

Housing Authority to formulate relief proposal in line with Government's helping measures

The following is issued on behalf of the Hong Kong Housing Authority:

Regarding the Financial Secretary, Mr Paul Chan's announcement of a package of measures today (August 15) to support enterprises, especially small and medium enterprises, to safeguard jobs and relieve people's financial burden, a spokesman for the Hong Kong Housing Authority (HA) said, "We note that the Government will pay one month's rent for lower-income tenants living in public rental units of the HA, including HA licensees. The measure will not apply to tenants who are required to pay additional rent to the HA."

The Government will seek funding approval from the Legislative Council (LegCo). Subject to the LegCo's approval, according to past experience and taking into account the time needed for preparatory work including computer system adjustment, verification of tenancy records and adjustment of auto payment with banks,, the HA will take about one and a half months after the approval to implement the measure. The HA will inform all relevant tenants and licensees of the implementation arrangements in due course.

"We also note that the Government will reduce the rental for most short-term tenancies of government land for community and business use under the Lands Department, public market stalls leased by the Food and Environment Hygiene Department, catering establishments and retail stores leased by the Government Property Agency, public cargo working areas leased by the Marine Department and stalls/facilities in the four wholesale markets managed by the Agriculture, Fisheries and Conservation Department by 50 per cent for a period of six months," the spokesman added.

"In line with the Government's efforts, we will seek approval from the HA's Commercial Properties Committee to reduce the rent for HA's retail and factory units by 50 per cent for six months in tandem with Government's measures. The proposed rent reduction will not apply to tenants of supermarkets, superstores and banks, including ATMs."

Record of Discussion of the Meeting of

the Exchange Fund Advisory Committee Currency Board Sub-Committee held on July 5

The following is issued on behalf of the Hong Kong Monetary Authority:

(Approved for Issue by the Exchange Fund Advisory Committee on July 26)

Report on Currency Board Operations (April 17-June 25, 2019)

The Sub-Committee noted that the Hong Kong dollar (HKD) exchange rate traded within a range of 7.8065-7.8498 against the US dollar (USD) during the review period. Driven mainly by interest carry trade and weak sentiment in the local stock market, the HKD eased gradually since April and remained close to the weak-side Convertibility Undertaking (CU) before the end of May. Thereafter, the HKD strengthened, due partly to unwinding of interest carry trade amid tightened liquidity approaching the end of May and the half-year-end, and partly to a rise of demand for dividend payments. During the review period, the long-dated HKD interbank interest rates moved up at a gradual pace, while there were more fluctuations in the short-dated rates. Overall, the HKD exchange and interbank markets continued to trade in a smooth and orderly manner.

The Sub-Committee noted that the Aggregate Balance remained little changed at around HK\$54.3 billion, while the Monetary Base increased slightly to HK\$1,625.6 billion at the end of the review period.

The Sub-Committee further noted that, in accordance with the Currency Board principles, all changes in the Monetary Base had been fully matched by changes in foreign reserves.

The Report on Currency Board Operations for the period under review is at Annex.

Monitoring of Risks and Vulnerabilities

The Sub-Committee noted that in the US, the intensified US-China trade tensions could pose further headwinds to the slowing economy, while communications by the Federal Reserve had reinforced market expectations of interest rate cuts in the coming months.

The Sub-Committee noted that in Europe, elevated political uncertainty and lingering tariff threats by the US could pose downside risks to the region.

The Sub-Committee noted that in Mainland China, growth outlook was clouded by re-escalation of trade tensions with the US. Capital outflow and depreciation pressures in Asia had re-emerged, notably for economies with higher value-added in China's final demand.

The Sub-Committee noted that in Hong Kong, economic growth slowed in the first quarter and downside risk to growth had increased amid the re-escalation of the US-China trade conflicts. The upward momentum of the housing market also showed signs of softening in recent weeks.

Options Markets' Views about the Linked Exchange Rate System (LERS): An Improved and More Flexible Approach

The Sub-Committee noted a study which used foreign exchange option prices to assess the credibility of the LERS using an improved asset pricing model. The study provided empirical support that the LERS continued to be viewed as highly credible by the market during the period when the weak-side CU was triggered intermittently.

Ten immigration offenders arrested (with photos)

The Immigration Department and the Hong Kong Police Force jointly mounted an anti-illegal employment operation codenamed "Windsand" yesterday (August 14) in Sheung Shui district. A total of nine illegal workers and one suspected aider and abettor were arrested.

During the operation at Choi Yuen Road near Sheung Shui MTR station, nine Mainland visitors comprising six men and three women, aged 24 to 48, were arrested for breaching their conditions of stay by being involved in suspected parallel goods trading. Meanwhile, one male, aged 39, was arrested for suspected aiding and abetting of others in breach of his condition of stay. The parallel goods included milk powder, wine, mooncakes, skin care products, daily necessities and electronic products.

"Any person who contravenes a condition of stay in force in respect of him shall be guilty of an offence. Also, visitors are not allowed to take employment in Hong Kong, whether paid or unpaid, without the permission of the Director of Immigration. Offenders are liable to prosecution and upon conviction face a maximum fine of \$50,000 and up to two years' imprisonment. Aiders and abettors are also liable to prosecution and penalties," an ImmD spokesman said.

The spokesman reiterated that it is a serious offence to employ people who are not lawfully employable. The maximum penalty is imprisonment for three years and a fine of \$350,000. The High Court has laid down sentencing guidelines that the employer of an illegal worker should be given an immediate custodial sentence. According to court sentencing, employers must take all practicable steps to determine whether a person is lawfully employable prior to employment. Apart from inspecting a prospective employee's identity card, the employer has the explicit duty to make enquiries regarding the person and ensure that the answers would not cast any reasonable doubt concerning the lawful employability of the person. The court will not accept failure to do so as a defence in proceedings. It is also an offence if an employer fails to inspect the job seeker's valid travel document if the job seeker does not have a Hong Kong permanent identity card. The maximum penalty for failing to inspect such a document is imprisonment for one year and a fine of \$150,000.

Under the existing mechanism, the ImmD will, as a standard procedure, conduct initial screening of vulnerable persons, including illegal workers, illegal immigrants, sex workers and foreign domestic helpers, who are arrested during any operation with a view to ascertaining whether they are trafficking in persons (TIP) victims. When any TIP indicator is revealed in the initial screening, the officers will conduct a full debriefing and identification by using a standardised checklist to ascertain the presence of TIP elements, such as threat and coercion in the recruitment phase and the nature of exploitation. Identified TIP victims will be provided with various forms of support and assistance, including urgent interference, medical services, counselling, shelter, temporary accommodation and other supporting services. The ImmD calls on TIP victims to report crimes to the relevant departments.



FS announces measures to support enterprises and residents

The Hong Kong economy faced significant downward pressure in the second quarter. The situation has turned even more austere in recent months. Externally, the global economic outlook is darkened by high uncertainties, including the escalation of China-US trade tensions, imminent risk of a hard Brexit, continued geopolitical tensions in the Middle East, sluggish industrial and trading activities in Asia, heightening financial market volatilities, and market concerns about major economies slipping into recession. Against this background, the import/export trades, logistics and related sectors will continue to face a difficult environment. Domestically, the recent social incidents have hit the retail trade, restaurants and tourism, adding a further blow to an already-weak economy, and also affected the international image of Hong Kong. A total of 29 countries have issued different levels of travel alerts against Hong Kong. International credit rating agencies have also expressed concerns about the situation of Hong Kong. The incentives of tourists travelling to Hong Kong and of businessmen abroad operating businesses and investing in Hong Kong have been affected.

Based on the latest developments and assessments on the outlook, the Hong Kong economy will continue to face an austere environment for the rest of the year. As such, the Government must revise downwards the real growth forecast for the economy in 2019 as a whole to 0 per cent to 1 per cent.

To counter the challenging external and local economic environment, the Financial Secretary, Mr Paul Chan, announced today (August 15) a package of measures to support enterprises, especially small and medium enterprises (SMEs), to safeguard jobs and relieve people's financial burden.

(A) Support enterprises and safeguard jobs

SMEs account for over 98 per cent of local enterprises and around 45 per cent of total employment, and are the cornerstone of our economy. To assist our SMEs to cope with the operating pressure in the current economic environment, we will introduce the following support measures:

(a) Waive 27 groups of government fees and charges for 12 months to benefit a wide range of sectors from maritime, logistics, retail, catering, tourism, construction, to agriculture and fisheries. A full list is at Annex A.

(b) Reduce the rental for most short term tenancies of government land for community and business use under the Lands Department, public market stalls leased by the Food and Environmental Hygiene Department, catering establishments and retail stores leased by the Government Property Agency, public cargo working areas leased by the Marine Department and stalls/facilities in the four wholesale markets managed by the Agriculture, Fisheries and Conservation Department by 50 per cent for six months. A list of these measures is at Annex B.

(c) Implement a fee review moratorium on government fees and charges set on a cost recovery basis with immediate effect until December 31, 2020.

(d) Make further enhancements to the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the SME Export Marketing Fund and again provide additional injections into these Funds to better support enterprises in exploring business opportunities, promoting sales and participating in business missions organised by the Government and related organisations for market development. See Annex C for details.

(e) The HKMC Insurance Limited to introduce a new loan guarantee product under the SME Financing Guarantee Scheme (SFGS), under which the Government will provide for a 90 per cent guarantee for approved loans to help individuals looking to set up new businesses, businesses with relatively less operating experience, as well as professionals seeking to set up their own practices, to obtain financing. It will also extend the application period of the special concessionary measures under the SME Financing Guarantee Scheme (SFGS) (i.e. Government to provide for an 80 per cent guarantee for approved loans) and the validity period of the three enhancement measures introduced last year to 30 June 2022.

(f) Continue to explore room for increasing or expediting minor works projects both to meet public needs and to create more employment opportunities for the construction sector. For example, we will advance the implementation of the second phase of the Pier Improvement Programme, which enhances the structural and facility standard of public piers in remote areas to facilitate public access to remote villages, scenic spots and natural heritages. An Enhancement to the existing Building Maintenance Grant Scheme for Elderly Owners, an Operation Building Bright 2.0, a Lift Modernisation Subsidy Scheme, and a Fire Safety Improvement Works Subsidy Scheme will also be considered.

(g) The Employees Retraining Board will plan for specific training programmes to assist unemployed/under-employed workers in trades suffering from the downturn to upgrade their skills to increase their competitiveness and provide special allowance. Details will be provided by the Board.

(B) Relieve people's burden

To ease the financial burden of the people, the Government will implement the following measures:

(a) Further to the proposal in the 2019-20 Budget to reduce salaries tax, tax under personal assessment and profits tax for the Year of Assessment 2018/19 by 75 per cent subject to a ceiling of \$20,000, to increase the reductions to 100 per cent while retaining the ceiling of \$20,000. About 1.43 million taxpayers (of which 1.33 million taxpayers will have all taxes waived) will benefit from a further saving of \$1.84 billion.

(b) Provide an extra allowance to social security recipients, equal to one month of the standard rate Comprehensive Social Security Assistance (CSSA) payments, Old Age Allowance, Old Age Living Allowance or Disability

Allowance. Similar arrangements will apply to recipients of the Working Family Allowance and individual-based Work Incentive Transport Subsidy. This will cost about \$4 billion.

(c) Provide a subsidy to kindergarten, primary and secondary day-school students in Hong Kong at \$2,500 per head in the 2019/20 school year to alleviate parents' financial burden in defraying education expenses. This will cost about \$2.3 billion and benefit over 900,000 students.

(d) Pay one month's rent for lower income tenants living in the public rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society. This will cost about \$1.4 billion.

(e) Provide a one-off electricity charge subsidy of \$2,000 to each residential electricity account. This will cost about \$5.6 billion and benefit over 2.7 million eligible households.

(f) Invite the Community Care Fund to consider providing a one-off living subsidy for low-income households not living in public housing and not receiving CSSA (commonly known as the "N have-nots").

(g) Hong Kong Housing Authority, Airport Authority Hong Kong, Construction Industry Council, Hong Kong Science and Technology Parks Corporation as well as the Cyberport are also formulating relief proposals. Details will be announced by these bodies separately.

Details of the expenditure measures in (b) to (e) above are in Annex D.

"The package of helping measures to support enterprises and relieve people's financial burden, excluding public works expenses, will cost a total of about \$19.1 billion," said Mr Chan. "Together with one-off relief measures announced in the 2019-20 Budget, which cost \$42.9 billion, they will provide impetus for our economy and help cushion the enterprises and people of Hong Kong against challenges arising from economic uncertainties."

(C) Timing for implementation

Amongst the 27 groups of fee waiver proposals, the adjustment of 19 groups of fee items will require subsidiary legislation subject to negative vetting by the Legislative Council (LegCo). We will put the subsidiary legislation to LegCo in October 2019.

We will also seek funding approval from LegCo as soon as possible for helping measures that require additional resources.

We will propose amendments to the Inland Revenue (Amendment) (Tax Concessions) Bill 2019 in October 2019 to implement the abovementioned enhanced tax concession proposal. Tax demand notes for Year of Assessment 2018/19 will be issued by the Inland Revenue Department after passage of the Bill by LegCo.

"Relevant bureaux and departments will follow up on the implementation of the above package of measures in full speed so that the enterprises,

especially SMEs, and the public can benefit early," said Mr Chan.

Mass gatherings in public hospitals affect patient services

The following is issued on behalf of the Hospital Authority:

The Hospital Authority (HA) today (August 15) appeals to members of the public, having regard to patient safety and wellbeing, not to hold mass gatherings or petition activities in public hospitals. These activities will affect patient safety, and will also hamper hospital services and emergency operations.

"Public hospitals are not suitable for mass gathering events as the crowds and nuisance will adversely affect hospital operations and the patients. The HA will seriously follow up if such activities affect the hospital's service provisions, emergency operations or patients," the HA spokesperson said.

"The HA and its hospitals also received public complaints expressing concerns on recent gatherings of healthcare staff at public hospitals and related signature campaigns on social media. The HA understands staff members' wishes to express their views as Hong Kong citizens on the recent social situation in hospitals, and that staff members may return to their duties in a timely manner. While the HA respects staff expressing views in their personal capacity, they are reminded of the importance of public expectations and perceptions towards public hospitals. Healthcare professionals should safeguard patient safety and accord priority to patient services. Patients should not be misled to perceive public hospitals as not being able to provide equitable services to patients due to different stances and background."

The HA thanks staff members again for their dedication in maintaining public hospital services. The HA trusts that its colleagues will continue to demonstrate professionalism in providing equitable services to all public hospital patients.