

LCQ12: Unemployment problem

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

Question:

The Government launched the Employment Support Scheme (ESS) under the Anti-epidemic Fund last year to provide wage subsidies to eligible employers in two tranches for paying the wages of their employees from June to August and from September to November last year. As the Government has not provided wage subsidies any longer since December last year, and Hong Kong's economy has not shown any improvement, quite a number of employers have one after another laid off their employees to cut expenses. On the other hand, the latest seasonally adjusted unemployment rate is seven per cent, hitting a record high in 17 years, with the number of unemployed persons reaching as high as 250 000. In this connection, will the Government inform this Council:

- (1) of the up-to-date expenditure and the current balance of the ESS;
- (2) whether it has reviewed if the ESS is cost effective in retaining jobs in the long run; if it has reviewed and the outcome is in the affirmative, whether it will launch the ESS again; if so, of the details; if not, the reasons for that; and
- (3) of the extent to which the unemployment problem has worsened not until which will the Government launch new short-term measures to assist the unemployed?

Reply:

President,

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

(1) The first and second tranche of the Employment Support Scheme (ESS) respectively covers June to August 2020 and September to November 2020. There are respectively 151 800 and 152 100 employers who have successfully applied for wage subsidies in the two tranches, covering about 1.95 million employees. In respect of expenses relating to wage subsidies, a total of about \$45.2 billion and \$45 billion have been respectively disbursed under the two tranches. Among the total approved allocation for the ESS, the amount reserved for subsidy disbursement has been fully disbursed. Overall speaking, the vetting and subsidy disbursement work under the ESS have been largely completed. The Secretariat is currently working on follow-ups of the ESS, which include investigating reported cases and clawing back wage subsidies from employers who have not fully complied with the terms and conditions of

the Scheme.

(2) Under the two tranches of the ESS, there is respectively about 80 per cent of employers who could maintain their total number of paid employees not less than the "committed headcount of paid employees" (meaning the total number of paid or unpaid staff in March 2020). As regards the remaining 20 per cent of employers, about three quarters of them have slightly reduced one to two employees.

Separately, economic recession has been accelerated in the light of the COVID-19 pandemic since the beginning of last year. The unemployment rate in the second quarter of last year has already exceeded six per cent. Nonetheless, since the announcement and implementation of the ESS in April and May respectively, the labour market has shown signs of stabilisation towards the end of second quarter of 2020, and the unemployment rate largely remained stable with no substantial increase during the subsidy period.

As reflected in the above figures, the Government considers that the ESS has largely achieved its policy objective which is to assist employers to retain employees who will otherwise be made redundant, which preserves employment for employees and in turn prevents the further worsening in the labour market.

In the long run, having considered factors including the capability of the public finance, a more prudent approach vis-à-vis implementing new round of the ESS is to put in place supportive measures in a targeted manner, with a view to directly offering assistance to people in need and assisting businesses to restart. The Government will continue to closely monitor the impact of the epidemic on various industries and review as appropriate, so that we could preserve our capacity until the epidemic stabilises.

(3) In view of the continuous fluctuations of the epidemic which has seriously affected Hong Kong's economy and labour market, the Hong Kong Special Administrative Region 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 this year; 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.

The Government 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.