

## Employment Support Scheme (ESS)

### Objective

To maintain employment during the epidemic by providing time-limited financial support to employers to retain their employees who will otherwise be made redundant.

### Brief description

2. We plan to launch an ESS, which will provide time-limited financial support to employers to retain their employees who will otherwise be made redundant. The ESS should be used for paying wages to maintain employment for their staff currently in the job. Similar schemes have been rolled out by some overseas jurisdictions (e.g. Singapore, UK, Australia) to retain/support jobs.

3. All employers who have been making Mandatory Provident Fund (MPF) contributions or have set up Occupational Retirement Schemes (ORSO schemes) for their employees will be eligible for ESS, except those on the exclusion list, including HKSAR Government, statutory bodies such as Hospital Authority, Housing Authority, Hong Kong Monetary Authority, Urban Renewal Authority, MTR Corporation Limited, Airport Authority, Hong Kong Housing Society, West Kowloon Cultural District Authority, etc. as well as subvented staff in government funded organizations. Staff employed by outsourced service contractors to work for Government contracts will also be excluded.

4. The ESS will also cover self-employed persons (SEPs) who have made MPF contributions in the past 15 months. Eligible SEPs will be granted a one-off lump-sum subsidy of \$7,500.

5. The amount of subsidy for an employer would be **calculated** on the basis of **50%** of the actual wages paid to employees **at a specified month**<sup>1</sup>, with a wage cap at \$18,000 per month<sup>2</sup> (i.e. maximum subsidy is \$9,000 per month per employee) for six months.

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<sup>1</sup> Any one month from January to March 2020 to be nominated by the employer.

<sup>2</sup> Median monthly wage of employees in Q2 2019.

6. Payment will be made in two tranches. Applications for the first tranche will start before the end of May 2020 till the first week of June 2020, with the aim of making the first payout to employers within June to help them pay the wages for June to August 2020. Application dates for the second tranche will be announced in due course, with payment to be made in September 2020 for paying the wages of September to November 2020. The detailed application and payment mechanisms are being worked out in consultation with stakeholders including the MPF trustees.

7. Eligible employers joining the ESS will be required to provide an **undertaking** not to implement redundancy during the subsidy period and to spend all the government wage subsidies in paying wages to their employees. The employees may be engaged in full-time or part-time work as each enterprise's circumstances differ. Should there be any reduction in the number of employees on the payroll within the MPF and the ORSO framework during the period, the ESS subsidy will be adjusted with claw back and other penalty.

8. We estimate that some 260 000 employers who have been making MPF contributions for over 1.5 million employees (discounting the "exclusions"), as well as about 215 000 SEPs with MPF contributions would benefit from the ESS. Employers/employees in the three sectors, i.e. construction, catering and transport, which are not well covered by MPF, will be taken care of by the sector-specific schemes.

#### Financial implications

9. Assuming that all eligible employers and SEPs would apply for the subsidies, the estimated total expenditure is **about \$81 billion**. The administrative cost will be worked out after consulting the stakeholders including the MPF trustees and to be covered under the overall contingency sought for injection into the Anti-epidemic Fund.

#### Urgency

10. With the rapid downturn or even total halt in business activities due to the COVID-19 infections, many businesses are fighting hard for survival. Early implementation of the ESS, together with other relief measures and loans, would help the businesses to stay afloat and retain jobs to prepare for quick recovery once the epidemic is over. Such support by the Government at this critical juncture would be crucial to avoid massive staff layoffs.

Implementation

11. The Government is liaising with the MPF trustees and relevant stakeholders to work out the implementation details which will be announced before application for the first tranche is invited.

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