rounds of relief measures and the Special 100% Loan Guarantee under the SME Financing Guarantee Scheme to ease the cash flow of the enterprises is also launched to support enterprises and safeguard jobs.