

Transcript of remarks by SLW on Employment Support Scheme and national security

Following is the transcript of remarks by the Secretary for Labour and Welfare, Dr Law Chi-kwong, on the Employment Support Scheme and national security after attending a radio programme this morning (May 23):

Reporter: You said that no extra fines would be claimed from the bosses if they don't use the entire government wage subsidy for paying wages, so could you explain how it is going to deter them from taking advantage of the system? Could you also explain how you think about the national security law? Do you think this will affect the employment scene in Hong Kong?

Secretary for Labour and Welfare: The applicants of the Employment Support Scheme have two commitments (undertakings). One commitment is not to implement any redundancy during the period that they receive the government wage subsidy, that is in June, July and August 2020 for the first tranche. The second commitment they have to make is that the money that they receive from the government as the wage subsidy will be all spent on the wages of their staff.

But for the first tranche, for the sake of providing clear understanding of the rules and calculations, we have made it very clear that, if the money that we have given to the employers have not been totally spent on the wages, the difference (unspent balance of subsidy) will be clawed back. If the number of paid employees in June, July and August is less than the number of employees in March, there will be a penalty based on the percentage of reduction in staff number and also depending on the size of the company.

But as I said, there are two commitments and both commitments are basically in principle "no redundancy". We haven't yet decided on the eligibility and rules for the second tranche, which is for September to November. There is a high probability that, if people cannot comply with their commitments they have made during the (first tranche) applications, they may not have the opportunity to apply for the second tranche. We will wait and see how it will happen, but the rules for the first tranche have been fixed and the applications will start next Monday (May 25).

As for the possible implication of the Central Government's decision, it is too early to say anything. We have to wait and see what the details of the provisions are, the process, the concerns of the people of Hong Kong and how they are addressed. This point of time is too early to comment on the impact on the economy.

(Please also refer to the Chinese portion of the transcript.)