

LCQ4: Measures to support enterprises and employment

Following is a question by the Hon Ho Kai-ming and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (December 18):

Question:

Doubly hit by uncertainties of the global economy and local social unrest, the economic impetus of Hong Kong has been weakening. Gross Domestic Product in the third quarter of this year dropped by 2.9 per cent from a year earlier, marking the first year-on-year decline recorded for an individual quarter since 2009. The seasonally adjusted unemployment rate and the underemployment rate in August to October this year rose to 3.1 per cent and 1.2 per cent respectively. The year-on-year decline in total employment also enlarged. In this connection, will the Government inform this Council:

(1) of the five industries most affected by the recession and the respective numbers of employees in those industries; whether the Government will introduce new targeted measures to support those industries; if so, of the details; if not, the reasons for that;

(2) focusing on the current and projected employment situations, what new measures the Government has put in place to safeguard jobs and assist the unemployed; and

(3) whether it knows the implementation situation of the unemployment assistance systems in other places; whether it has plans, by making reference to the relevant experience, to provide emergency financial assistance for the unemployed, so as to help those unemployed persons with financial difficulties solve their imminent problems; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with the Financial Services and the Treasury Bureau as well as the Office of the Government Economist, the consolidated reply to the Member's question is as follows:

(1) and (2) Many sectors saw contraction in their business receipts as the local economy entered a recession in the third quarter. Specifically, retail, accommodation and food services were particularly hard hit by the local social incidents involving violence, with business receipts in these three service industries plunging by 17.5 per cent, 19.1 per cent and 11.7 per cent year-on-year respectively in the third quarter. Reflecting the severe impacts on inbound tourism, business receipts of the tourism, convention and

exhibition services domain, which straddles across different service industries, decreased sharply by 27.8 per cent, the largest year-on-year decline since the SARS episode in 2003. The service industries of import/export trade and wholesale also recorded visible year-on-year declines of 8.0 per cent and 12.2 per cent respectively in their business receipts in the third quarter, as trading activities shrank in the face of the austere external environment and weaker demand for imports.

According to the statistics compiled from the General Household Survey for August – October 2019 by the Census and Statistics Department, the number of employees in the five industries mentioned above is set out below:

| Industry | Employees |
|--------------------------------------|-----------|
| Import and export trade | 315 500 |
| Retail | 259 200 |
| Food and beverage service activities | 222 800 |
| Accommodation services | 46 000 |
| Wholesale | 21 400 |

To counter the challenging external and local economic environment, the Government has announced four rounds of helping measures since August 2019 to support enterprises, safeguard jobs and relieve people's financial burden, costing over \$25 billion. These measures are summarised in the Annex.

For some helping measures announced between August and October 2019 requiring additional resources in the current financial year, the Government had consulted the relevant Panels of the Legislative Council (LegCo), and the funding proposals have subsequently been approved by the LegCo Finance Committee on December 6, 2019. As regards the enhanced tax concession, the bill for effecting the tax concession was passed by LegCo on November 6, 2019, and gazetted on November 15, 2019. The Inland Revenue Department will reflect the tax reductions in the tax demand notes. 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, the Labour Department (LD) will continue to provide comprehensive and free employment services for job seekers and implements various employment programmes to encourage employers to hire job seekers with particular employment difficulties. Apart from raising the on-the-job training (OJT) allowance payable to employers who hire these job seekers with particular employment difficulties in September 2018, as announced in the Chief Executive's 2019 Policy Address, the LD will launch a pilot scheme to encourage the elderly aged 60 or above, young people and persons with disabilities engaged under its employment programmes to undergo and complete OJT through the provision of a retention allowance, thereby stabilising employment.

The Government will remain vigilant in assessing the economic impacts of the internal and external environment, and 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 where necessary.

(3) On assistance to persons with financial difficulties, the Government has put in place the Comprehensive Social Security Assistance (CSSA) Scheme to provide a safety net to meet the basic needs of households which cannot support themselves financially owing to old age, ill-health, disability, single parenthood, unemployment, low income, etc. The CSSA Scheme is a non-contributory and non-cash-limited programme. All eligible persons in need would be provided with support.

The CSSA Scheme not only offers financial assistance, but also provides one-stop integrated employment assistance services to able-bodied adult recipients with a view to helping them become self-reliant. To encourage able-bodied CSSA recipients to work while ensuring the Scheme continues to serve as the safety net, there is also the disregarded earnings (DE) arrangement. DE refers to the earnings from employment that are disregarded when assessing the amount of assistance payable to CSSA recipients. Separately, the Chief Executive's 2019 Policy Address has announced a host of improvement measures to the CSSA Scheme, which include further enhancing the CSSA employment support services, raising the monthly maximum amount of DE by 60 per cent from \$2,500 to \$4,000, extending a range of supplement and special grants to eligible non-elderly able-bodied recipients and increasing the maximum rates of rent allowance.

In addition, according to the Employment Ordinance, if an eligible employee has served the same employer for a certain period of time and is dismissed owing to redundancy or other reasons, his employer is required to make severance payment or long service payment. This helps alleviate an employee's short-term financial hardship caused by loss of employment.