

Transcript of remarks of press conference (with photo/video)

The Chief Executive, Mrs Carrie Lam, held a press conference on April 8. Also joining were the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung; the Financial Secretary, Mr Paul Chan; the Secretary for Commerce and Economic Development, Mr Edward Yau; the Secretary for Labour and Welfare, Dr Law Chi-kwong; the Secretary for Transport and Housing, Mr Frank Chan Fan; and the Secretary for Food and Health, Professor Sophia Chan. Following is the transcript of remarks of the press conference.

Reporter: Thank you, Mrs Lam. Firstly, on the 50 per cent level for the salaries, can you explain how you and your team came up with that figure when we're looking at, like the UK and Singapore perhaps maybe offering a slightly higher percentage? Secondly, can you just speak a little bit about what guarantees there are that the money which you are going to be giving to employers will actually trickle down to employees and make sure that they aren't missing out on this relief? And thirdly, rents is a big overhead for companies obviously, obviously that's a bit outside your ambit but will you be making appeals to the private sector to offer relief as well?

Chief Executive: Thank you very much for the three questions. First of all, in designing the Employment Support Scheme, let's call it the ESS, we have to ensure that the money that we are providing is reasonable to enable the employers to keep their employees in the job. If we provide too small an amount, the employer will continue to have difficulty in keeping that employee in the job, but if we provide too large an amount, that is a question of affordability. Now this package at 50 per cent of wage cap of \$18,000 already costs \$80 billion, so I will say that 50 per cent is about right percentage. You mentioned the UK and the Singapore schemes; I may as well give you this comparison because in designing the scheme, we have looked at the UK, Singapore, Australia schemes. Yes, the UK scheme seemed to suggest an 80 per cent of wage subsidy, but if you look at the details of the UK scheme, it's only available to what they call furloughed employees – that is employees on leave. In other words, they are more or less being laid off, they are on leave, they are not supposed to come back to work and under those circumstances, then their wages could attract 80 per cent subsidy. In our case, we very much welcome the assisted employees to stay in the job so that they will get not only our subsidy but will continue to get some pay from the employers, and this is also a much more, in my view, a healthier development because we want the staff to be engaged in work so that when the epidemic situation stabilises, then there will be more business. So it's not entirely the same comparison. As far as the Singapore scheme, they actually have a three-tiered subsidy of 25 per cent, 50 per cent and 75 per cent – 25 per cent is made available to all sectors except those who are given 50 and 75 per cent. Fifty per cent is given to the hard-hit sector, I think it's in the catering industry; where 75 per cent are really given to the almost dead sectors, like aviation and tourism. More recently Deputy Prime Minister Heng

Swee Keat has announced, I think, two days ago, that for the month of April, the Singaporean Government will extend a 75 per cent to all sectors because of very aggressive social distancing measures being imposed on almost every sector. I suppose if the situation stabilises, they will still adhere to the 25 per cent, 50 per cent and 75 per cent. But in our case it's across the board – 50 per cent – so I will describe that our scheme is broad-based, is quite generous in that respect. Also, to try to differentiate sectors which are more hard hit, less hard hit, is not too easy in the MPF arrangement. What the Hong Kong SAR Government has chosen is for those hard-hit areas, we will provide them additional subsidies under the Anti-epidemic Fund. If you are interested, we can give you an example later on how a travel agency will benefit from both schemes – the ESS scheme and the AEF item.

As far as the assurance, that if wage subsidy will go to the employees, the first thing is 100 per cent of the wage subsidies provided by the Hong Kong SAR Government have to be spent on wages. The employer could not deploy the money for other purposes and we will put in place very robust auditing after the event because I don't want to have detailed vetting before paying out. The employees and employers are now very short of cash. They need money. But we reserve the power to do auditing in order to ensure that the money is spent on wages. Secondly is the employers have to promise that there will be no redundancy. And thirdly, we will operate in a very transparent way. All the employers who have applied and approved to enjoy the ESS, we will tell everybody, particularly the employees, so the employees will know that their employers have received wage subsidies which are supposed to be for them, not for the employer, and if they don't get it, then I am sure they will complain either to us directly or through the trade unions, so there are safeguards all the way to ensure that the money will go to the employees.

Now, rent is a very tricky issue and it is also a very important cost component in doing business in Hong Kong. As far as the Hong Kong SAR Government is concerned, for tenants occupying our premises or our land on a short-term basis, we are now going deeper to provide a 75 per cent rent concession. As you may remember, I have met with REDA (The Real Estate Developers Association of Hong Kong), I have made several public appeals to landlords, particularly big developers to likewise provide rent concessions to their tenants so as to keep their tenants afloat. Otherwise the shopping malls will become vacant pretty soon if all these retail, restaurants have to close down. I understand and I appreciate that some developers have been doing that and doing the rent concessions in a rather generous way, so sitting here now I make this further appeal to developers to do exactly that so that we could together, not only fighting this virus, but also support Hong Kong. Thank you very much.

Reporter: Three questions. First is about the distribution of the wage subsidies. It's going to take another two months for the citizens to receive the money, so my question is, can this be done earlier and do you see that before the employees actually get the money some businesses may have to shut already? The second question is about, some other reporters have asked already, how do you ensure that the money actually gets to the pocket of the workers. For the violators, will there be any consequences, any punishment?

The last question is: how do you calculate how much subsidy will the self-employed people be getting? And, just to clarify, am I right that all employees, no matter what businesses they're in, they will qualify for the wage subsidies? You talked about the Singapore model, the three-tier model. Is that something that you would actually consider that the companies that are more hard-hit will be getting a bigger subsidy for the employees and the companies that are less hard-hit will be getting less money for their employees? Thank you.

Chief Executive: Let me answer the second question first. First, I said as a principle, in designing this package, it has to be sufficiently broad-based. Because of the degree of severity, almost every sector is being hit, except those who are on the government payroll, to be very honest. But at the same time, we are recognising sectors which are particularly hard-hit, and these are the aviation – the Hong Kong International Airport is almost closed. I was very sad when I read the figures. Yesterday, at the Hong Kong International Airport, this aviation hub for Asia-Pacific, we have only 367 arrival passengers. Now that is the severity of the situation faced by over 75,000 employees at the Hong Kong International Airport. Apart from giving the employers at the Hong Kong International Airport access to the wage subsidies under the ESS, we have other measures for the aviation sector which we can share with you or you can read it from the detailed notes that we are going to distribute. By the way, Frank is here. Frank could say something about the additional help for the aviation sector.

So we are doing that, but we are doing it in a different way, instead of juggling with the wage subsidies in terms of the industry, because that would make it very complicated to administer. And that complication in administration will directly go against your first question. Your first question asked me to do it earlier, but by making the ESS so complicated, there's no way I can ensure early payment of subsidies to the employees through the employers. I hope I have made myself very clear that in designing the scheme, speed is of the essence. I want to pass the money to the employees to keep them in their jobs through their employers as early as possible. So while I said that we are committing ourselves to no later than June, it doesn't mean that if we could do it earlier we won't. I will look to Dr C K Law and my own team in the Chief Executive's Office to try to speed up the process, to review the design and the processing to see whether there is still scope to do it faster in order to hand over the cash subsidies to the employees through the employers. I do hope that employers who are now watching this press conference or who will read the newspapers tomorrow will bear in mind that money is coming, so don't rush into laying off your staff and hang on as long as possible because money is coming. We are there to share the burden and try to keep companies afloat. If they really have cash-flow problem, then there is a loan scheme. I hope the loan scheme is also very efficient, that the banks will distribute the loans upon application early enough to tide over individual companies' difficulties in paying for their employees.

I now invite STH to say a few points about the aviation sector.

Secretary for Transport and Housing: In fact, I would say that most sectors, if not all the industries, are actually very seriously impacted by the pandemic. As for the aviation sector, we have to appreciate on normal days in the past, we had 200 000 passengers coming in and flying out every day. For the past week, the number is close to less than 2 000. If you take that as an indicator, the entire airport is down to 1 per cent of its capacity in operation. Therefore, all the airlines, all supporting services companies, (as well as) retail and dining outlets in the airport, are the hardest hit. Of course, we can help them with the employment support scheme by providing salary subsidy through the companies to the working staff. In addition, we are also offering subsidy or assistance of another kind, say for example, the offering to repair and maintenance of the airplanes, say for example, (for) a big jet, we will provide them with a million dollars. While you may think that the amount is huge, but actually a large plane would require roughly about \$60 million to maintain in a year. That's the thing we are trying to do and help them as much as we can.

And for companies with a hundred people or more, we are going to offer them \$3 million as assistance; and for companies with less than a hundred people, we are offering them a million (dollars). After all, all these are very minimal, I would say. We are looking forward to helping them in a more ingenious way. For example, the Airport Authority is planning to purchase 500 000 air tickets with a view to providing cash flow to the airlines during this very difficult time and to save the tickets for the future when Hong Kong is going to re-launch to try to attract travellers coming to Hong Kong, and people going out for trips when the pandemic is over.

We are also offering in an innovative approach to purchase those supporting facilities in the airport, because the supporting services companies in the airport are running out of cash, and the provision of cash flow is very important. Therefore, purchasing those equipment or hardware from these companies and offer them with the cash flow will be very important.

At the same time, these facilities would still be used in the airport if there is a need. By the time when the airport picks up and resumes normal, these companies would have the right to buy it back. The Airport Authority is also offering a rent-free period so that these companies would be relieved for a certain period of time. We are trying to do whatever we can and are trying to help as much as we can. I think we should not just focus on employment support scheme or just wage subsidy, as there are all sorts of ways that we can offer, just like what the Financial Secretary has mentioned about loans and facilities, and all other things.

Reporter:... (inaudible)

Secretary for Labour and Welfare: They will be penalised. Details will be announced later.

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

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