

LCQ1: Supporting the unemployed and underemployed

Following is a question by the Hon Wong Kwok-kin and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (December 2):

Question:

The seasonally adjusted unemployment rate from August to October this year was 6.4%, the highest in 16 years, with the number of unemployed persons reaching as high as 257 800. As the Government no longer, from this month onwards, provides employers with wage subsidies through the Employment Support Scheme, some academics have predicted that more and more enterprises will lay off their staff or introduce no-pay leave schemes so as to manage costs, thereby causing the unemployment rate and underemployment rate to rise continuously in the coming few months. In this connection, will the Government inform this Council:

(1) of the new measures in place to cope with the imminent wave of layoffs; the targeted measures in place to stimulate the economy and bail out enterprises in financial distress, so as to avoid job losses;

(2) whether it will introduce a temporary cash allowance scheme under which the unemployed and underemployed may apply, in their personal capacity (i.e. without being subject to a family means test), for a monthly allowance of up to \$9,000 for a maximum period of six months; and

(3) whether it will redeploy the resources of the Community Care Fund for disbursing financial assistance to the unemployed and underemployed; if so, of the details; if not, the reasons for that?

Reply:

President,

The question raised by the Member involves a number of policy purviews. Having consulted the Chief Secretary for Administration's Office, Commerce and Economic Development Bureau, Civil Service Bureau and Home Affairs Bureau, my reply is as follows:

(1) The Hong Kong Special Administrative Region Government fully understands that the persistent COVID-19 epidemic and relevant anti-epidemic measures have created certain and different extent of impact upon the daily lives of individuals and operation of enterprises. These have added considerable burden and caused operating difficulties to various sectors. In view of these challenges, the Government has expeditiously introduced the Anti-epidemic Fund (AEF) to enhance our overall anti-epidemic capability and provide suitable relief to sectors and individuals hard hit by the epidemic or

affected by the Government's anti-epidemic and social distancing measures. The Legislative Council Finance Committee approved a total financial commitment of \$155.9 billion for the three rounds of AEF. As at October 30, 2020, the AEF Steering Committee has approved 99 measures, with a total financial commitment of around \$155 billion, covering a wide spectrum of sectors and groups in need. The Government will continue to implement the ongoing AEF measures and, having regard to the development of the epidemic and the situation of different sectors, optimise the unspent balance of AEF to provide support and assistance as and when needed.

Under AEF and the 2020-21 Budget, relief measures totaling about \$310 billion are launched, including a series of measures to support businesses to help enterprises cope with challenges and alleviate their burden, including:-

- providing fee concessions/waivers to help lower the operation costs of businesses;
- providing general wage subsidies to employers under the Employment Support Scheme (ESS) to safeguard jobs;
- offering financial assistance to specific sectors and individuals affected by the epidemic, e.g. providing financial support to the tourism industry. Taking account of the additional support of \$0.6 billion announced at "The Chief Executive's 2020 Policy Address", and the Travel Agents Incentive Scheme and the Green Lifestyle Local Tour Incentive Scheme rolled out earlier, the Government has provided support to the tourism industry with a cumulative commitment of about \$2.6 billion in total; and
- providing new concessionary low-interest loans (the Special 100 per cent Guarantee Product) under the SME Financing Guarantee Scheme, and enhancing the 80 per cent and 90 per cent Guarantee Products through offering interest subsidies and principal moratorium to borrowers to ease the cash flow problem of businesses.

While many of the relief measures are still in force and yielding effects, 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.

To relieve the worsening unemployment situation due to the epidemic, the Government has earmarked funding provision under AEF to create 30 000 time-limited jobs in the public and private sectors in the coming two years. As of end October 2020, around 29 000 jobs have been created under the "Job Creation Scheme", among which, around 7 500 jobs are suitable for low-skilled people to apply, such as cleansing and supporting staff, labourers and gangers for carrying out grass cutting and miscellaneous duties, as well as workers for carrying out anti-mosquito measures. In addition, the Government will continue conducting civil service recruitment exercises. There will be over 10 000 civil service job openings for replacing retirees and filling new posts to be created in the 2020-21 Estimates. About 30 per cent of these recruiting posts are of junior level (including Model Scale 1 grades and grades not requiring Level 2 or equivalent in five subjects in Hong Kong Diploma of Secondary Education Examination (or five passes in Hong Kong Certificate of Education Examination)), such as Artisan, Workman, Motor Driver and Chainman.

(2) As stated in "The Chief Executive's 2020 Policy Address", the Comprehensive Social Security Assistance (CSSA) Scheme put in place by the Government has all along served its function as a safety net effectively. With the local unemployment rate continuing to rise since late 2019, the number of CSSA unemployment cases has also increased. Over the past 12 months (at end-October 2020), the total number of CSSA unemployment cases has recorded a nearly 55 per cent increase, which shows that the CSSA Scheme is generally regarded as a safety net by the unemployed during the epidemic and economic downturn. To give more targeted support for the unemployed and their families who face immediate economic difficulties, the Government has launched the "Special Scheme of Assistance to the Unemployed" under the CSSA Scheme on June 1, 2020 for a period of one year to temporarily relax the asset limits for able-bodied persons by 100 per cent. To render further support to the unemployed, the Government will implement another time-limited new arrangement under the special scheme. 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. In other words, for unemployed CSSA applicants whose applications are submitted within the six-month period of the new arrangement, all insurance policies owned by them, irrespective of cash value, will not be counted in the asset test during the one-year grace period so as to assist more unemployed persons and their families to tide over the economic difficulties. The Government will announce the implementation date and details of the new arrangement later.

Apart from these time-limited short term arrangements for immediate assistance, the CSSA Scheme has been providing employment support services for able-bodied persons. "The Chief Executive's 2019 Policy Address" has announced a series of improvement measures on the CSSA Scheme, with particular focus on enhancing the employment support services. Apart from increasing the relevant special allowances, the collaboration among the service-providing non-governmental organisations, the Labour Department and the Employees Retraining Board (ERB) is also enhanced to provide more vocational training and employment choices to the unemployed who is willing to work.

Among others, the effectiveness of the Love Upgrading Special Scheme launched by the ERB is particularly impressive. The ERB launched Phase 1 of the Love Upgrading Special Scheme in October 2019 and Phase 2 of the Scheme in July 2020, enabling participating trainees to receive retraining of their own choices with allowance during the training period. The maximum amount of allowance per trainee was substantially increased from \$4,000 to \$5,800 per month in May 2020. "The Chief Executive's 2020 Policy Address" has just announced that ERB will launch Phase 3 of the Love Upgrading Special Scheme in January 2021 with a doubled quota for 20 000 trainees.

(3) Taking two tranches of the Government's ESS as an example, the expenditure of one tranche of ESS was as high as \$40 billion, i.e. the monthly expenditure was over \$10 billion. The current available balance of Community Care Fund (CCF) is less than \$10 billion after deducting the funds that have been committed but yet to be disbursed. If CCF were adopted to finance the ESS, CCF balance would be used up within a month. Therefore, the

relevant scheme was implemented through the Government's AEF rather than CCF.

To provide assistance to those persons facing financial difficulties, CCF has launched the first round of "One-off Living Subsidy for Low-income Households Not Living in Public Housing and Not Receiving Comprehensive Social Security Assistance" Programme (Living Subsidy Programme) and "One-off Allowance for New Arrivals from Low-income Families" Programme in July and September 2020 respectively. The second round of Living Subsidy Programme will be rolled out in January 2021. The total budget of the above Programmes amounts to around \$4.7 billion.