

## CSSA caseload for October 2018

The overall Comprehensive Social Security Assistance (CSSA) caseload in October showed a drop of 718 cases, representing a decrease of 0.3 per cent compared with that of September, according to the latest CSSA caseload statistics released by the Social Welfare Department today (November 21).

The total CSSA caseload at the end of October stood at 228 550 (see attached table), with a total of 325 347 recipients.

Analysed by case nature, all categories of cases recorded a decrease. Low-earnings cases registered a month-to-month decrease of 2.3 per cent to 3 752 cases while unemployment cases showed a drop of 0.9 per cent to 12 202 cases.

Single parent cases and permanent disability cases fell by 0.8 per cent and 0.6 per cent to 25 054 cases and 16 859 cases respectively. Ill health cases dropped by 0.3 per cent to 23 257 cases while old age cases slightly slipped by 0.1 per cent to 143 232 cases.

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## LCQ2: East Rail Line

Following is a question by the Hon Chan Chun-ying and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (November 21):

Question:

It has been over a century since the Hong Kong section of the Kowloon-Canton Railway, the predecessor of the East Rail Line (ERL), came into existence. In recent years, incidents of disruptions of train service of ERL have happened from time to time. Earlier on, an overhead power line of ERL was damaged during the onslaught of super typhoon Mangkhut in Hong Kong causing a train service disruption lasting nearly one day. Some members of the public have pointed out that ERL, which is a major means of transport to and from New Territories East, Kowloon and the Mainland, has become outdated, and its train compartments are also very crowded during peak hours. In this connection, will the Government inform this Council:

- (1) whether it knows the number of incidents of delay of train service of ERL lasting over one hour in the last decade and their causes and, among such incidents, the percentage of those caused by equipment failure;
- (2) whether it knows how the current passenger throughput of ERL during peak hours compares with the design capacity; if ERL is overloaded, of the

authorities' proposals to divert the passengers; and

(3) whether it will consider expeditiously embarking on a study on the feasibility to construct, as a replacement of ERL, an entirely new express rail which is covered or underground; if so, of the details; if not, the reasons for that?

Reply:

President,

The MTR Corporation Limited (MTRCL) is committed to providing safe, reliable and smooth railway services for its passengers amounting to over 5.3 million daily. To ensure that the railway system and equipment are kept in good working order, the MTRCL has put in place a comprehensive and stringent asset management and maintenance mechanism. For example, trains, signalling system, power supply system and railway tracks are regularly maintained and renewed to internationally recognised high standard. Moreover, the MTRCL invests substantial resources annually in enhancing, revitalising and maintaining its railway assets and infrastructural facilities to maintain high quality of railway service. In 2017, the MTRCL has invested over \$8 billion in upgrading and maintaining its railway assets, which is around 44 per cent of the total revenue of around \$18 billion of Hong Kong transport operations. Relevant investment in the previous three years (2014-2016) also amounted to around \$6-8 billion each year.

As the Hon Chan Chun-ying mentioned, the East Rail Line (ERL), formerly known as the Kowloon-Canton Railway, has served Hong Kong people for over a century. To keep up with the times, the ERL has been improving its railway system. The stations along the line had undergone redevelopment or relocation, and the trains and infrastructural facilities including signalling and track equipment had also been renewed to tie in with the modernisation programme. For example, the MTRCL integrated the Train Operations Center in Fo Tan which managed train operations of ERL and Ma On Shan Line to the Operations Control Center in Tsing Yi in 2013, in order to enhance the efficiency of the overall railway network. Since 2014, the MTRCL has implemented station improvement work in various ERL stations, including adding entrances and exits, integrating station lobby, installing traction lifts etc., to create a more convenient and comfortable environment for passengers. As of today, the ERL is about 42 kilometres in length with 14 stations, carrying around 1 million passenger trips daily on average. Indeed, the ERL bore witness to the rapid development of Hong Kong, and in particular, the new towns in North and East New Territories. In view of the construction of the Shatin to Central Link (SCL), a major enhancement project are being undertaken for the signalling system, trains and platform facilities of the ERL with the objective of providing safe, reliable and comfortable services to the public.

My reply to the Hon Chan Chun-ying's question is as follows:

(1) On the whole, the ERL has been operating smoothly. In the past decade (from 2009 to September this year), there were 11 cases of suspension of train service for over one hour due to incidents on the ERL. Among these,

four cases were caused by factors within MTRCL's control (viz. equipment failure or human factors), and seven cases were due to causes outside MTRCL's control (viz. passengers' behaviours or external factors such as bad weather). Even in case of bad weather (e.g. when tropical cyclone signal number 9 or above is in force) necessitating the suspension of train service, the MTRCL will immediately check the condition when the weather has changed and clear obstructions and repair damaged equipment where necessary. All these efforts are made with the aim of restoring train services as soon as practicable when weather permits. After each of such incident caused by equipment failure, the monitoring department would ask the MTRCL to look into the cause of the incident and review the contingency plan in the light of the experience gained and introduce measures to avoid recurrence.

(2) As regards the current passenger throughput of the ERL, the patronage per hour per direction during the morning peak hours for the critical link (i.e. Tai Wai to Kowloon Tong) in 2017 was 57 800 passenger trips, and the loading was 67 per cent or 94 per cent on the basis of a density of six or four persons (standing) per square metre respectively. Train service has been able to meet passenger needs. The ERL is now replacing the signalling system which will enable it to increase the frequency of its service from a maximum average of one train every three minutes at present to every two minutes. The MTRCL will closely monitor the loading of the ERL, including the loading upon the commissioning of the SCL, which will form the North South Corridor with the ERL. The Corporation will review and study proposals in this regard in a timely manner. Specifically, to cope with demand generated by future patronage, the Corporation may consider feasible measures such as increasing train frequency as far as possible under the new signalling system, arranging short-haul trips to run between busy stations, easing passenger flow through station management measures, and offering fare concessions to alleviate the heavy loading of trains during the peak periods.

(3) The Transport and Housing Bureau plans to take forward the Strategic Studies on Railways and Major Roads beyond 2030 (RMR2030+ Studies) on the conceptual spatial requirements to be firmed up under the Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030 (Hong Kong 2030+ Study), which is being conducted by the Development Bureau and the Planning Department. Based on the latest planning information, including cross-boundary transport data, RMR2030+ Studies will examine the demand and supply of the transport infrastructure, including railways and major roads, in Hong Kong between 2031 and 2041, and study the loading of the heavy rails in the Northwest New Territories beyond 2030.

We will consider the planning studies and the recommended strategic transport corridors in relation to the Lantau Tomorrow Vision, as well as look into the layout of the proposed railway and major road infrastructure with regard to the transport infrastructure required for the longer-term strategic growth areas of Hong Kong 2030+ Study (such as the New Territories North), to ensure that the planning of large scale transport infrastructure can meet the needs of the overall long-term land use developments of Hong Kong. RMR2030+ Studies will also examine the impact of the proposed transport infrastructure on the existing transport network (including the ERL) and

formulate corresponding strategies. The Legislative Council Panel on Transport expressed support for the above studies in June 2017. Since Hong Kong 2030+ Study has not yet been completed, we will seek funding approval in due course for implementing RMR2030+ Studies.

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## LCQ3 : Support for tenants in inadequate housing

Following is a question by the Hon Vincent Cheng Wing-shun and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (November 21):

Question:

According to the 2016 Population By-census, the number of people residing in inadequate housing was as high as 210 000. The findings of a recent survey with households in inadequate housing as targets revealed that 80 per cent of the respondents were waiting for public housing, and one-third of them had been waiting for over five years. The support measures that the respondents most hoped the Government to provide were (in descending order): building more public housing, disbursing a rent subsidy and increasing supply of transitional housing. Regarding the provision of support for tenants in inadequate housing, will the Government inform this Council:

(1) how the Government supports community organisations in taking forward transitional housing projects; whether it will make public a list of government lands suitable for building transitional housing, and establish a dedicated fund to support the building of transitional housing;

(2) given that the Hong Kong Housing Authority has planned, by making reference to the relevant practice of the Hong Kong Housing Society, to allow owners of its subsidised sale flats with premium unpaid to sublet their flats, of the details of the plan, including whether the owners may let the entire flats; and

(3) given that at present, the Community Care Fund grants a rent subsidy only to CSSA recipients living in rented private housing, whether the Government will provide a rent subsidy or similar type of support to those tenants in inadequate housing who are not receiving CSSA?

Reply:

President,

In the face of the current demand-supply imbalance in housing and high

property prices and rents, some low-income households may have to rent inadequate accommodation. The Government is greatly concerned about the housing difficulties faced by the public and has been actively increasing housing land supply in the short, medium and long term through a multi-pronged approach, so as to fundamentally solve the housing problems in the long run.

As pointed out by the Chief Executive in the 2018 Policy Address, the Government would allocate more land for public housing development, and has committed that 70 per cent of the housing units on Government's newly developed land would be for public housing. The Transport and Housing Bureau (THB) will take into account the views of the community on the ratio of public and private housing in updating the housing supply target for the next ten-year period (i.e. 2019/20 to 2028/29) under the Long Term Housing Strategy.

As mentioned in Hon Vincent Cheng's question, public rental housing (PRH) is the fundamental solution to addressing the housing needs of many households living in inadequate housing. Based on the estimate as at September 2018, the total public housing production in the five-year period from 2018/19 to 2022/23 is about 100 800 units, comprising some 74 600 units of PRH/Green Form Subsidised Home Ownership Scheme. This five-year housing production forecast represents a steady increase as compared with the previous four five-year periods.

Apart from striving to increase housing supply, the Government has adopted various measures to alleviate the housing difficulties faced by the grassroots households. After consulting the Development Bureau and the Labour and Welfare Bureau, I now reply to Hon Cheng's question as follows:

(1) The 2017 Policy Address stated that the current-term Government would think out of the box to facilitate the implementation of various short-term community initiatives to increase the supply of transitional housing, with a view to alleviating the hardship faced by families on the PRH waiting list and the inadequately housed. A Task Force under THB will provide coordinated support and, upon consulting relevant bureaux and departments, provide appropriate assistance and facilitation according to the needs of the proposed items. These include offering advice on administrative or statutory procedures and assisting application for funding support. For example, the Community Housing Movement (CHM) operated by the Hong Kong Council of Social Service has introduced multiple projects. The CHM has been receiving subsidies from the Community Chest of Hong Kong and the Social Innovation and Entrepreneurship Development Fund to support its operation expenses. The Modular Social Housing Scheme on a private site on Nam Cheong Street in Sham Shui Po has also obtained funding support from the Community Care Fund.

The "GeoInfo Map" website of the Lands Department provides by district the basic information of a total of 850 vacant government sites which are available for short-term tenancy application by non-government organisations (NGOs) for community purposes, including transitional housing. Whether an individual site is suitable for transitional housing depends on its land use

zoning and actual site conditions including its topography, technical constraints or infrastructural facilities required.

The Development Bureau plans to consult the Legislative Council's Panel on Development by the end of this month and then seek the approval of the Finance Committee for the allocation of \$1 billion funding to provide subsidies to NGOs in relation to works costs incurred by them in making effective use of vacant government sites for various short-term non-profit making community purposes. Projects with policy support given by the Task Force under THB and that make use of vacant government sites to provide transitional housing are also eligible to apply.

(2) The Hong Kong Housing Society (HKHS) launched the Letting Scheme for Subsidised Sale Developments with Premium Unpaid in September 2018. The Scheme allows eligible owners to sublet bedrooms in their flats with premium unpaid to specific tenants (i.e. family and elderly applicants who have been waiting for PRH for three years or more, and non-elderly one-person applicants who have been waiting for PRH for six years or more), with a view to improving the latter's housing situation before PRH allocation. Participating owners must have owned their flats for at least ten years. Also, each flat must have at least two bedrooms, one of which the owner must keep for their own residence. HKHS is reviewing the Scheme and collecting views from the public, and will fine-tune the operational details as and when necessary.

The 2018 Policy Address has suggested that, in the light of the operational experience of the Scheme, the Hong Kong Housing Authority (HA) may consider joining the Scheme. HA will work closely with HKHS with a view to deliberating and considering the timing and specific arrangements for joining the Scheme.

(3) Different government departments have all along been providing appropriate assistance to grassroots households from different perspectives including housing, social welfare, community support, etc. through different policies and measures. For example, eligible persons may apply for early allocation of PRH units through Compassionate Rehousing or Express Flat Allocation Scheme. The Comprehensive Social Security Assistance Scheme provides a safety net for those who are unable to support themselves financially to meet their basic needs. Other recurrent cash schemes, such as the Working Family Allowance Scheme and the Work Incentive Transport Subsidy Scheme, also provide financial support to low-income households.

We are concerned that in the midst of the present tight housing supply, rent subsidy may prompt the landlords to increase rent, thereby indirectly turning the rent subsidy into additional rent, leaving the tenants with no effective assistance. Furthermore, providing recurrent rent subsidy to a selected group of tenants may increase the demand for rented accommodation, thereby triggering a rise in rental level and increasing the burden of households who are unable to receive the subsidy due to various reasons.

The continued increase in housing supply remains the fundamental

solution to the problems of surging housing price and rent caused by insufficient supply. The Government will continue to work closely with the community to expedite the construction of public housing, so as to effectively address the housing needs of the society.

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## LCQ19: Various demand-side management measures for the property market

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (November 21):

Question:

In order to address the overheated property market and maintain financial stability, the Government (including the Hong Kong Monetary Authority) has implemented a series of demand-side management measures since 2010. There are comments that the continuous fall in property prices in the past two months is reflective of the gradual emergence of the impacts of factors such as the trade war between China and the United States and the setting off of a cycle of rising interest rates, and property prices may drop by 30 per cent to 70 per cent from their peaks. It is therefore recommended that the Government expeditiously relax the various demand-side management measures (commonly referred to as "reduce the 'curb' measures"). However, there are other comments that if the timing, strength, priority or management of public expectation is inappropriate when reducing the curb measures, such a move might instead exacerbate the drop in property prices, thereby causing members of the public with lower risk appetite to become owners of properties with negative equity. In this connection, will the Government inform this Council:

(1) of the respective (i) dates of introduction and (ii) contents of the various demand-side management measures, as well as (iii) the respective amounts of taxes collected (if any) so far under such measures (set out in a table);

(2) whether it has formulated objective criteria for reducing the curb measures; if so, of the considerations in formulating the criteria and the details of the criteria; if not, the reasons for that; and

(3) whether it has assessed the timing, strength, priority and public expectation in reducing the curb measures and made preparation accordingly (including the formulation of contingency plans); if so, of the details?

Reply:

President,

Maintaining the healthy development of the private residential property market is one of the important objectives of Government's housing policies. In the past few years, due to tight housing demand-supply balance and the continued ultra-low interest rate environment, local property prices have been on the rise, with heightened risk of a bubble. The Government has adopted a two-pronged approach by striving to increase land and housing supply to meet demand, and introducing several rounds of demand-side management measures as and when necessary to suppress external demand, short-term speculative demand and investment demand, with a view to stabilising the property market and preventing adverse consequences arising from an exuberant market. The Hong Kong Monetary Authority (HKMA) has also introduced several rounds of counter-cyclical macro-prudential measures to strengthen risk management of banks and resilience of the banking sector to cope with any possible impact in the event of a fall in property prices.

Having consulted the Financial Services and the Treasury Bureau, the Inland Revenue Department (IRD) and HKMA, I set out my consolidated reply to various parts of the question raised by the Hon Tony Tse as follows:

(1) Various demand-side management measures introduced by the Government since 2010 (including dates of introduction, contents of the measures, as well as amount of stamp duties collected by the Government so far) are set out at Table 1. Counter-cyclical macro-prudential measures introduced by HKMA since 2009 (including dates of introduction and contents of the measures) are set out at Table 2.

(2) and (3) The escalating trade conflicts between the United States and the Mainland have cast increasing uncertainties on the global and local macroeconomic outlook. In addition, as the monetary policy normalisation in the United States continues to proceed, local interest rates will rise further under the Linked Exchange Rate System. The Government has from time to time reminded the public to manage risks prudently. Prior to making home purchase decision, one should carefully assess various risks, particularly the impact of increasing interest rates on individual's repayment ability.

Faced with the changes in the local and global economy, the Government will remain vigilant as usual and make reference to a series of indicators, including property prices, home purchase affordability ratio (Note 1), transaction volume, housing supply, etc., and closely monitor the developments of the property market and the evolving external environment. The Government will take appropriate actions as and when necessary in response to market changes, with a view to ensuring a healthy development of the property market.

Although prices and transaction volume of private flats have subsided in recent months (Note 2), local housing is still in the state of demand-supply imbalance and the current property price level remains out of line with economic fundamentals and the general public's affordability. The home purchase affordability ratio in the third quarter of 2018 stayed high at 74



per cent, well above the 20-year long-term average of 44 per cent from 1998 to 2017. The Government has no intention to relax or withdraw any demand-side management measures at the moment, lest this would send a wrong message to the market and make the property market more exuberant.

As regards HKMA's counter-cyclical macro-prudential measures, the intent is to ensure stability of the banking system through implementation of appropriate measures according to the development of the property cycle, taking into consideration key factors such as the trend of property prices, property transaction volume, economic fundamentals and the external environment. HKMA will consider appropriate relaxation of the counter-cyclical measures if a downward cycle in the property market is confirmed. However, as property prices had risen by more than two times since 2008 and decreased by only about 1.5 per cent in aggregate in the past two months, HKMA has not yet determined that the property market has entered into a downward cycle, and therefore does not consider it appropriate to relax the countercyclical measures at this juncture.

Note 1: Home purchase affordability ratio refers to the ratio of mortgage payment for a 45-square metre flat to median income of households (excluding those living in public housing), at the prevailing mortgage rate for a tenure of 20 years.

Note 2: According to information of the Rating and Valuation Department, the overall price index of private flat has subsided since August 2018, registering a cumulative drop of 1.5 per cent in August and September. Property transactions have also declined in recent months. The monthly average number of sale and purchase agreements for residential property received by the Land Registry from August to October 2018 was about 4 200, below the monthly average of about 5 700 in the first seven months this year.

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## Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Wednesday, November 21, 2018 is 105.7 (up 0.1 against yesterday's index).