

# LCQ1: Supporting employers and employees affected by epidemic

Following is a question by the Hon Jimmy Ng and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (March 17):

Question:

As the coronavirus disease 2019 epidemic has dealt a heavy blow to the economy of Hong Kong, the Government has launched one after another two tranches of the Employment Support Scheme (ESS) to provide financial support for eligible employers to assist them in paying employees' wages from June to August and from September to November last year respectively, thereby retaining those employees who may otherwise be made redundant. Regarding the Government's support for those employers and employees affected by the epidemic, will the Government inform this Council:

(1) as some employers have relayed that the application procedure and the vetting and approval process of the second tranche of ESS were obviously more complicated and lengthy than those of the first tranche, resulting in their not receiving the wage subsidies under the second tranche of ESS for a prolonged period of time, of the reasons for that;

(2) of the respective numbers of complaints and reports of abuse received about ESS so far, together with a breakdown by the type of issues involved as well as the follow-up actions taken and their outcomes; and

(3) as the Government has made it clear that it will not launch a third tranche of ESS but the epidemic has not subsided, and some members of the public are worried about the onset of waves of enterprises closing down and unemployment, whether the Government has plans to set up a "loan fund for occupation switching for the unemployed", so as to support unemployed persons for self-enhancement and occupation switching; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with relevant bureaux and departments, my consolidated reply to the Member's question is as follows:

(1) The objective of the Employment Support Scheme (ESS) is to preserve employment during the pandemic by providing time-limited financial assistance to employers to retain employees who may otherwise be made redundant. We have endeavoured to streamline and simplify the administrative arrangements in designing the Scheme, with a view to disbursing wage subsidies as soon as practicable so as to assist as many businesses and employees as possible

within a short period of time. The ESS Secretariat (the Secretariat) has been processing all applications in an expeditious manner. Actual figures have indeed reflected that most employers received wage subsidies within a short period of time.

Within three weeks upon closure of application for the first tranche of ESS, the Secretariat has disbursed wage subsidies to about 110 000 employers, which accounts for about 70 per cent of the total number of employers who have successfully applied for the first tranche. Leveraging on the experiences in the first tranche, the Secretariat has been more efficient in processing applications in the second tranche. Within three weeks upon closure of applications for the second tranche, the Secretariat has disbursed wage subsidies to about 125 000 employers, which accounts for about 80 per cent of the total number of employers who have successfully applied for the second tranche, as higher than the 70 per cent disbursement rate in the first tranche.

As regards the remaining 20 per cent of employer applications in the second tranche, they required a longer processing time since some of which involve cases with reduction in second tranche wage subsidies due to incompliance with the terms and conditions under the first tranche; or these employers have been participating in the other retirement protection schemes which are outside the context of the Mandatory Provident Fund (MPF) Scheme; and any omission of information relating to the application.

(2) As at March 9, 2021, the Secretariat has received a total of 1 105 complaint cases, 51 per cent of which involves unreasonable reduction in the number of employees and/or redundancy; 16 per cent of which requests employees to take continuous no-paid leave; 10 per cent of which did not promptly disburse wage to employees or reduction in wages; and 2 per cent of suspected cases of winding down of the company or change of business operators.

The Secretariat and the Processing Agent have been proactively and seriously following up any reported cases. The Policy Innovation and Co-ordination Office who is responsible for implementing the ESS has established a review panel to review the investigation report and relevant MPF scheme records of employers for each reported cases, with a view to determining if the employers concerned have complied with the relevant terms and conditions as entailed with the Scheme as well as informing the complainants of the results upon conclusion of the investigations. Of the 1 105 reported cases, the Secretariat has, as at March 9, 2021, completed the investigation of 1 069 cases and replied to the complainants.

Of the 1 069 cases which have been concluded with investigations, the Secretariat has thus far confirmed that there are 608 employers who have not been complying with the terms and conditions entailed with the ESS. The Secretariat will, in accordance with the terms and conditions of the ESS, request relevant employers to return to the Government the unspent balance of wage subsidies and/or pay a penalty to the Government in respect of their failure to maintain the "committed headcount of paid employees". Moreover, the Secretariat has referred 274 cases concerning the Employment Ordinance or

complaints on labour disputes relating to employment terms to the Labour Department for follow-up; and referred two cases to the Customs and Excise Department, as well as one report or complaint case respectively to the Immigration Department and the Inland Revenue Department. In addition, the Secretariat has referred 23 complaint cases to the MPF Authority concerning MPF contributions made by employers.

(3) In view of the continuous fluctuations of the epidemic which has seriously affected Hong Kong's economy and labour market, the HKSAR Government (the Government) has been keeping in view changes of the actual circumstances and striving to exploring ways to strengthen assistance for the unemployed and their families. Over the past year, in light of the tremendous challenges brought about by the epidemic to Hong Kong's employment situation and overall economy, the Government has implemented a host of measures to create and stabilise job opportunities, and also provided suitable relief to sectors and individuals hard-hit by the epidemic or affected by the anti-epidemic and social distancing measures. Coupled with the Government's injection into the Anti-Epidemic Fund and the Budget last year, the Government has increased government expenditure substantially to combat the epidemic and roll out relief measures totalling over \$300 billion. It is anticipated that the consolidated deficit for the financial year of 2020-21 will surge to about \$250 billion. The Government will, having regard to the development of the epidemic and the situation of different sectors, review the effectiveness of the relief measures and introduce enhancements if needed.

In view of the gloomy job market under the epidemic and the tremendous challenges to Hong Kong's employment situation and overall economy, the Government has implemented various measures to promote jobs creation, employment and re-employment, and also support to individuals and families with financial difficulties. The relevant measures include the provision of 2 000 employment places under the Greater Bay Area Youth Employment Scheme; the third tranche of the Love Upgrading Special Scheme launched by the Employees Retraining Board in January this year providing a doubled quota for 20 000 trainees followed by the fourth tranche of the Scheme to be launched in July; uplift of the ceiling of on-the-job training allowance payable to employers under the Labour Department's Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme and the Work Orientation and Placement Scheme together with payment of a retention allowance on a pilot basis to eligible employees engaged under these employment programmes; and also two rounds of the "One-off Living Subsidy for Low-income Households Not Living in Public Housing and Not Receiving Comprehensive Social Security Assistance (CSSA)" Programme and one round of the "One-off Allowance for New Arrivals from Low-income Families" Programme launched by the Community Care Fund.

In addition, the Government has launched the time-limited "Special Scheme of Assistance to the Unemployed" under CSSA Scheme to temporarily relax the asset limits for able-bodied persons by 100 per cent for 12 months from June 2020 to May 2021. The Government will also implement another time-limited new arrangement under the special scheme during the six months of

April to September 2021. Specifically, the cash value of insurance policies of able-bodied CSSA applicants will not be counted as assets during the grace period of one year. The Financial Secretary will also allocate \$6.6 billion to create another 30 000 time-limited jobs.

We will continue to listen to views of members of the public and provide more assistance for the unemployed and their families in the light of the development and needs.

Thank you, President.