

MEASURES TO RELIEVE IMPACT OF SARS ON HONG KONG

Wallace Ng [May 2003]

The Chief Executive of Hong Kong, Mr. Tung Chee Hwa, announced on 23rd April 2003 a series of measures to reduce the impact of the outbreak of Severe Acute Respiratory Syndrome (SARS) in the territory. The total maximum cost of the proposed package is HK\$11.8 billion, of which HK\$11.7 billion will be borne by the Government and \$0.1 billion by the Housing Authority. Of the HK\$11.7 billion, HK\$5.3 billion is estimated loss to government revenue and HK\$6.4 billion is estimated increase in expenditure.

1. Revenue Measures

Refund 50% of 2001/02 salaries tax paid, subject to a maximum amount of HK\$3,000 *[should be refunded in mid July 03]*.

Waive the rates of both commercial sector and general public *[should be the quarter of Jul to Sept 03]*.

Waive the water charges, sewage charges and trade effluent surcharges of both commercial sector and general public *[should be waived for the 4 months from Aug 03]*.

Reduce the rent (50% for catering and 30% for non-catering businesses) of most commercial tenancies in public housing estates and certain tenancies managed by the Government departments *[should be effective for the 3 months from Apr 03]*.

Waive the license fees for one year for most of the affected business sectors including tourism, catering, entertainment, public light bus and tourist coaches.

Freeze the Government fees and charges for the next 6 months.

2. Expenditure Measures

Allocate HK\$432 million to create 21,500 training places and temporary jobs; and provide service training for various affected sectors *[relief periods should be 2 to 6 months]*.

Allocate HK\$1 billion to promote and help various trade activities back to normal after the SARS is brought under control.

Allocate HK\$1.3 billion for medical research and improvement of public health as long-term measures to control the SARS.

Set up a HK\$200 million fund to provide assistance and professional training for medical and nursing staffs.

Set up a HK\$3.5 billion loan guarantee scheme for affected industries. Under the scheme, the Government will provide guarantee on short-term loans borrowed by the affected businesses for payment of salaries to their employees.

The Government believes that the above measures in short-term can relieve the impact of SARS on the Hong Kong's economy, while in the medium-term have taken into account the possible impact on the financial market.