

HONG KONG RETAIL MANAGEMENT ASSOCIATION
Submission on the New Round of Employment Support Scheme
24 March 2022

I. Introduction

1. The Association welcomes a new round of Employment Support Scheme (ESS) announced by the Government on 18 March, 2022.
2. Regarding the implementation details of the forthcoming ESS, the Association would like to take this opportunity to highlight some areas of concerns and to put forward suggestions where appropriate for the Government's consideration.

II. Maintaining Key Practices Adopted in the First Round of ESS

3. The first round of ESS in 2020 had set some practical guidelines in the administration of the Scheme. Amongst all ground rules, we urge the Government to maintain the key practices, including:
 - a) Subsidy should be given basing on the concept of employing entity.
 - b) Both MPF and ORSO schemes should be applicable.
 - c) The concept of "Relevant Income" should be continued to apply.
 - d) Tax exemption should be continually granted to companies under the new subsidy scheme.
 - e) The total headcounts should be calculated on an unnamed basis under the scheme, i.e., regardless of the name of staff but just to match the number.
 - f) The subsidy should be disbursed in one-go, instead of by each month.

III. Members' Concerns and Suggestions

Calculation of Wage Subsidy

4. The 2022 ESS will offer HK\$8,000 a month to each eligible worker for three months (May to July). The Government should clarify whether employees with monthly wage less than HK\$8,000 will still be eligible for the fixed HK\$8,000 subsidy or based on actual wages.

Suggestions

5. The Government should provide the industries with a holistic plan on the new ESS with an outline of a detail mechanism on the calculations of the key parameters including but not limited to the wage subsidy, the number of eligible headcounts, and other requirements.
6. About employees with less than HK\$8,000 monthly wage, we suggest the Government should offer them the same fixed subsidy of HK\$8,000 for 3 months.
7. Given our suggestion in point (6), we deem that the Government should allow employers to use the subsidy difference after paying to headcounts with monthly wages below HK\$8,000 to support wages of headcounts with monthly wages below HK\$30,000 in a month.
8. We urge that employers should be allowed to apply for the subsidy based on a self-estimated number of headcounts by the Company, i.e., subsidy is equal to self-estimated number of headcounts x HK\$8,000 for each month in May to July 2022, provided that this headcount number does not exceed the 2020 subsidized headcounts.
9. The “specified month concept” should be removed. The subsidy should only be based on the number of headcounts estimated by the Company during the window of May-July 2022.
10. Alongside the concept of “self-estimated number of headcounts”, we suggest the Government may consider adopting some form of mechanism that would allow employers with flexibility to deal with discrepancies in the total wage subsidies because of difference in the self-estimated headcounts and the actual headcounts incurred during May to July.

11. Through this mechanism, employers could return any extra amount of wage subsidies to the Government in case the actual headcounts incurred during the period fall short of the self-estimated one. At the same time, they could apply for additional wage subsidies if their actual headcounts incurred exceed their self-estimated headcounts, provided that the actual headcounts incurred do not exceed the 2020 subsidized headcounts.

Headcount Ceiling

12. We agree that the headcount ceiling should be set as the employee number applied for the ESS in 2020.

Suggestion

13. We urge that the Government should not set any further restriction on the headcounts of the retail and catering businesses due to the following considerations:
 - a) The Government has made known that it would adopt a Company's employee number applied for the ESS in 2020 as a ceiling for the 2022 ESS.
 - b) The Government has already announced an Exclusion List to avoid misallocation of wage subsidies in the new ESS.
 - c) The said two sectors are severely hit hard by the 5th wave of the pandemic and they employ a large number of frontline staff with monthly wages below HK\$30,000, whom should be the key targeted group in the new ESS.

Employees Aged over 65 without MPF

14. It is required to have further clarification on the arrangement for those aged over 65 without MPF account.

Usage of the Subsidy

15. According to information from the news, the Government indicated that the full amount of the subsidy must be spent on the salary cost to staff and the Company cannot administer the subsidy for any other purposes. Furthermore, it is learnt from the Government’s news website that “*Dr. Law also pointed out that the 2022 ESS serves a slightly different purpose than the scheme’s first round.*”
(Source: https://www.news.gov.hk/eng/2022/03/20220318/20220318_121844_155.html)

Suggestion

16. About the remark made by Dr. Law in point (15), we urge the Government to clarify on the difference in purpose between the two rounds of ESS as we understand the one launched in 2020 had also been used for salary payment only.

Support to Mom-and-Pop Shops

17. There are many small businesses in Hong Kong that are owned and operated by members of the same family in Hong Kong. These Mom-and-Pop shops often do not have any staff system and are not supported by any subsidy schemes of the Government, except the one-off subsidy of HK\$80,000 under the Retail Sector Subsidy Scheme dated back in 2020.

Suggestion

18. We urge that the new ESS should provide assistance to all Mom-and-Pop shop owners, or at least adopt the same practice in 2020, i.e. covering Self-employed Persons (SEPs), whom had been granted a one-off lump-sum subsidy of HK\$7,500 in 2020. This arrangement can help at least those shop owners who have a “MPF SEP” account.

On Government's Communications

19. The Association urges the Government to communicate closely with different business sectors on the details of the new ESS, as its success hinges heavily on an effective and transparent communication strategy of the Government.
20. We would be most grateful if representatives of our Executive Committee could have a meeting opportunity to update you about the industry's latest challenges and to share with our suggestions on the new ESS.

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