

Composite Interest Rate: End of May 2018

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (June 20) the composite interest rate at the end of May 2018.*

The composite interest rate, which is a measure of the average cost of funds of banks, increased by 6 basis points to 0.46% at the end of May 2018, from 0.40% at the end of April 2018 (see Chart 1 in the Annex). The rise in composite interest rate reflected increases in the weighted funding costs for both deposits and interbank funds during the month (see Chart 2 in the Annex).

The historical data of the composite interest rate from the end of the fourth quarter of 2003 to the end of May 2018 are available in the Monthly Statistical Bulletin on the HKMA website (www.hkma.gov.hk). The next data release is scheduled for 19 July 2018 and will provide the composite interest rate at the end of June 2018.

* The composite interest rate is a weighted average interest rate of all Hong Kong dollar interest bearing liabilities, which include deposits from customers, amounts due to banks, negotiable certificates of deposit and other debt instruments, and Hong Kong dollar non-interest bearing demand deposits on the books of banks. Data from retail banks, which account for about 90% of the total customers' deposits in the banking sector, are used in the calculation. It should be noted that the composite interest rate represents only average interest expenses. There are various other costs involved in the making of a loan, such as operating costs (e.g. staff and rental expenses), credit cost and hedging cost, which are not covered by the composite interest rate.

LCQ13: Supply of tap water to remote villages

Following is a question by the Hon Kenneth Lau and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (June 13):

Question:

It has been reported that as remote villages such as Tsing Shan Tsuen in Tuen Mun, Chau Tau in Tung Ping Chau and Mui Tsz Lam in Sha Tin currently have no supply of tap water, residents of those villages can get fresh water only from the storage cisterns in these villages and the hillside streams nearby. However, those water sources dried up last month due to the very hot weather, causing the residents to suffer from a lack of water supply and making it necessary for the Water Supplies Department to transport fresh water to solve the problem temporarily. In this connection, will the Government inform this Council:

(1) of the name of the villages yet to be supplied with tap water and the population of each of the villages, and set out the information by District Council district;

(2) of the number of times in the past three years for which the authorities transported fresh water to remote villages temporarily and the expenditures involved, broken down by name of village;

(3) of the number of times to date this year for which the authorities transported fresh water to remote villages temporarily and the quantity of water supplied, broken down by name of village;

(4) whether it will make good use of the fiscal surplus by constructing tap water supply systems for remote villages or improve the water storage facilities therein, so as to reduce the occurrence of a lack of fresh water supply to the residents; and

(5) whether it will review the criteria used for determining if tap water supply systems should be constructed for remote villages?

Reply:

President,

At present, the treated water supply networks cover about 99.9 per cent of the population of Hong Kong. Areas that do not have treated water supply are mainly remote villages with sparse population. Although these villages do not have treated water supply, they have access to systems that supply stream or well water for domestic consumption. These supply systems have been in use for many years. Most of them are under the maintenance of the Home Affairs Department (HAD). The Food and Environmental Hygiene Department also regularly monitors and tests the quality of the stream or well water in these villages to ascertain their suitability for potable consumption. In the event of these water sources becoming depleted or insufficient, the Government will provide assistance. For example, the HAD will transport potable water to villages with water shortage to meet the needs of villagers. The WSD will also provide necessary assistance, such as providing water tanks and potable water.

The reply to the Hon Kenneth Lau's question is as follows:

(1) The villages currently do not have treated water supply and their

respective estimated population are listed in the Annex.

(2) Between 2015 and 2017, the Government transported potable water, on an ad hoc basis, to remote villages for a total of 46 times at a cost of around \$475,000. A breakdown of the details by villages is at below.

District Council	Village Name	Number of times of transporting potable water	Costs (HK\$)
Tai Po	Tung Ping Chau	2	2,280
Islands	Po Toi Island	44	472,400

(3) From January 1 to June 8 this year, the Government transported potable water, on an ad hoc basis, to remote villages for a total of 21 times and at a volume of 88.5 cubic metres. A breakdown of the details by villages is at below.

District Council	Village Name	Number of times of transporting potable water	Volume of water (m3)
Tai Po	Tung Ping Chau	4	14.5
Islands	Po Toi Island	15	67.5
Tuen Mun	Tin Fu Tsai	2	6.5

Note: Tsing Shan Tsuen in Tuen Mun is not in the list of remote villages in Annex. However, due to the insufficient water pressure to some locations of higher terrain in the village, the WSD transported potable water for some of the residents for one time in May, the amount of water transported is 1.5 cubic meters.

(4) & (5) The remote villages that do not have treated water supply have sparse populations and are far away from both urban areas and existing treated water supply network. If treated water supply systems are to be constructed for these remote villages, low water consumption may lead to stagnant water in water mains and hence resulting in the deterioration of water quality. Moreover, the per capita capital cost for the construction of treated water supply systems for these villages would be high. The Government has been monitoring the water supply situations of these remote villages. The WSD has been continuously exploring possible options to solve the above issues and will regularly review the situations. In fact, the WSD has been completing treated water supply systems for remote villages in recent years, such as Tung Ah, Tung Ah Pui, Ngan Hang and Nan Lai Wan in South District, Sham Ah Shui on Lantau Island and Yuen Tun Ha in Tai Po. The WSD will continue to closely monitor and regularly review the situations of the remote villages that do not have treated water supply, for example the latest population and nearby developments, and will also study various solutions to

tackle the problem of deterioration of water quality due to low water consumption, including exploring exploitation of water sources to supplement existing raw water sources.

In addition, the HAD will continue to improve the existing water storage facilities for these remote villages, such as relaying water pipes and installing additional water storage facilities to meet the needs of the villagers.

Charge for each import and export declaration capped at \$200 from August 1

With effect from August 1, the charge for each import and export declaration (TDEC) will be capped at \$200 to further lower the cost of importing and exporting high-value goods to and from Hong Kong. The new measure will apply to goods imported, exported or re-exported on or after August 1.

The Legislative Council passed the Import and Export (Registration) (Amendment) Regulation 2018 (Amendment Regulation) today (June 20) to impose the cap of \$200 on each TDEC.

The Secretary for Commerce and Economic Development, Mr Edward Yau, thanked the Legislative Council for the passage of the Amendment Regulation. He said, "The capping of TDEC charges will directly benefit the local trading and logistics industry through lowering the operating cost of import and export, encouraging the industry to move up the value chain and supporting the further development of businesses in trading, storage, logistics and distribution of high-value goods in Hong Kong, thereby strengthening Hong Kong's position as a trading hub.

"The cap on TDEC charges is expected to save the trade about \$458 million a year and benefit about 900 000 TDEC cases each involving goods at a value above \$1.644 million."

The arrangements for the lodgement of TDECs and payment of charges will remain unchanged. For enquiries, please contact the Customs and Excise Department (hotline: 2707 7748, email: customsenquiry@customs.gov.hk), the Census and Statistics Department (hotline: 2877 1818, email: trade-declaration@censtatd.gov.hk) or the three Government-appointed service providers of Government Electronic Trading Services (namely Brio Electronic Commerce Limited, Global e-Trading Services Limited and Tradelink Electronic Commerce Limited, with contact information available at

CSSA caseload for May 2018

The overall Comprehensive Social Security Assistance (CSSA) caseload in May showed a drop of 124 cases, representing a decrease of 0.1 per cent compared with that of April, according to the latest CSSA caseload statistics released by the Social Welfare Department today (June 20).

The total CSSA caseload at the end of May stood at 231 419 (see attached table), with a total of 333 241 recipients.

Analysed by case nature, low-earnings cases registered a month-to-month decrease of 1.4 per cent to 4 068 cases. Both unemployment cases and ill health cases dropped by 0.3 per cent to 12 580 cases and 23 517 cases respectively. Old age cases slightly slipped by 0.1 per cent to 144 151 cases.

Single parent cases edged up by 0.4 per cent to 25 784 cases while permanent disability cases increased slightly by 0.1 per cent to 17 024 cases.

LCQ10: Water works carried out in villages

Following is a question by the Hon Cheng Chung-tai and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (June 13):

Question:

As of March last year, a total of about 400 residents in 19 villages are not yet supplied with tap water. Recently, several residents of Tsing Shan Tsuen in Tuen Mun have revealed that they have been using water from water tanks and streams nearby. These water sources dried up last month due to the hot weather. Therefore, the Water Supplies Department (WSD) needed to transport potable water to the residents in that village. In this connection, will the Government inform this Council:

(1) of the number of requests for assistance or complaints received regarding the supply of tap water from the residents of the above 19 villages in the past two years, broken down by village name;

(2) whether the authorities conducted any technical feasibility study and economic assessment on laying water mains to the above villages in the past two years; if so, of the details; if not, the reasons for that; and

(3) this Council and the relevant District Council members have made repeated requests to the authorities for constructing tap water supply systems for the above villages, but the authorities have been declining these requests due to low cost-effectiveness for the relevant works and very high per capita capital costs. Have the authorities reviewed if cost-effectiveness for these works should outweigh the basic living needs of the residents?

Reply:

President,

At present, the treated water supply networks cover about 99.9 per cent of the population of Hong Kong. Areas that do not have treated water supply are mainly remote villages with sparse population. Although these villages do not have treated water supply, they have access to systems that supply stream or well water for domestic consumption. These supply systems have been in use for many years. Most of them are under the maintenance of the Home Affairs Department (HAD). The Food and Environmental Hygiene Department also regularly monitors and tests the quality of the stream or well water in these villages to ascertain their suitability for potable consumption. In the event of these water sources becoming depleted or insufficient, the Government will provide assistance. For example, the HAD will transport potable water to villages with water shortage to meet the needs of villagers. The Water Supplies Department (WSD) will also provide necessary assistance such as providing water tanks and potable water.

For the case of Tsing Shan Tsuen in Tuen Mun, there are about 750 residents in Tsing Shan Tsuen according to estimate of the Tuen Mun District Office. The treated water supply network of the WSD currently covers about 700 residents. The remaining 50 residents are living in locations at a higher terrain of the village where the water pressure of the water supply system is insufficient for delivering treated water supply there. However, the WSD is studying the feasibility of extending the existing water supply network in Tsing Shan Tsuen and enhancing the water pressure to cover the entire village.

The reply to the Hon Cheng Chung-tai's question is as follows:

(1) In the past two years, the WSD received requests for provision of treated water supply from 10 remote villages, including Tai Long (South Lantau), Nim Shue Wan, Cheung Sha Lan, Tso Wan (Northeast Lantau), Po Toi Island, Yi O (West Lantau), Mui Tsz Lam, Tung Ping Chau, Wong Chuk Yeung and Sham Chung. In addition, for some villages that are covered by the water supply network

of the WSD, those residents who are living in the locations at a higher terrain where the pressure of the water supply system is insufficient for delivering treated water supply there have also requested the WSD to provide treated water supply, such as Tsing Shan Tsuen in Tuen Mun.

(2) & (3) The Government has been monitoring the water supply situations of the above remote villages. These remote villages have sparse populations and are far away from both urban areas and existing treated water supply network. If treated water supply systems are to be constructed for these remote villages, low water consumption may lead to stagnant water in water mains and hence resulting in the deterioration of water quality. Moreover, the per capita capital cost for the construction of treated water supply systems for these villages would be high. The WSD has been continuously exploring possible options to solve the above issues and will regularly review the situations. In fact, the WSD has been completing treated water supply systems for remote villages in recent years, such as the water supply systems in Tung Ah, Tung Ah Pui, Ngan Hang and Nan Lai Wan in South District, Sham Ah Shui on Lantau Island and Yuen Tun Ha in Tai Po. The WSD will continue to closely monitor and regularly review the situations of the remote villages without treated water supply, such as the latest population and nearby developments, and will also study various options to address the problem of deterioration of water quality due to low water consumption, including exploring exploitation of water sources to supplement existing raw water sources. For those villages with treated water supply but it is unable to reach the residents who are living in the locations at a higher terrain due to insufficient water pressure, the WSD will study the feasibility of extending the existing water supply networks in these villages and enhancing water pressure to cover the entire villages.