

LCQ2: Employment Support Scheme

Following is a question by the Hon Shiu Ka-fai and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (June 10):

Question:

Last month, the Government announced the extension of the coverage of the Employment Support Scheme (ESS) to include, among others, those mature employees (i.e. aged 65 or above) for whom their employers have made voluntary Mandatory Provident Fund (MPF) contributions. However, those self-employed persons (except persons in particular trades) and those mature employees who do not have an MPF account, as well as those mature employees with an MPF account but their employers have not made voluntary contributions for them, are all not covered by the Scheme. In this connection, will the Government inform this Council:

(1) of the respective numbers of self-employed persons and mature employees who currently do not have an MPF account, and the number of mature employees with an MPF account for whom their employers have not made voluntary contributions; whether it has assessed the impacts of ESS not covering such self-employed persons and mature employees on their employment outlook and on the employers of such mature employees;

(2) whether it will roll out other measures, such as providing allowances for the employers of those mature employees who are not covered by ESS through relaxing the eligibility requirements of the Employment Programme for the Elderly and Middle-aged, or accepting certificates issued by certified public accountants (practising) as proof of employment of mature employees to replace the requirement for such employees to hold an MPF account, so as to facilitate the employers concerned to apply for the wage subsidies under ESS; and

(3) whether it has studied launching other relief measures to help those self-employed persons who do not have an MPF account; if so, of the details; if not, the reasons for that?

Reply:

President,

Having consulted the relevant policy bureaux and departments, my consolidated response to the Member's question is set out below:

(1) According to the General Household Survey (GHS) conducted by the Census and Statistics Department during December 2019 to February 2020, it is estimated that there are currently about 207 000 self-employed persons (SEPs), i.e. persons who work for profit or fees in their own business/profession, neither employed by someone nor employing others. On the other hand, according to the information provided by the Mandatory

Provident Fund Schemes Authority (MPFA), there are about 215 000 persons holding SEP Mandatory Provident Fund (MPF) account. It should be noted that, for an employer who is a sole proprietor or a partnership and employing others concurrently, he/she is also eligible for opening an SEP MPF account. In this regard, the number of persons having SEP MPF accounts and the number of SEP as reflected in the GHS are not directly comparable. We do not have figure on the number of SEP who have not set up MPF accounts.

As regards mature employees, the above-mentioned GHS estimates that there are currently about 115 000 employees aged 65 or above, whereas the information provided by the MPFA suggests that there are about 60 000 employees aged 65 or above who have set up MPF accounts. Under the Employment Support Scheme (ESS), an employer is eligible to apply for wage subsidies in respect of his/her employees aged 65 or above who have MPF accounts, even if the employer has not made any MPF voluntary contributions for them. If the employer has provided to the MPF trustee(s) information on the basic salaries of employees aged 65 or above, the amount of wage subsidies will be calculated based on 50 per cent of the basic salaries actually paid to the relevant employees in the "specified month", with a wage cap at \$18,000 per month per employee. The maximum wage subsidy per employee is \$9,000 per month. We currently do not have figure on the number of employees aged 65 or above who have MPF accounts but their employers have not made MPF voluntary contributions for them.

Apart from the 60 000 employees aged 65 or above covered by the ESS, together with around 40 000 employees aged 65 or above under the various sector schemes covering land transportation (i.e. taxi, Red minibuses, Green minibuses and local ferries), laundry, catering and construction sectors which have been, or will be launched under the two rounds of Anti-epidemic Fund, as well as around 10 000 employees aged 65 or above employed by government outsourced contracts whose wages are not affected by the epidemic, the various measures as referred above will altogether cover more than 110 000 employees aged 65 or above.

Regarding self-employed persons who do not currently have an MPF account, the relevant bureaux have rolled out financial support for various trades, such as providing a one-off grant of \$7,500 for instructors and coaches of interest classes provided in schools and subvented welfare service units, and active sports coaches registered under National Sports Associations or recognised sports organisations.

(2) The Employment Programme for the Elderly and Middle-aged (EPEM) implemented by the Labour Department (LD) aims to encourage, through the provision of on-the-job training (OJT) allowance, employers who still have doubts over employing the elderly and middle-aged in hiring these unemployed job seekers and providing them with OJT so as to help them settle down in their jobs as soon as possible and acquire the required work skills. LD will enhance EPEM in the second half of 2020 by raising the amount of OJT allowance payable to employers so as to further encourage them to hire the elderly and middle-aged. At the same time, LD will, on a pilot basis, provide a retention allowance to the elderly aged 60 or above who have participated in EPEM so as to encourage them to undergo and complete OJT,

thereby stabilising employment.

The Government aims to introduce bold and prompt measures to provide subsidies to employers as soon as possible so that they can pay employees' wages and thereby retaining jobs for employees. In order to assist employers and employees as soon as practicable, we have to implement the ESS in the simplest and fastest manner. The MPF schemes cover 270 000 employers who have been making MPF contributions or have set up Occupational Retirement Schemes Ordinance Schemes for more than 1.77 million employees, as well as about 215 000 SEPs who have MPF accounts. Hence, we have decided to implement the ESS through the MPF system.

In order to provide timely assistance to large number of employers and employees within the shortest period of time, the administrative arrangement for the ESS must be simple. Hence, we are calculating the wage subsidy amount based on the certificates on the relevant MPF records issued by MPF trustees. Detailed vetting of other information provided by individual applicants, for instance, proof of employment of individual employees provided by employers, would involve highly complex vetting procedures. This would render the Government unable to disburse wage subsidies to employers within three to four weeks upon receipt of applications.

(3) The Employees Retraining Board (ERB) launched the "Love Upgrading Special Scheme" ("Special Scheme") in October last year, expected to provide 10 000 employees affected by economic downturn with comprehensive training to upgrade their skills and pursue self-enhancement, with a view to rejoining the employment market as soon as possible. The Special Scheme imposes no restriction on the trade or educational attainment of trainees, nor upper limit to the age of trainees. Elderly persons aged 65 or above may, according to their career aspirations and training needs, enrol in the nearly 70 courses currently provided under the Special Scheme or the about 700 training courses regularly provided by ERB. ERB will launch the enhanced new tranche of the Special Scheme in July 2020, providing quotas for another 10 000 employees. The maximum amount of monthly allowance payable to each trainee during the training period has also been increased from \$4,000 to \$5,800 from May 25, 2020.

Having considered the unprecedented challenges posed by coronavirus disease 2019 in Hong Kong, the Chief Executive announced on April 8, 2020 the second round of anti-epidemic measures including the provision of a time-limited unemployment support scheme through the Comprehensive Social Security Assistance (CSSA) system, with a view to providing timely and basic assistance to the unemployed during this difficult time. The Finance Committee of the Legislative Council approved the related funding on April 18. The Social Welfare Department has temporarily relaxed the CSSA asset limits for able-bodied persons (including able-bodied adult singletons and able-bodied adults and children under family cases) by 100 per cent for six months (from June 1 to November 30, i.e. the asset limits will revert to the normal level on December 1). Separately, under the existing CSSA arrangement, the value of an owner-occupied residential property of households with able-bodied persons will be disregarded for a grace period of the first 12 months. This arrangement will also apply to applicants under the six-month

unemployment support scheme.