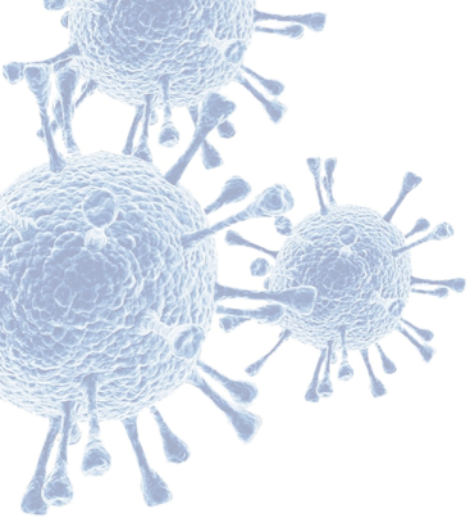


# Hong Kong COVID-19 response



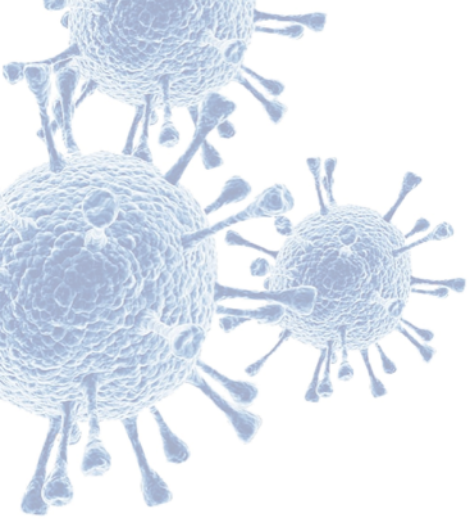


## introduction



David Whitwam is a long-term resident of Hong Kong. He is Executive Director of Mace Consulting Ltd and since 2004 has been Chair of the New Zealand Chamber of Commerce in Hong Kong. David represents the New Zealand business sector on the Hong Kong Government's International Business Committee and has served on other Hong Kong Government committees as well as publishing a weekly e-news focused on the economic relationship between New Zealand and Hong Kong.

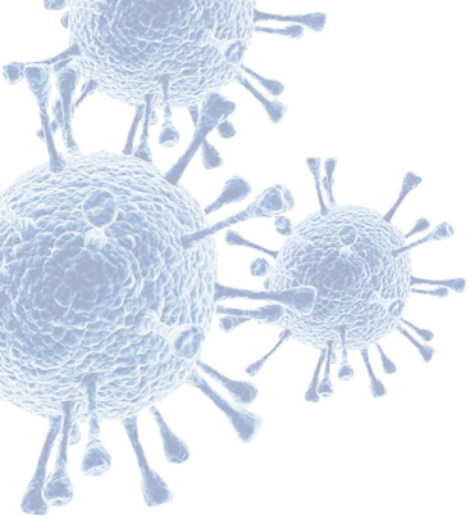
David was appointed to the Advisory Board of the International MBA of Victoria University of Wellington presented at the Asia Pacific Institute of Business and Chinese University of Hong Kong from 2011-2014, and is an appointed member of the World Class New Zealand network by KEA New Zealand. David holds a postgraduate qualification in Business Administration from the University of Leicester, United Kingdom.



## Covid-19 : Comparison

	New Zealand	Hong Kong
Population	5,000,000	7,482,500
Population Density	18/km <sup>2</sup>	6,777/km <sup>2</sup>
Land Area	268,021km <sup>2</sup>	1,106km <sup>2</sup>
COVID-19 Confirmed	1,513	1,162
COVID-19 Fatalities	22	5
COVID-19 Recoveries	1,482	1,078
COVID-19 Net Status	9	79

Data as at 22 June 2020 : COVID-19 Data Source Roylabs Stats



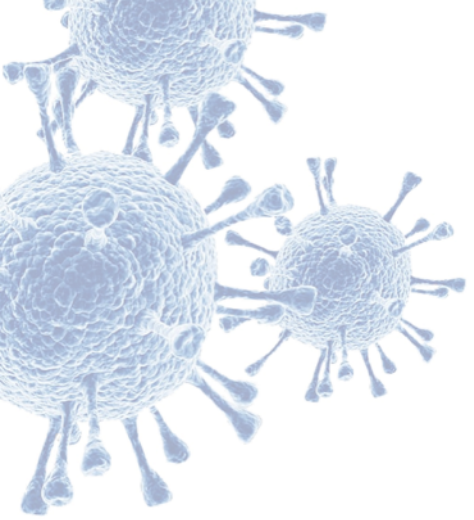
## Covid-19 : Comparison

Hong Kong fatalities  
occurred on 31/1,  
14/2, 26/2 and 1/3,  
20/6 2020

	New Zealand	Hong Kong
Population	5,000,000	7,482,500
Population Density	18/km <sup>2</sup>	6,777/km <sup>2</sup>
Land Area	268,021km <sup>2</sup>	1,106km <sup>2</sup>
COVID-19 Confirmed	1,513	1,162
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COVID-19 Net Status	9	79

Data as at 22 June 2020 : COVID-19 Data Source Roylabs Stats





## Challenges

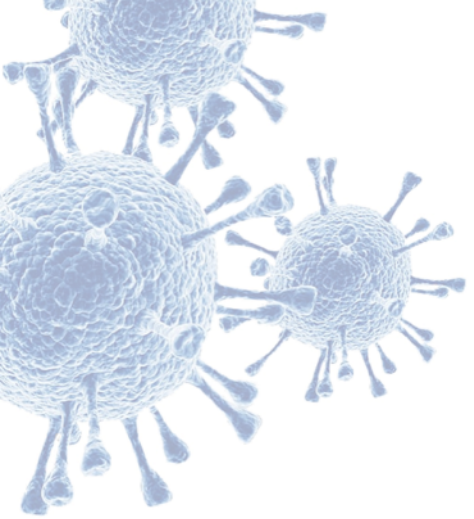
Proximity to Mainland China

Density of population

Reliance on public transport

Significant arrivals and departures by rail and air

Sensitive business structure

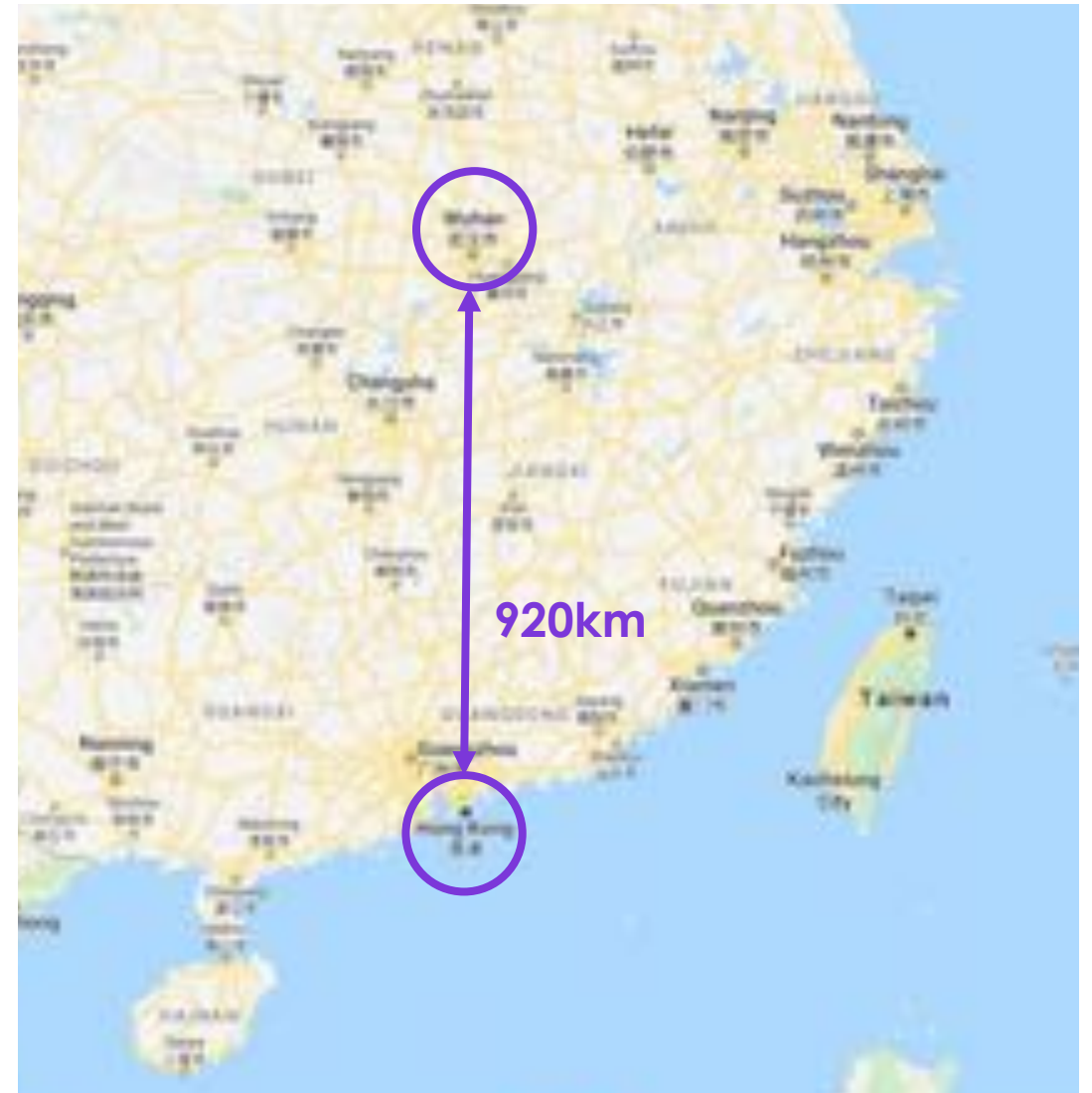


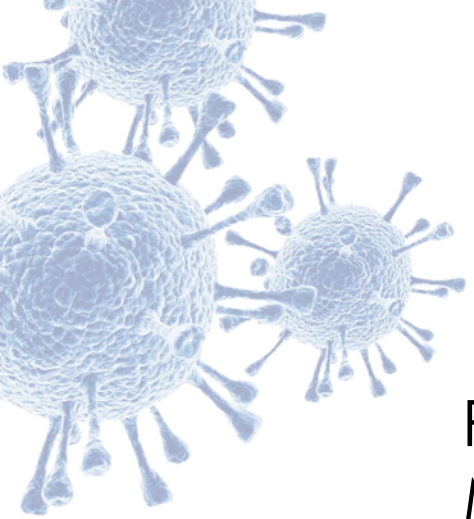
## Challenges

### Proximity to the Wuhan epicentre



- Daily direct Hi-speed rail link  
(Hong Kong / Beijing / Hong Kong)  
(Hong Kong / Tianjin / Hong Kong)
- Multiple direct air links
- Direct motorway road links

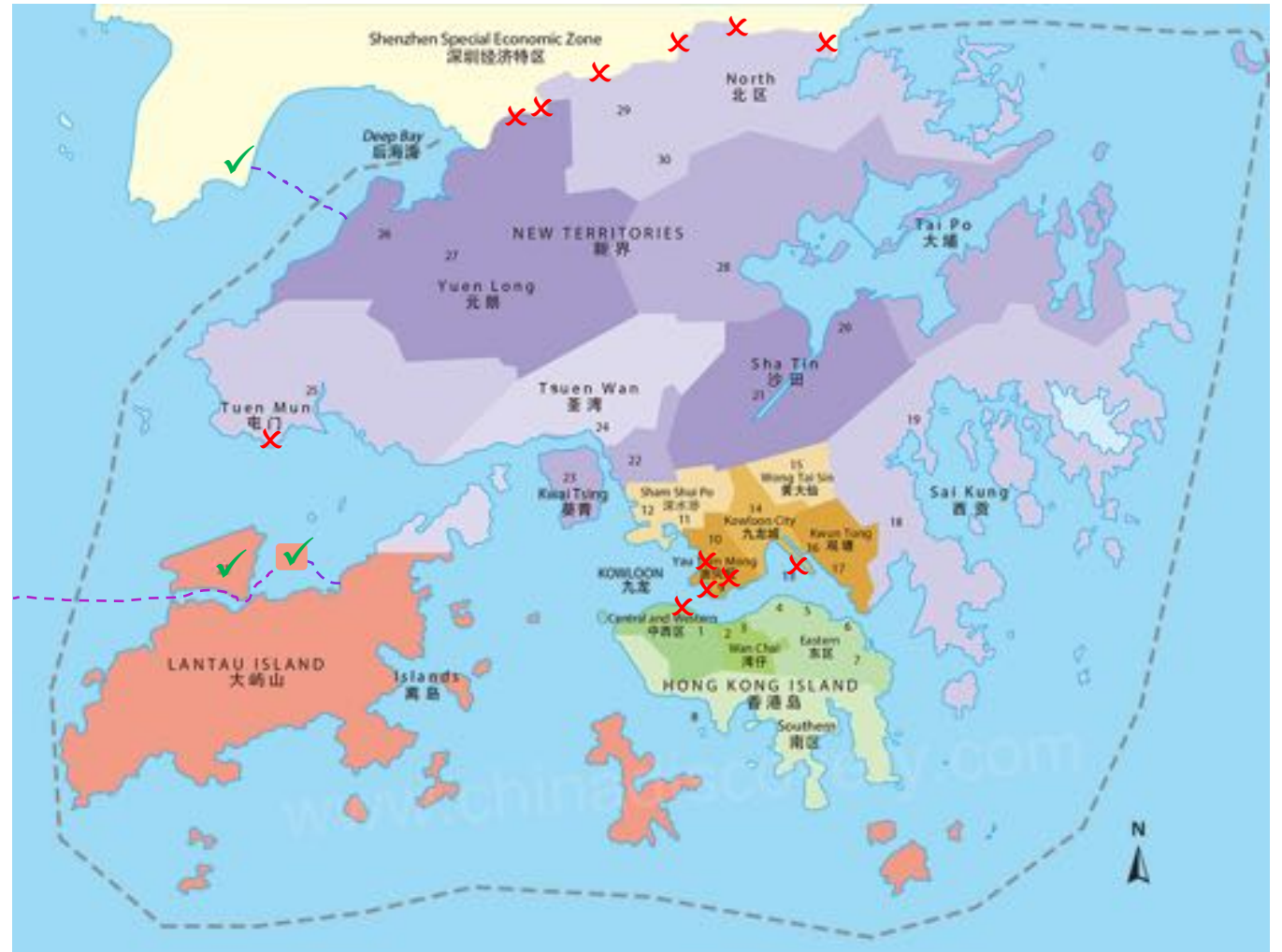




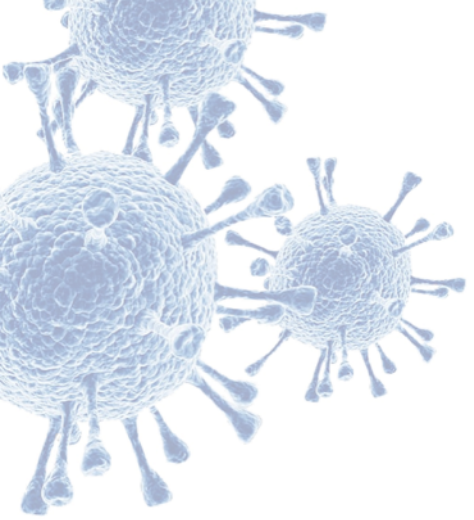
## Challenges

### Proximity to Mainland China

- Border crossings: 14
- Land, air and sea
- 24/7 border facilities
- Land borders (2019)
  - ↔ 236,170,478/year
  - ↔ 647,042/day
- ~27,000 school kids/day
- 150 family migrants/day







## Challenges

### Density of Population

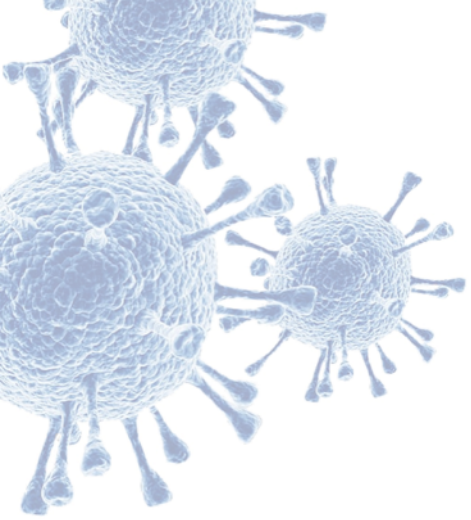
2,807,200 apartments of which

- Public: 825,200
- Subsidised: 410,500
- Private: 1,571,500

Population density: 6,777/km<sup>2</sup>

Flat density: 2,648/km<sup>2</sup>





## Challenges

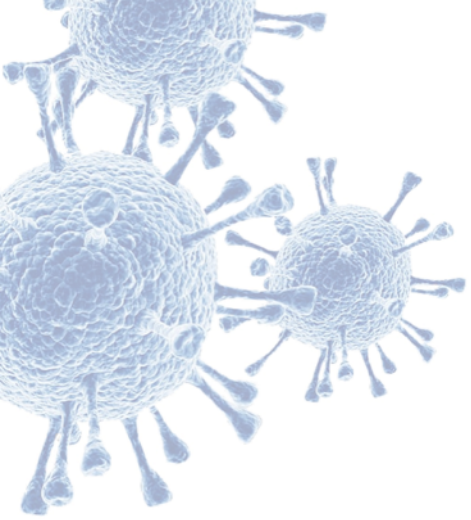
### Reliance on public transport

Passenger trips per day:

- MTR & Light Rail: 5.4m
- Franchised Bus: 2.8m
- Minibus: 1.5m
- Taxi: 0.9m
- Ferries: 0.15m







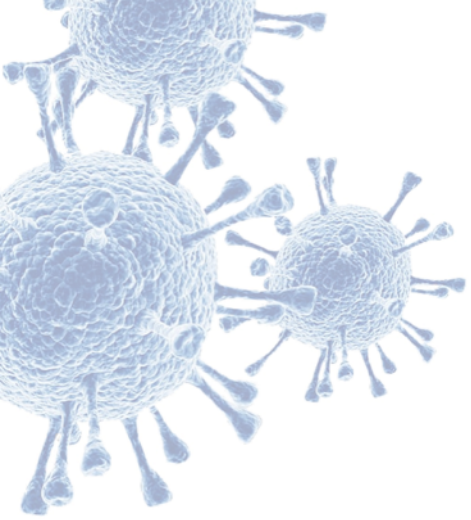
## Challenges

Significant arrivals  
and departures  
by sea, rail and air

Per year:

- 49m pax by air (2019)  
=120 airlines/220 destinations
- 5.1m tonnes cargo
- 427,766 flights
- 25,410 ship arrivals
- 149,200 local vessels
- 259m tonnes local cargo
- 19.6m TEU



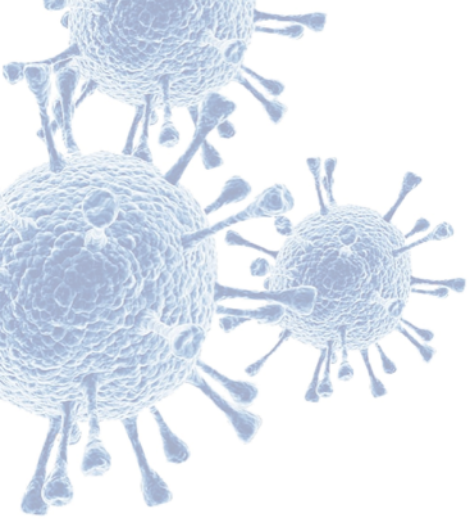


## Challenges

### Sensitive business Structure

- Global banking
- Stock Market
- Fintech
- Start-up Culture
- Narrow margins

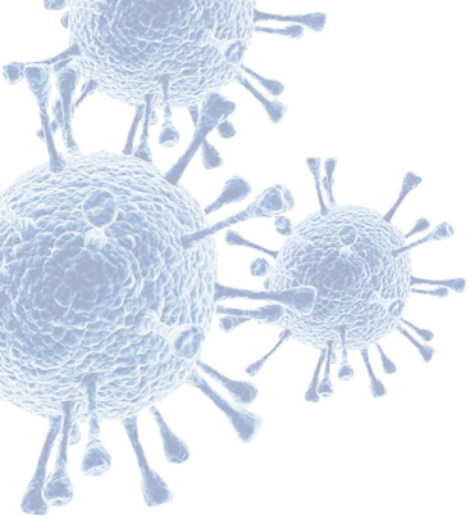




# Initial response

## Emergency Arrangements

04 January	Serious Response Level activated
06 January	Steering Committee formed
08 January	Novel coronavirus legislated into relative Ordinance
23 January	Quarantine centre activated (two confirmed cases)
24 January	Hi-speed rail HKG > Wuhan suspended
25 January	Emergency Response Level activated
25 January	Health declarations by inbound travellers from mainland
27 January	Hubei residents banned from entry
28 January	China suspends group visas from mainland to Hong Kong
30 January	Flights between HKG and mainland reduced by 50%
30 January	Hi-speed rail services to mainland fully suspended



## IMMEDIATE RESPONSE



CLOSED



CLOSED



CLOSED



CLOSED



CLOSED



CLOSED

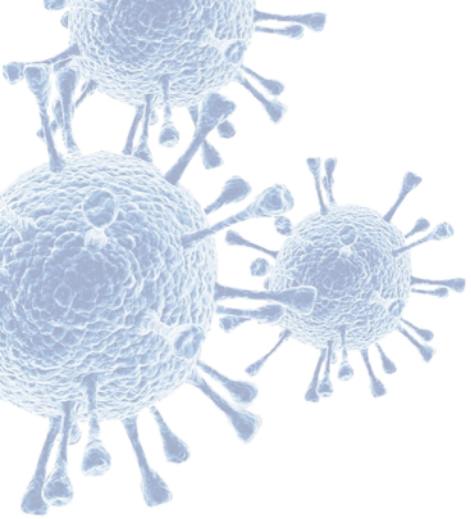


CLOSED



CLOSED



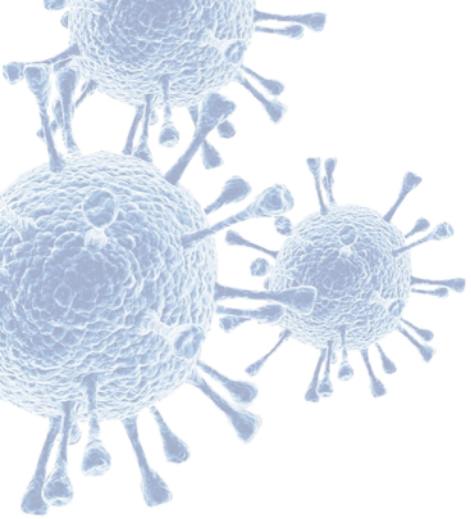


## Initial Response

### Emergency Arrangements

01 February	Body temperature checks for all passengers at HKIA
04 February	Land borders closed (except two)
04 February	All ferry services suspended (Mainland and Macau)
05 February	Ocean cruise terminals suspended
07 February	Mainland ceases issuing business visit endorsements
03 April	Operating hours reduced at remaining land borders
05 April	Cross border shuttles at remaining land borders reduced





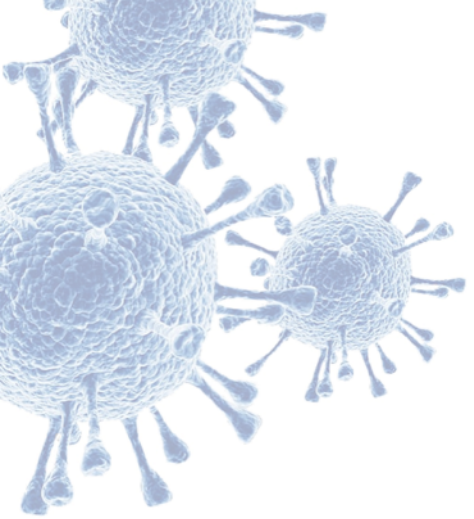
## Initial response

### Prevention of Imported Cases

08 March	Health declarations expanded to all arriving passengers
25 March	Non-Hong Kong residents arriving by air denied entry
25 March	Mainland, Macau and Taiwan with travel history banned
25 March	Transit facilities at HKIA suspended
25 March	All arrivals from Macau and Taiwan go to 14 day quarantine
08 April	All arrivals take COVID-19 test at Asia World Expo (AWE)
09 April	Asymptomatic arrivals from UK to wait for test results at AWE
13 April	All arrivals from US and EU to wait for test results at AWE

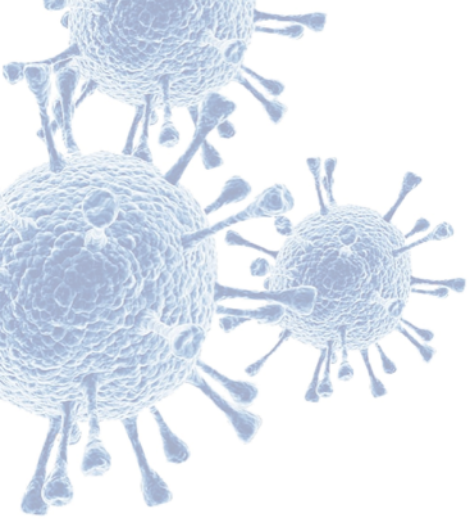
Effect of measures  
on arrivals:

01 January	421,844
15 January	372,755
31 January	140,859
04 February	69,812
16 April	1,056



## Intermediate RESPONSE

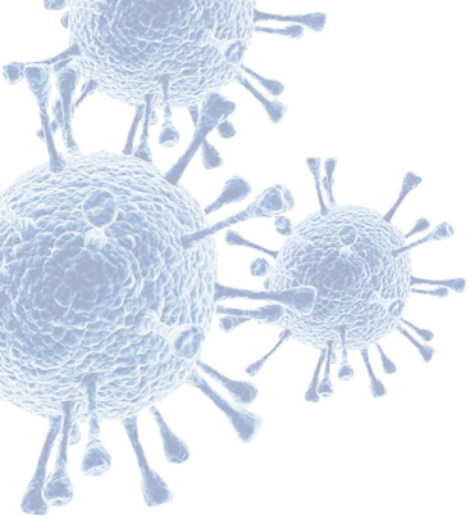




transparency



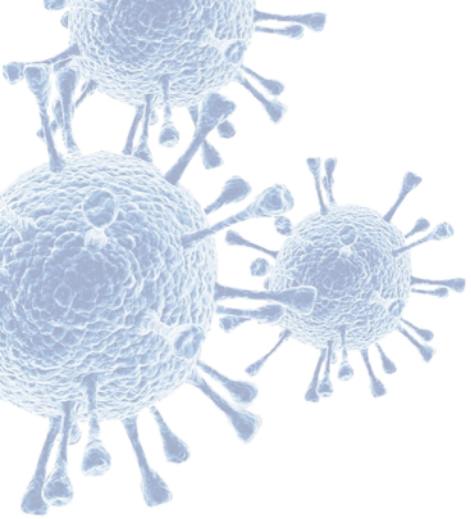
Map as at 22 June 2020



## transparency



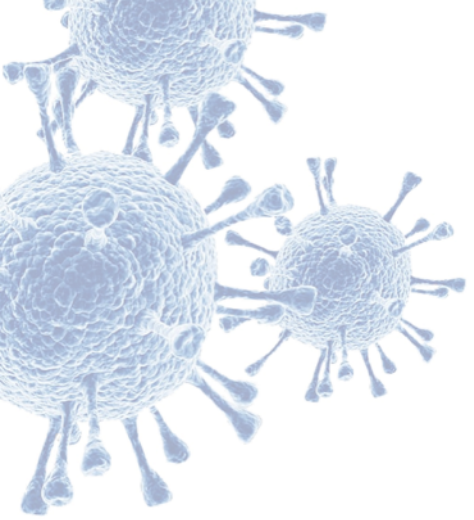




## REPATRIATION FLIGHTS







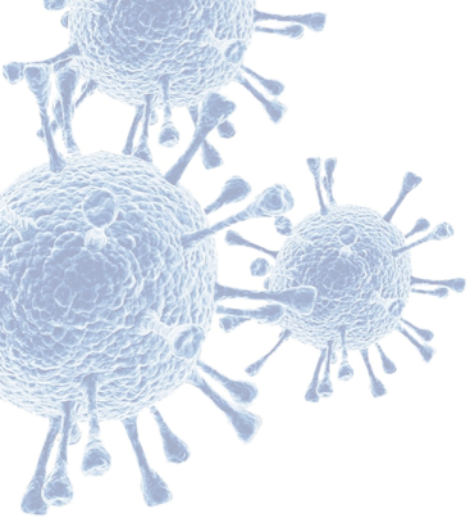
## objectives

Keep confirmed cases to a low level

Prevent large scale outbreak

Care for the sick

Ensure economic recovery



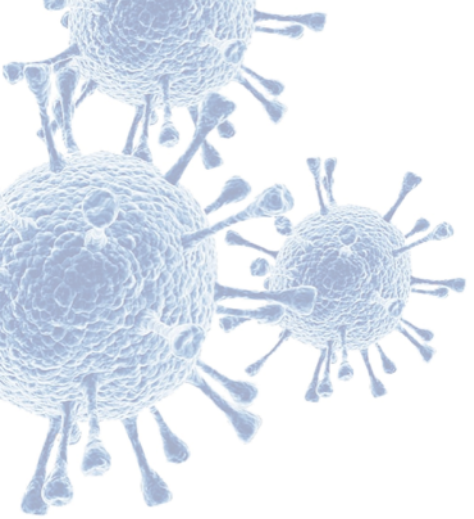
## CORE SUPPORT MEASURES

Keep workers employed

Help business to stay afloat

Relieve the financial burden on individuals  
and businesses

Help the economy recover once the epidemic  
is contained

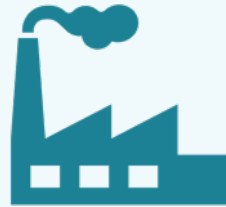


## Face masks



Initial supply  
issues

Shortage in  
hospitals and  
clinics



Set up local  
production  
with HK\$3m  
subsidy each

(x15)

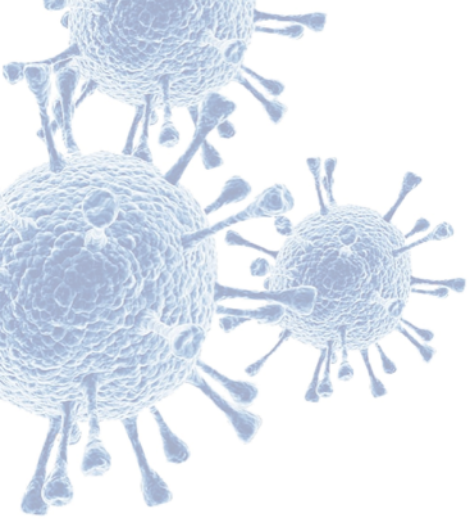
**HKRITA**

Created  
washable  
(60 washes)  
facemasks.

Made in  
Vietnam



Oversupply



## Face masks



Initial supply  
issues

Shortage in  
hospitals and  
clinics



Set up local  
production  
with HK\$3m  
subsidy

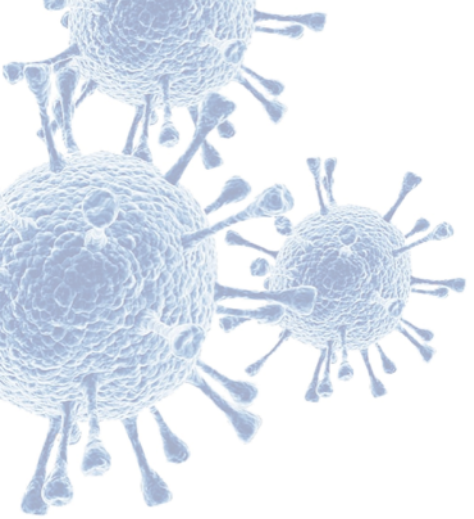
(x15)



washable  
(60 washes)  
facemasks.

Made in  
Vietnam

Oversupply



## Protect livelihoods



HK\$10,000  
(NZ\$2,000)  
cash pay-out  
to each  
permanent  
resident



MTR 20% fare  
concession  
from 1 July for  
six months



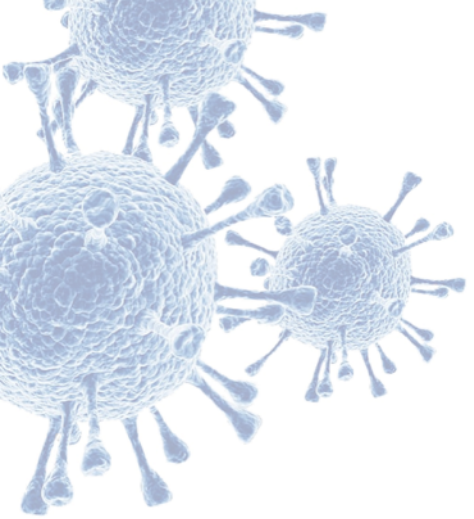
Public Transport  
Fare Subsidy  
above  
HK\$200 (NZ\$40)  
monthly spend



Interest free deferral  
of student loan  
repayments

Additional HK\$1,000  
(NZ\$200) per student  
under Grant Scheme  
(all tiers)

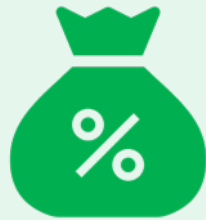




## Protect livelihoods



Relieve the tax burden



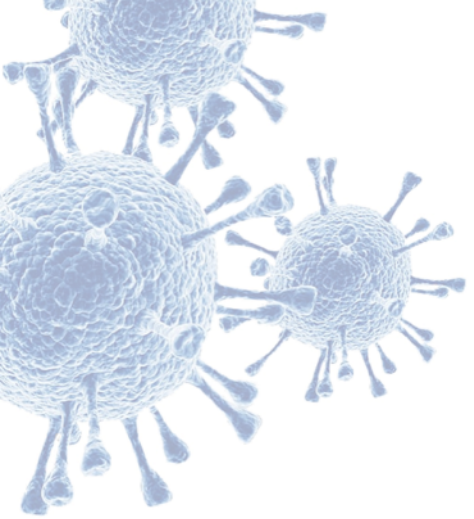
Reduction in Salaries Tax by 100% up to ceiling of HK\$20,000 (NZ\$4,000)



Deadline extension for tax payment of three months



Waiver of rates on residential property for a year up to HK\$1,500 (NZ\$300) per quarter

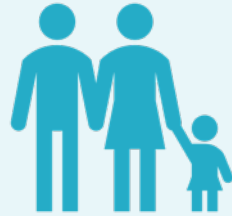


## Protect livelihoods



Extra one month  
Old Age, Old  
Age Living and  
Disability  
Allowances

Pay one month's  
rent for public  
housing tenants



Working Family  
Allowance  
recipients receive  
two-month  
allowance

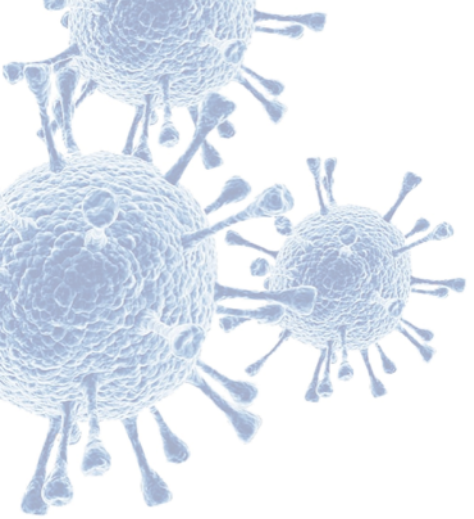


Student Financial  
Assistance  
recipients  
receive grant of  
HK\$4,640  
(NZ\$928)

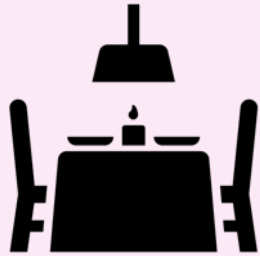


Monthly allowance  
of HK\$1,000  
(NZ\$400) to  
cleansing workers,  
toilet attendants  
and security staff  
for at least four  
months

## Supporting people in need



## Protect livelihoods



One off grant to holders of food licence of HK\$80,000 to HK\$200,000 (NZ\$16,000 to NZ\$40,000). Total allocation HK\$3.1 billion (NZ\$620m)



480,000 construction workers and 7,000 construction companies receive grant. Total allocation to date HK\$700m (NZ\$140m)

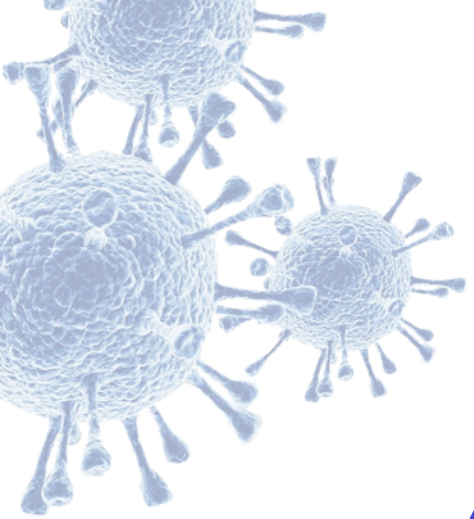


Qualifying retail shops receive grant of HK\$80,000 (NZ\$16,000). Total allocation to date HK\$400m (NZ\$80m)



Arts organisations and freelance artists support scheme assists payments of salaries and contractors. Total allocation to date HK\$66m (NZ\$13m)

## Grants and subsidies



## Protect livelihoods

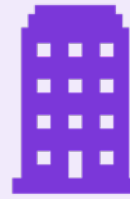
### Grants and subsidies



Subsidy to travel agents of HK\$20,000 to HK\$200,000 (NZ\$4,000 to NZ\$40,000)



Tour guides monthly subsidy of HK\$5,000 for six months (NZ\$1,250)



Hotels receive subsidy of HK\$300,000 to HK\$400,000 (NZ\$60,000 to NZ\$80,000)



Tour coach drivers get a subsidy of HK\$10,000 (NZ\$2,000)

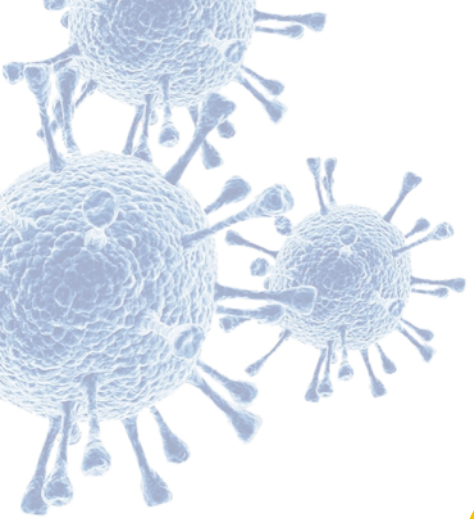


Bus companies receive 100% R&M and insurance reimbursement for six months



Taxis, hire car, minibus owners receive subsidy of HK\$30,000 (NZ\$6,000) and drivers receive HK\$6,000 (NZ\$1,250) each per month for six months





## Protect livelihoods

### Grants and subsidies



One off  
subsidy of  
HK\$1,000,000  
(NZ\$200,000)  
per aircraft to  
eligible airlines



Grant of  
HK\$80,000  
(NZ\$16,000) to  
catering outlets  
at schools and  
universities



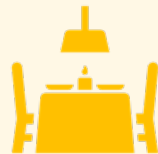
Subsidy of  
HK\$7,500  
(NZ\$1,500) for  
each employed  
construction  
worker



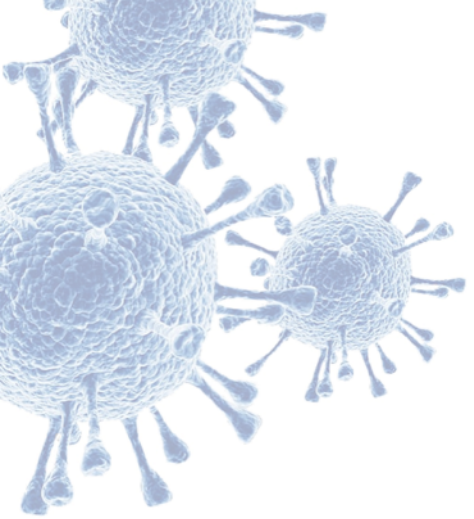
Grant to each  
registered  
sports coach  
of HK\$7,500  
(NZ\$1,500)



Option to  
adapt as  
required



Subsidy paid to licenced catering outlets ranging from  
HK\$250,000 to HK\$2,200,000 (NZ\$50,000 to NZ\$440,000) on  
proviso of no redundancies



## Support enterprises



SME Financing Guarantee Scheme to provide 100% guarantee on low interest concessionary loans. Maximum loan amounts between HK\$4m and HK\$18m (NZ\$0.8m and 3.6m). Commitment HK\$50billion (NZ\$10billion)



Profits tax (i.e. company tax) reduced by 100% up to a ceiling of HK\$20,000 (NZ\$4,000) Thereafter 8.25% on first HK\$2m (NZ\$400,000) and 16.5% thereafter.



Rates on non-domestic property waived 2020/21 year capped at HK\$5,000 (NZ\$1,000)



75% electricity charges subsidy for eight months capped at HK\$5,000 per month (NZ\$1,000)

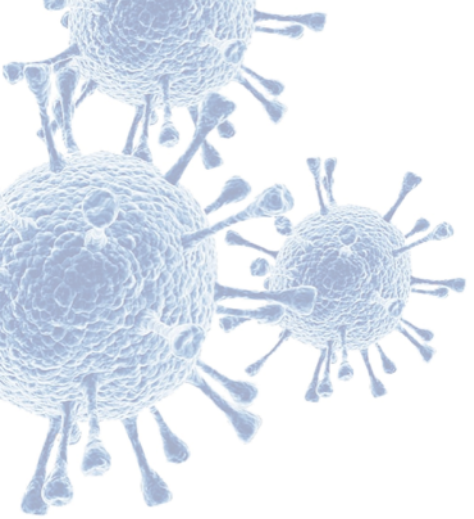
## Easing cashflow

Business registration fees waived

75% rent concession to tenants of government owned commercial property

Two year interest free deferral of loan repayments due to government by schools

75% waiver of water and sewage charges for twelve months



## Retaining jobs

### ESS Employment Support Scheme : HK\$81billion (NZ\$16billion)

Wage subsidy to each employee that contributes to the Mandatory Provident Scheme (MPF) of 50% of salary capped at HK\$18,000 per month (NZ\$3,600) for six months. Employers must retain FTE status throughout the subsidy period (i.e. no redundancies).

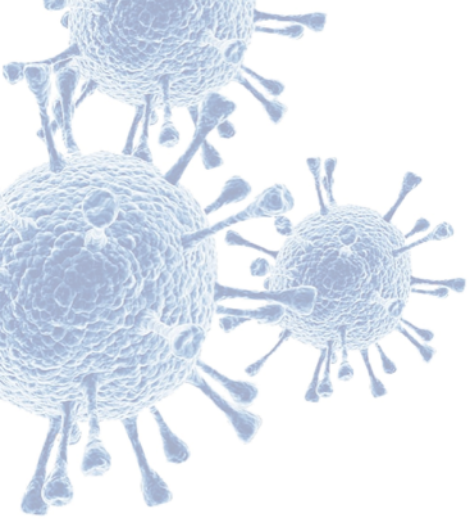
One-off lump sum grant of HK\$7,500 (NZ\$1,500) to 215,000 self employed persons who have contributed to MPF.

Persons not qualifying above will have access to sector specific schemes.

Temporary relaxation of asset limits for able-bodied applicants under Comprehensive Social Security Assistance Scheme.

Investment of HK\$6billion (NZ\$1.2billion) to create 30,000 jobs across multiple skill sets, including graduates, grassroots workers, professionals, technicians and middle level workers.

Government to recruit 10,000 civil servants and create 5,000 short term intern positions for young persons



## Retaining jobs

### ESS Employment Support Scheme

Wage subsidy to each employee (MPF) of 50% of salary capped at HK\$1,000 per month. Employers must retain FTE status throughout the subsidy period.

One-off lump sum grant of HK\$7,500 (NZ\$1,500) to 2020 self-employed persons who have contributed to MPF.

Persons not qualifying above will have access to sector specific schemes.

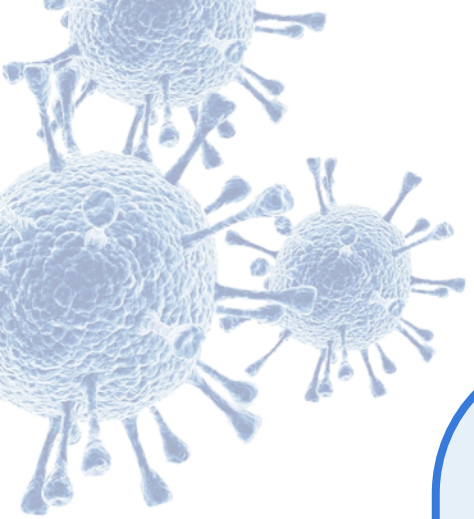
As at 15 June 2020, total of 428,659 business had successfully applied for ESS. First batch totalling HK\$4.8billion has been disbursed benefiting an initial 200,000 employees

Temporary relaxation of asset limits for able-bodied applicants under Comprehensive Social Security Assistance Scheme.

Investment of HK\$6billion (NZ\$1.2billion) to create 30,000 jobs across multiple skill sets, including graduates, grassroots workers, professionals, technicians and middle level workers.

Government to recruit 10,000 civil servants and create 5,000 short term intern positions for young persons





## Retaining jobs

### Job advancement

Matching grants for upskilling in public and private sectors. Allocation of HK\$100million (*NZ\$20million*)

Provide HK\$2.5billion (*NZ\$500million*) to the Employees Retraining Board to include an month allowance of HK\$5,800 to eligible trainees

Allocate HK\$90million (*NZ\$18million*) to Employees Retraining Board to cover addition workload

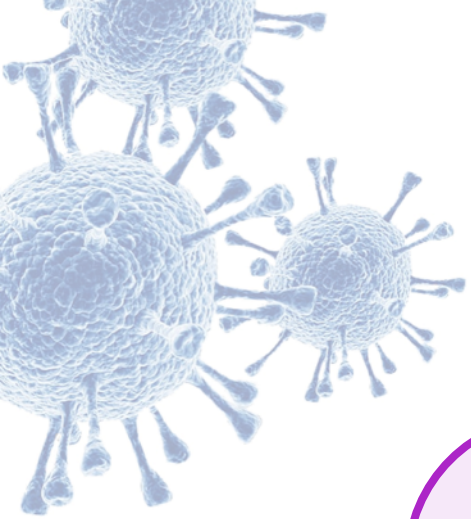
Provide HK\$30million (*NZ\$60million*) in training subsidies to the construction industry

Support 3,000 enterprises and 40,000 individuals to adopt new technologies. Allocation of HK\$500million (*NZ\$100million*)

Subsidise public and private sectors to deploy 5G tech, subject to HKD500,000 (*NZ\$100,000*) cap per project

Assist the legal sector to procure and upgrade information technology systems.

Provide online Dispute Resolution Services for disputes arising from COVID-19. Allocated HK\$70million (*NZ\$14million*)



## Financial impact

### Statistics

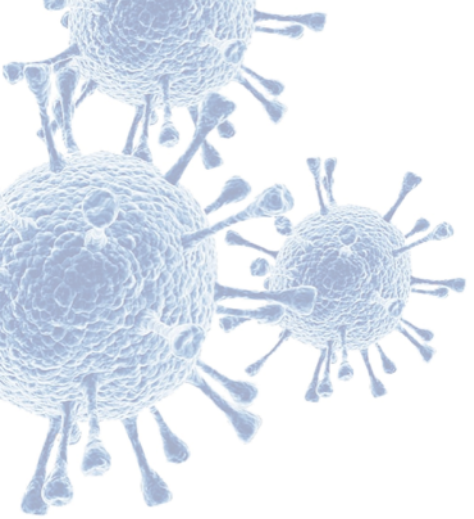
Budget deficit for year increased to HK\$280billion (NZ\$56billion)

COVID-19 Support Packages total: HK\$120.0b + HK\$137.5b = HK\$257.5billion

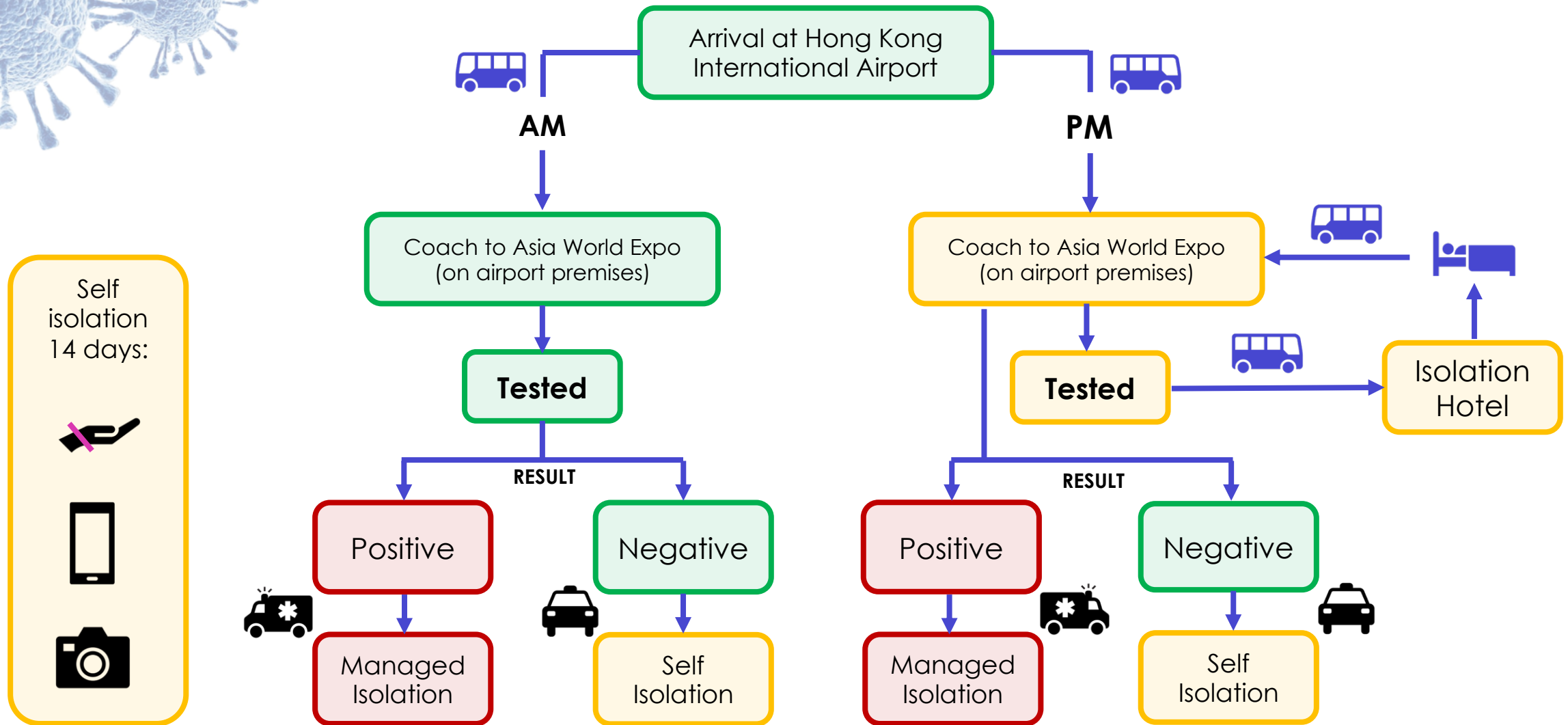
Total Money Supply (Q4 2019):	M1	HK\$	2,469,077,000,000
	M2	HK\$	14,745,872,000,000
	M3	HK\$	14,786,375,000,000

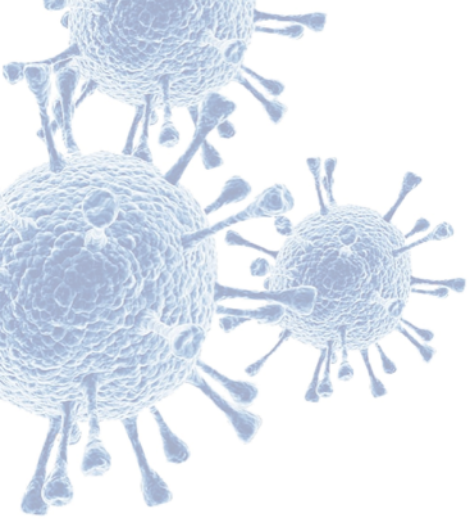
Foreign Currency Reserve Assets:	US\$	437,600,000,000 (HK\$3.4 trillion)
Exchange Fund (Monetary Base):	HK\$	1,686,590,000,000
Exchange Fund (Foreign Assets):	HK\$	3,573,992,000,000
Exchange Fund (Foreign Liabilities):	HK\$	476,000,000

Rainy day "Future Fund" of HKD224.5billion



## Arriving in hong kong





## Where to now?



**CATHAY PACIFIC**

Hong Kong Government  
takes a 6% shareholding in  
Cathay Pacific

Total investment package:  
HKD30billion  
(NZ\$6billion)

Observer shareholders



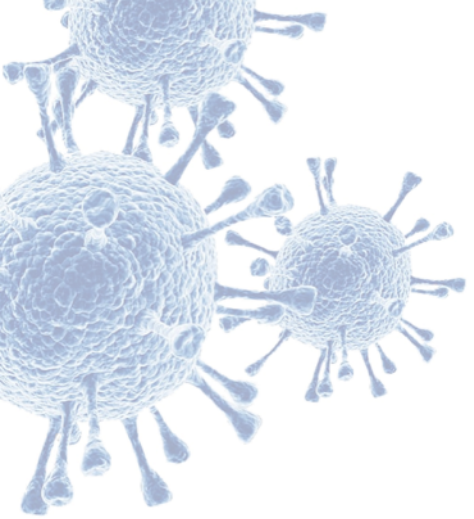
**HONG KONG MONETARY AUTHORITY**  
**香港金融管理局**

Hong Kong Government creates  
Hong Kong Growth Portfolio

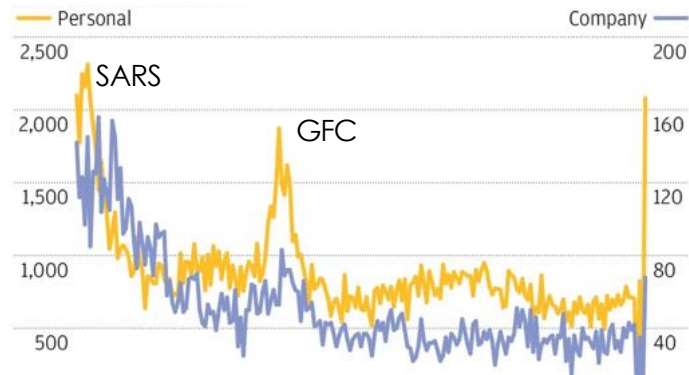
Partnership with private equity funds

Using HKD22billion  
(NZD4.4billion)  
(10% of HKD224.5billion Future Fund)





## Where to now?



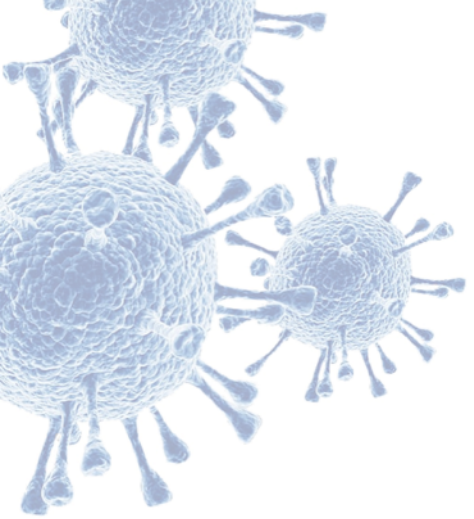
Bankruptcies in May  
2020

**Individuals: 2,079**  
**Companies: 68**



Dollar for dollar subsidy  
scheme to encourage early  
deployment of 5G  
capabilities.

Subject to a cap of  
HK\$500,000 (NZ\$100,000)



## GRADUAL REOPENING



STAGGERED REOPENING



REOPENED 19 JUNE



MOSTLY REOPENED



REOPENED 16 JUNE



MOSTLY REOPENED



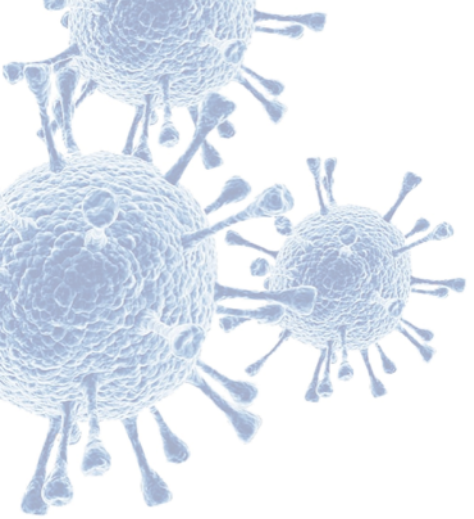
PARTIAL REOPENING



RESITTING

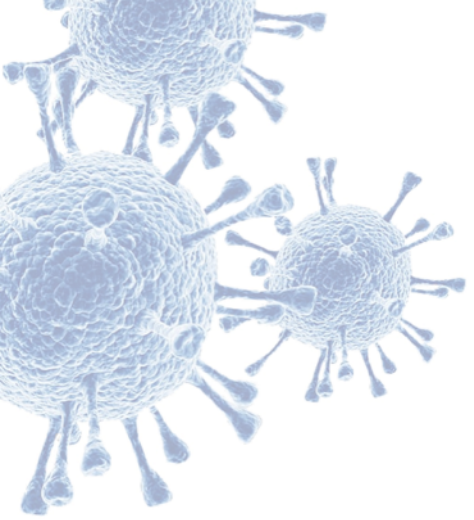


REMAIN CLOSED



## GRADUAL REOPENING





## QUESTIONS AND ANSWERS

