

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar Wednesday, March 17, 2021 is 101.4 (same as yesterday's index).

LCQ1: Supporting employers and employees affected by epidemic

Following is a question by the Hon Jimmy Ng and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (March 17):

Question:

As the coronavirus disease 2019 epidemic has dealt a heavy blow to the economy of Hong Kong, the Government has launched one after another two tranches of the Employment Support Scheme (ESS) to provide financial support for eligible employers to assist them in paying employees' wages from June to August and from September to November last year respectively, thereby retaining those employees who may otherwise be made redundant. Regarding the Government's support for those employers and employees affected by the epidemic, will the Government inform this Council:

(1) as some employers have relayed that the application procedure and the vetting and approval process of the second tranche of ESS were obviously more complicated and lengthy than those of the first tranche, resulting in their not receiving the wage subsidies under the second tranche of ESS for a prolonged period of time, of the reasons for that;

(2) of the respective numbers of complaints and reports of abuse received about ESS so far, together with a breakdown by the type of issues involved as well as the follow-up actions taken and their outcomes; and

(3) as the Government has made it clear that it will not launch a third tranche of ESS but the epidemic has not subsided, and some members of the public are worried about the onset of waves of enterprises closing down and unemployment, whether the Government has plans to set up a "loan fund for occupation switching for the unemployed", so as to support unemployed persons for self-enhancement and occupation switching; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with relevant bureaux and departments, my consolidated reply to the Member's question is as follows:

(1) The objective of the Employment Support Scheme (ESS) is to preserve employment during the pandemic by providing time-limited financial assistance to employers to retain employees who may otherwise be made redundant. We have endeavoured to streamline and simplify the administrative arrangements in designing the Scheme, with a view to disbursing wage subsidies as soon as practicable so as to assist as many businesses and employees as possible within a short period of time. The ESS Secretariat (the Secretariat) has been processing all applications in an expeditious manner. Actual figures have indeed reflected that most employers received wage subsidies within a short period of time.

Within three weeks upon closure of application for the first tranche of ESS, the Secretariat has disbursed wage subsidies to about 110 000 employers, which accounts for about 70 per cent of the total number of employers who have successfully applied for the first tranche. Leveraging on the experiences in the first tranche, the Secretariat has been more efficient in processing applications in the second tranche. Within three weeks upon closure of applications for the second tranche, the Secretariat has disbursed wage subsidies to about 125 000 employers, which accounts for about 80 per cent of the total number of employers who have successfully applied for the second tranche, as higher than the 70 per cent disbursement rate in the first tranche.

As regards the remaining 20 per cent of employer applications in the second tranche, they required a longer processing time since some of which involve cases with reduction in second tranche wage subsidies due to incompliance with the terms and conditions under the first tranche; or these employers have been participating in the other retirement protection schemes which are outside the context of the Mandatory Provident Fund (MPF) Scheme; and any omission of information relating to the application.

(2) As at March 9, 2021, the Secretariat has received a total of 1 105 complaint cases, 51 per cent of which involves unreasonable reduction in the number of employees and/or redundancy; 16 per cent of which requests employees to take continuous no-paid leave; 10 per cent of which did not promptly disburse wage to employees or reduction in wages; and 2 per cent of suspected cases of winding down of the company or change of business operators.

The Secretariat and the Processing Agent have been proactively and seriously following up any reported cases. The Policy Innovation and Co-ordination Office who is responsible for implementing the ESS has established a review panel to review the investigation report and relevant MPF scheme records of employers for each reported cases, with a view to determining if the employers concerned have complied with the relevant terms and conditions as entailed with the Scheme as well as informing the complainants of the results upon conclusion of the investigations. Of the 1 105 reported cases, the Secretariat has, as at March 9, 2021, completed the investigation of 1

069 cases and replied to the complainants.

Of the 1 069 cases which have been concluded with investigations, the Secretariat has thus far confirmed that there are 608 employers who have not been complying with the terms and conditions entailed with the ESS. The Secretariat will, in accordance with the terms and conditions of the ESS, request relevant employers to return to the Government the unspent balance of wage subsidies and/or pay a penalty to the Government in respect of their failure to maintain the "committed headcount of paid employees". Moreover, the Secretariat has referred 274 cases concerning the Employment Ordinance or complaints on labour disputes relating to employment terms to the Labour Department for follow-up; and referred two cases to the Customs and Excise Department, as well as one report or complaint case respectively to the Immigration Department and the Inland Revenue Department. In addition, the Secretariat has referred 23 complaint cases to the MPF Authority concerning MPF contributions made by employers.

(3) In view of the continuous fluctuations of the epidemic which has seriously affected Hong Kong's economy and labour market, the HKSAR Government (the Government) has been keeping in view changes of the actual circumstances and striving to exploring ways to strengthen assistance for the unemployed and their families. Over the past year, in light of the tremendous challenges brought about by the epidemic to Hong Kong's employment situation and overall economy, the Government has implemented a host of measures to create and stabilise job opportunities, and also provided suitable relief to sectors and individuals hard-hit by the epidemic or affected by the anti-epidemic and social distancing measures. Coupled with the Government's injection into the Anti-Epidemic Fund and the Budget last year, the Government has increased government expenditure substantially to combat the epidemic and roll out relief measures totalling over \$300 billion. It is anticipated that the consolidated deficit for the financial year of 2020-21 will surge to about \$250 billion. 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.

In view of the gloomy job market under the epidemic and the tremendous challenges to Hong Kong's employment situation and overall economy, the Government has implemented various measures to promote jobs creation, employment and re-employment, and also support to individuals and families with financial difficulties. The relevant measures include the provision of 2 000 employment places under the Greater Bay Area Youth Employment Scheme; the third tranche of the Love Upgrading Special Scheme launched by the Employees Retraining Board in January this year providing a doubled quota for 20 000 trainees followed by the fourth tranche of the Scheme to be launched in July; uplift of the ceiling of on-the-job training allowance payable to employers under the Labour Department's Employment Programme for the Elderly and Middle-aged, the Youth Employment and Training Programme and the Work Orientation and Placement Scheme together with payment of a retention allowance on a pilot basis to eligible employees engaged under these employment programmes; and also two rounds of the "One-off Living Subsidy for

Low-income Households Not Living in Public Housing and Not Receiving Comprehensive Social Security Assistance (CSSA)" Programme and one round of the "One-off Allowance for New Arrivals from Low-income Families" Programme launched by the Community Care Fund.

In addition, the Government has launched the time-limited "Special Scheme of Assistance to the Unemployed" under CSSA Scheme to temporarily relax the asset limits for able-bodied persons by 100 per cent for 12 months from June 2020 to May 2021. The Government will also implement another time-limited new arrangement under the special scheme during the six months of April to September 2021. 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. The Financial Secretary will also allocate \$6.6 billion to create another 30 000 time-limited jobs.

We will continue to listen to views of members of the public and provide more assistance for the unemployed and their families in the light of the development and needs.

Thank you, President.

[Transcript of remarks by STH on bus fare increases](#)

Following is the transcript of remarks at a media session by the Secretary for Transport and Housing, Mr Frank Chan Fan, at the Legislative Council Complex today (March 17):

Reporter: Some lawmakers said increasing the monthly maximum rebate to \$500 is not helpful to alleviate burden triggered by the bus fare rise, as not all citizens can enjoy the offer. How would you respond to this? The second question is are we foreseeing an increase in other transport fares, such as taxis as well?

Secretary for Transport and Housing: As far as the Public Transport Fare Subsidy Scheme is concerned, we are offering subsidy for Hong Kong residents who are taking the service of public transport, irrespective of whether or not they are taking bus, minibus or other transport modes. The important point is as long as they take public transport for any expenditure over \$200, we would give them one-third subsidy of the amount of expense. Therefore, for those who are taking public buses for their daily commuting, they will be entitled to the Public Transport Fare Subsidy Scheme sponsorship, and it would alleviate the hardship or pressure on their transport expenses. Therefore, the argument that the Government is extending the Public Transport Fare Subsidy Scheme in respect of the threshold and the ceiling of subsidy to the end of this year would certainly be helpful to all those who take public

transport in their daily commuting.

Reporter: Are we expecting other transport fares to rise, such as taxis?

Secretary for Transport and Housing: First and foremost, I must say that we are not taking the public buses fare adjustment as a pilot. As far as the policy is concerned, it is only for those public transport which has a genuine need for fare adjustment, then we would consider. For example, if any bus company or any public transport mode is making reasonable profit, we would not be considering their application for fare adjustment.

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

US Dollar Liquidity Facility tender result

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

US Dollar Liquidity Facility tender result

Tender date	:	March 17, 2021 (Wednesday)
Settlement date	:	March 18, 2021 (Thursday)
Repayment date	:	March 25, 2021 (Thursday)
Tenor	:	Seven Days
Amount applied	:	Nil
Amount allotted	:	Nil
Lowest interest rate accepted	:	Nil
Highest interest rate accepted	:	Nil

LCQ17: Collection of rates

Following is a question by the Hon Wong Kwok-kin and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (March 17):

Question:

Will the Government inform this Council:

(1) of the total amount of revenue collected by the Government from rates and its year-on-year rate of change, in each of the past five years;

(2) of the (i) number of units and (ii) total amount of annual rates payable (set out in tables of the same format as the table below), in respect of each type of buildings (i.e. private residential, public rental housing, office, commercial and industrial buildings) in each of the past five years, broken down by the range (as set out in the table below) to which the amounts of annual rates payable (before concession) for the units belonged;

Year:

Type of buildings:

Amount of annual rates payable for the units (\$)	Number of units	Total amount of annual rates payable
Below 2,500		
2,500 to 5,000		
5,001 to 7,500		
7,501 to 10,000		
10,001 to 15,000		
15,001 to 20,000		
20,001 to 30,000		
Above 30,000		
Total		

(3) of the respective numbers of (i) "proposals" to alter an entry in a new Valuation List, and (ii) "notices of objection" against a/an correction, deletion or addition to an existing Valuation List, received by the Rating and Valuation Department (RVD) in each of the past five years; among those cases, the respective numbers of cases in which the rateable values were reduced eventually;

(4) given that in assessing the rateable value of a certain property, the authorities will make reference to the open market rents agreed on or around the date of valuation, for similar properties in the same district, with due adjustments made to reflect differences in sizes, locations, facilities, and standards of finish and management, of the details of the calculation criteria and adjustment ratios concerned;

(5) as some residents of the subsidised housing in Kowloon East (including Hong Pak Court and Hong Nga Court) have pointed out that the housing court in which they reside is similar to an adjacent housing court in terms of the completion time, location, number of storeys and building conditions, etc., but there is a great discrepancy between the rateable values of the units in

the two adjacent housing courts, of the reasons for that; and

(6) of the current staffing establishment in the RVD for handling the work of assessment and review of property rates, and the work process of the annual revaluation of the rateable values of properties?

Reply:

President,

(1) The annual rates revenue collected by the Government and the year-on-year rate of change in the past five years are as follows:

Financial year	Rates revenue (after deducting rates concessions) (\$ million)	Year-on-year rate of change
2015-16	22,733	+2.1%
2016-17	21,250	- 6.5%
2017-18	22,203	+ 4.5%
2018-19	17,167	- 22.7%
2019-20	20,981	+ 22.2%

(2) The Rating and Valuation Department (RVD) does not compile statistics by the amount of rates payable and property types. The number of assessed properties on the Valuation List of each of the past five years, sorted by rateable value, is tabulated below:

Rateable value (\$)	Number of properties on the Valuation List as at April 1 of that year (Note)				
	2016	2017	2018	2019	2020
3,001 – 49,999	429 115	426 201	409 414	396 002	403 632
50,000 – 99,999	673 839	645 185	551 188	474 372	493 819
100,000 – 159,999	651 259	695 262	733 876	755 456	769 660
160,000 – 199,999	213 395	219 545	255 052	291 961	292 490
200,000 – 299,999	221 347	221 675	263 121	297 900	296 323
300,000 – 399,999	82 602	85 049	95 527	106 027	104 616
400,000 – 599,999	74 037	74 944	80 278	86 490	86 198
600,000 or above	108 856	109 723	116 132	123 138	122 260
Total	2 454 450	2 477 584	2 504 588	2 531 346	2 568 998

Note: The numbers include properties assessed on a block-assessment basis.

(3) Proposals for alteration of Valuation List and notices of objection to

alteration of an entry on the Valuation List received by the RVD in the past five years are as follows:

Year	Proposal for Alteration of Valuation List		Notice of Objection to an Interim Valuation, a deletion or a correction of an entry on the Valuation List	
	Number of Cases Processed	Number of Cases with rateable value reduced after review	Number of Cases Processed	Number of Cases with rateable value reduced after review
2015-16	50 304	1 417	3 383	289
2016-17	48 688	1 386	4 975	97
2017-18	40 190	1 685	3 727	382
2018-19	40 566	1 544	3 423	86
2019-20	39 092	1 644	6 878	177

(4) & (5) In assessing the rateable value of a tenement, the RVD will make reference to and analyse the rents of similar tenements in the same district as transacted in the open market, and make appropriate adjustments through the application of valuation principles and professional expertise and having regard to the actual conditions of the tenement (taking into account factors such as size, floor level, view, location, environmental conditions, building quality, property management level, maintenance, facilities, etc.) in order to determine the rateable value of the tenement concerned. Although neighbouring housing estates situated in the same district may be similar in terms of building type and age, other factors affecting the rental values of individual properties, such as building design, floor layout, natural lighting of a unit, etc., may differ. As such, it is not abnormal for their levels of rateable value to be different.

(6) The RVD has an establishment of 600 posts dedicated to statutory valuation and assessments in 2021-22. Apart from the assessment and annual revaluation of the rateable values of properties liable to rates and/or Government rent as well as the review of objection and appeal cases, the staff concerned are also responsible for carrying out other relevant statutory duties such as processing rates and/or Government rent exemption, etc.

The RVD will carry out an annual revaluation of rateable values of all properties on the Valuation List. The RVD will issue the Requisition for Particulars of Tenements to ratepayers in order to collect rental information of various properties. Having analysed the rental information collected, the

RVD will re-assess the rateable values of the tenements on the Valuation List according to the prevailing market rents as at the valuation reference date (generally on October 1 of the year before the new Valuation List comes into force). Upon completion of the revaluation work, the RVD will declare the new Valuation List for public inspection.