

LCQ7: Travel agents switching to E-levy System

Following is a question by the Hon Yiu Si-wing and a written reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (April 3):

Question:

Under the Travel Agents Ordinance (Cap. 218), a travel agent is liable to pay a levy in respect of every outbound fare received for an outbound travel service (i.e. a service comprising any two or all of the following: carriage from Hong Kong to places outside Hong Kong, accommodation outside Hong Kong and an activity outside Hong Kong). When travel agents make levy payments, they must make use of the traditional franking machines or the E-levy System to put levy stamps on the receipts for issue to customers (and travellers must hold receipts with levy stamps in order for them to be protected by the Travel Industry Compensation Fund). It is learnt that the Travel Industry Council of Hong Kong (TIC) has recently informed travel agents that as the supplier of the traditional franking machines will cease providing services, all traditional franking machines will be taken out of use with effect from July 1 this year, and all travel agents must then use the E-levy System to put levy stamps on receipts. In this connection, will the Government inform this Council if it knows:

(1) among all travel agents, the number and percentage of those which are currently using the E-levy System, and the measures put in place by TIC to ensure that all travel agents will have completed the preparation work for switching to use the E-levy System before the traditional franking machines are put out of use;

(2) whether TIC has formulated contingency plans to deal with the situation where the E-levy System cannot, due to malfunctioning, put levy stamps on receipts; and

(3) whether TIC will expand the functions of the E-levy System to collect data on travel agents' sales of group tours and independent travel products, and then disseminate to the travel industry the statistics generated from such data for conducting market analyses and developing new products; if TIC will, of the details; if not, the reasons for that?

Reply:

President,

Travel agents providing outbound travel services are required to pay levies in respect of the outbound fares received from travellers. In this

regard, the E-levy System provides an electronic platform for travel agents to make levy payments in respect of the outbound fares paid by travellers directly through the System and handle related matters, for example, to increase the amounts in their e-levy accounts online. Travellers can also check online whether the travel agents have paid the levies in respect of their transactions in order to ensure that they are eligible for protection under the Travel Industry Compensation Fund. With the development of technology and change of payment behaviour in the market, there is an increasing number of travel agents using the System since its launch on June 1, 2018. Following the cessation of support services for franking machines by the service contractor, the franking machines will also cease operation with effect from July 1, 2019.

In response to the question raised by the Hon Yiu Si-wing, my reply is as follows:

(1) The Travel Industry Compensation Fund Management Board (TICFMB) and the Travel Industry Council of Hong Kong (TIC) have been actively promoting the E-levy System as well as providing training and support to the travel agents, including organising training workshops and setting up a training website for staff of the travel agents to gain hands-on experience on data input and generating e-levy stamps. In addition, both the TICFMB and TIC have set up support hotlines to answer enquiries from the travel agents, and prepared bilingual training videos and procedural manuals for their reference. The Government has also allocated a sum of \$40 million for the TIC to implement the Pilot Information Technology Development Matching Fund Scheme for Travel Agents to enhance the productivity and service quality of travel agents through applying information technology, including the use of the System.

At present, there are about 1 760 licensed travel agents, of which 1 046 travel agents need to make levy payments by nature of their business. About 460 of the latter have set up or used their account with the System for payment of levy. This accounts for about 44 per cent of the total number of levy-paying travel agents and about 87 per cent in terms of market share of the total levy loading.

The TICFMB and TIC will continue to implement measures to assist travel agents to use the System as early as possible, including:

- (a) continue to conduct training workshops for staff of the travel agents (so far 21 training workshops have been conducted with around 800 participants);
- (b) organise dedicated training workshops for travel agent members of the eight associations under the TIC;
- (c) create administrator accounts for travel agents after attending the training workshops to facilitate their use of the System; and
- (d) provide additional manpower to solve problems relating to the System for travel agents, including providing on-site support services when needed.

(2) The E-levy System was designed, developed and tested in accordance with

the guidelines and standards stipulated by the Office of the Government Chief Information Officer, and is monitored and maintained by an information technology service contractor. It has been running smoothly since its implementation on June 1, 2018. The System has dual protection against the impact of untoward incidents. There are two servers in the operation system, such that when one of them encounters problems, the other will start operation automatically to ensure the continuous running of the System. In addition, the System adopted a dual site approach, i.e. the operation system and the backup system are located at different places of Hong Kong. In the event that the operation system is affected by accidents such as power outage, fire, etc, the backup system in the other site can be put to operation to maintain the service.

(3) In view of the sensitivity of the information concerned and for ensuring smooth operation, the existing E-levy System captures only the essential data in order to facilitate efficient and reliable transactions by the staff of travel agents. The System does not store other data for the purpose of sales or business analysis. We will continue to maintain liaison with the trade and review the System and explore further enhancement of its functions when appropriate.

LCQ14: Manpower situation of the construction industry

â€œFollowing is a question by the Hon Ho Kai-ming and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (April 3):

Question:

In 2014, the Construction Industry Council formulated a labour-supply list on 26 trades in the construction industry. In this connection, will the Government inform this Council:

(1) whether it knows (i) the mode of employment of workers (i.e. being employed or self-employed), (ii) the method for calculating the wages, and (iii) the number of hours worked per week by each worker on average, in respect of each of the 26 trades at present, and set out such information in Table 1;

Table 1

Trade	(i)	(ii)	(iii)
1. Bar bender and fixer			
2. Carpenter (Formwork)			

...			
25. Trackworker			
26. Shotfirer			

(2) whether it knows (i) the number of people employed, (ii) the number of job seekers, (iii) the number of job vacancies, (iv) the job vacancy rate, (v) the number of industrial accidents, and (vi) the respective numbers of workers the importation for whom was applied and approved, in respect of each of the 26 trades in each of the past five years, and set out such figures using tables of the same format as Table 2:

Table 2 – Year: _____

Trade	(i)	(ii)	(iii)	(iv)	(v)	(vi)
1. Bar bender and fixer						
2. Carpenter (Formwork)						
...						
25. Trackworker						
26. Shotfirer						

(3) whether it knows the total number of training courses provided by the Vocational Training Council and the Construction Industry Council (including the training bodies under them) for the 26 trades in the past five years, as well as (i) the name, (ii) the years in which the course was offered, (iii) the number of training places, (iv) the entry requirements, (v) the duration of training, and (vi) the employment rate of graduated trainees, in respect of each of the training courses; set out such information by trade and training body using tables of the same format as Table 3; and

Table 3 – Trade: _____

Training body	(i)	(ii)	(iii)	(iv)	(v)	(vi)

(4) whether the authorities have formulated new measures to attract local workers to join the construction industry to work in the 26 trades, and to reduce the manpower wastage in those trades; if so, of the details; if not, the reasons for that?

Reply:

President,

The reply to the Hon Ho Kai-ming's four-part question is as follows:

(1) Sub-contracting is a common practice in the construction industry, in which skilled workers can either be employees or self-employed persons. The methods of wage calculation are market-driven, mainly in terms of daily wages, monthly wages or piece rates. We do not have information on the modes of employment and methods of wage calculation for individual trades.

Based on the telephone survey on construction workers commissioned by the Construction Industry Council (CIC) during June to September 2018, the average number of working days per week for the 26 trades is as follows:

Trade	Average number of working days per week
1. Bar Bender and Fixer	4.3 days
2. Carpenter	4.1 days
3. Concretor	3.8 days
4. Rigger / Metal Formwork Erector	5.2 days
5. General Welder	5.1 days
6. Leveller	5.5 days
7. Plasterer	5.1 days
8. Bricklayer	4.7 days
9. Metal Scaffolder	5.4 days
10. Metal Worker	5.1 days
11. Structural Steel Welder	Not available
12. Painter and Decorator	5.0 days
13. Curtain Wall Installer	Not available
14. Structural Steel Erector	Not available
15. Escalator Mechanic	6.0 days
16. Lift Mechanic	5.9 days
17. Plumber	5.2 days
18. Fire Service Mechanical Fitter	Not available
19. Fire Service Electrical Fitter	Not available
20. Refrigeration / Air-conditioning / Ventilation Mechanic (Air System)	5.3 days
21. Refrigeration / Air-conditioning / Ventilation Mechanic (Water System)	5.3 days
22. Tunnel Worker	Not available
23. Compressed Air Worker	Not available
24. Plant and Equipment Operator (Tunnelling) – Tunnel Boring Machine	Not available
25. Trackworker	Not available
26. Shotfirer	Not available

Given the physically demanding nature of construction activities, construction workers working more than four days a week are considered to be fully engaged.

(2) The Government does not have the statistical breakdown by numbers of people employed, job seekers, job vacancies, job vacancy rate and industrial accidents for the 26 specified trades. Based on the information from the Census and Statistics Department and the Labour Department, the numbers of people employed, job vacancy rate (manual workers at construction sites) and industrial accidents for the entire construction industry in the past five years are as follows:

	Employed person in construction industry	Average vacancy rate of manual workers at construction sites (%)	Total number of industrial accidents in construction industry
2014	309 700	1.6	3 467
2015	316 700	0.8	3 723
2016	328 400	1.7	3 720
2017	342 000	1.9	3 902
2018	Not available	1.6	2 703 (First three quarters in 2018)

The numbers of imported worker applied and approved for the 26 trades in the past five years are set out at Annex 1.

(3) Information on training courses offered by the CIC and the Vocational Training Council involving the 26 trades with manpower shortage is set out at Annex 2.

(4) With a view to attracting more new entrants to the construction industry, particularly youngsters, and keep in-service workers in the industry, we have implemented various measures in collaboration with the CIC and stakeholders in recent years:

(i) Offering well-structured programmes by the Hong Kong Institute of Construction (HKIC): The HKIC, established by the CIC, offers programmes recognised under the Qualification Framework with clear career development paths, which help encourage youngsters to join the industry.

(ii) Expanding the construction industry apprenticeship programme: In the 2019-20 Budget, we have proposed to allocate \$200 million to extend CIC's construction industry apprenticeship programme to more manpower shortage trades, increase the training allowance for new trainees pursuing the one-

year full-time training programmes to encourage youngsters to join the construction industry, and encourage in-service workers to upgrade their skill level and continue to develop in the industry.

(iii) Introducing the construction industry through the STEM Alliance: To generate interest in the construction industry, the HKIC has put in place a STEM Alliance scheme to foster understanding and appreciation of the construction industry among students and teachers, thus attracting new entrants to the industry.

(iv) Promoting a positive image for the construction industry: We have been working with the CIC to promote the industry's image through TV and radio announcements in the public interest, hoardings at construction sites, the Construction Industry Sports and Volunteering Programme and other publicity initiatives in order to attract new entrants.

(v) Encouraging adoption of innovative construction technologies: With effect from January 2018, Government's capital works projects exceeding \$30 million are required to use Building Information Modelling technology from design to implementation. With a view to upgrading the industry through innovation and technology, we, together with the CIC, launched the \$1 billion Construction Innovation and Technology Fund in October 2018 to enhance productivity, build quality, site safety and environmental performance. A technology-based construction industry would be more appealing to youngsters.

(vi) Assisting trainees to settle in their working environment: To retain trainees in the industry, the CIC helps them settle in their working environment through continuous counselling, regular sharing programmes and follow-up visits to the trainees and their employers.

(vii) Setting out clear career paths: The CIC offers training courses at different levels that dovetail with each other. After acquiring practical experience, trainees can upgrade themselves to become skilled workers or take higher-level supervisory or managerial courses. Better career prospects help retain workers and empower them to advance in the industry.

LCQ22: Subsidised sale flats developed by Housing Authority and Housing Society

Following is a question by the Hon Chan Hak-kan and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (April 3):

Question :

Regarding the subsidised sale flats projects developed by the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HKHS), will the Government inform this Council:

- (1) given that the total project costs of the Home Ownership Scheme (HOS) projects developed by the HA comprise development costs, land costs at 35 per cent of the development costs, administration overheads and other sales related expenditure, of the respective specific expenditure items included in the (i) development costs, (ii) land costs and (iii) administration overheads;
- (2) of the reasons for the Government to pitch the land costs of HOS projects at 35 per cent of their development costs;
- (3) of the (i) total project costs, (ii) total sales proceeds, (iii) operating surplus, and (iv) land costs in respect of each HOS sale exercise conducted in the past five years;
- (4) whether it will standardise the calculation of the land costs payable to the Government by the HA and the HKHS for the subsidised sale flats they develop; if not, of the reasons for that;
- (5) of the respective numbers of sale exercises for subsidised sale flats projects to be conducted and the respective total numbers of flats involved, as projected by the HA and the HKHS for the current as well as each of the coming four financial years; and
- (6) given that the number of White Form (WF) applicants far exceeded that of Green Form (GF) applicants in each HOS sale exercise conducted in recent years, whether the HA will change the ratio of the quota between GF and WF applicants from the current 50:50 to 40:60; if not, of the reasons for that; if so, the details?

Reply:

President,

My consolidated response to the question raised by the Hon Chan Hak-kan is as follows:

The development cost of the Home Ownership Scheme (HOS) of the Hong Kong Housing Authority (HA) includes construction cost and overhead cost. According to the prevailing arrangement, the Government provides land to the HA for the development of subsidised sale flats (SSFs) (including HOS flats) at a nominal premium of \$1,000. The HA would pay the Government a land cost at 35 per cent of the development cost as contribution to site formation and supporting infrastructure. Administration overheads and other sales-related expenditure include expenses for printing, advertisements, publicity, consultancy, pre-flat intake management, etc. Financial information of HOS

flats put up for sale by the HA from 2014 to 2018 is set out in Annex.

The Hong Kong Housing Society (HKHS) is an important partner of the Government's housing policy and plays an active role in providing low to middle-income families with rental units and SSFs. The HKHS has been developing subsidised housing projects on a self-financing basis on sites granted to the HKHS by the Government at concessionary land premium.

Under the new HOS pricing mechanism announced on June 29, 2018, the HKHS may need to offer a correspondingly higher discount rate for its SSFs, which may lower the HKHS's income and affect its financial sustainability. Having reviewed the land premium arrangements for the HKHS's subsidised housing projects, the Government revised the arrangements in January 2019 as follows: from one-third of the full market value (FMV) to a nominal premium at \$1,000 for the HKHS's rental estates; and from one-half of FMV to one-third of FMV for domestic portion of SSF projects, while maintaining existing arrangement of charging FMV for non-domestic portion of SSF projects.

The Government believes that the revised land premium arrangements would help mitigate the financial impact of the new HOS pricing mechanism on HKHS, and strengthen HKHS's long-term financial sustainability. This will enable the HKHS to continue to provide rental units and SSFs at affordable rentals and prices to address housing needs of the public.

The HA and the HKHS are assuming different and complimentary roles in providing public housing: the HA is the major organisation responsible for developing public rental and HOS units, whereas the HKHS plays the role of "housing laboratory" apart from providing rental units and SSFs. The two organisations also differ in structure and mode of operation. The Government does not consider it necessary to adopt the same land premium arrangement for SSF projects of the two organisations.

According to the latest projections in the Long Term Housing Strategy Annual Progress Report 2018 published in December 2018, the total housing supply target for the ten-year period from 2019-20 to 2028-29 is 450 000 units, comprising the public housing supply target of 315 000 units and the private housing supply target of 135 000 units. According to the forecast as at December 2018, the estimated total public housing production of the HA and the HKHS in the five-year period from 2018-19 to 2022-23 is about 100 400 units. As for private housing, based on the Government's preliminary assessment as at end-2018 of private residential developments on known disposed sites, the private sector will, on average, complete about 18 800 private residential units annually in 2019 to 2023.

When considering the HOS developments to be launched in each year, the HA would review the progress of the preparation work for each pre-sale project (i.e. preparation of the land lease and the Deed of Mutual Covenant, etc.) and the suitable pre-sale date. The selling prices and sales arrangements of each HOS sale exercise will be reviewed and endorsed by the Subsidised Housing Committee of the HA. In 2019, the HA will offer for sale 4 871 HOS flats in six developments at Homantin, Cheung Sha Wan, Kwai Chung,

Tseung Kwan O, Ma On Shan and Sha Tin.

As regards the Green Form Subsidised Home Ownership Scheme (GSH), the HA decided in March 2019 to convert two public rental housing (PRH) projects on Chai Wan Road in Chai Wan and Tsing Hung Road in Tsing Yi into GSH. These projects will provide about 3 700 flats, and are planned for pre-sale in late 2019. In future, the HA will roll out GSH projects in accordance with the decision made when regularising GSH, i.e. to implement GSH at a more modest pace to gather experience, reduce the risk of unsold flats and minimise impact on the waiting time for PRH applicants. The HA will continue with this incremental approach and take account of operational experience and sales response in considering suitable PRH projects for conversion to GSH each year.

The HKHS launched the pre-sale exercise of 620 SSFs in Tuen Mun and Tseung Kwan O respectively in November 2017, all of which were sold in June 2018.

On the other hand, the Government announced on June 29, 2018 the re-allocation of nine sites at Kai Tak and Anderson Road Quarry, originally intended for sale in the coming few years, for the use of public housing. These sites are expected to provide 11 000 public housing units. This will help narrow the public housing shortage in later years. One of the sites in Kai Tak will be allocated to the HKHS for the redevelopment of Chun Seen Mei Chuen. The HKHS can then make use of the original site of Chun Seen Mei Chuen to redevelop Lok Man Sun Chuen by phases. The remaining new units on this Kai Tak site can also be used to rehouse other eligible households affected by Government development and projects by the Urban Renewal Authority. As for the remaining eight sites, the HA and the HKHS will each take up one site in Kai Tak and three sites in Anderson Road Quarry for SSF development, having regard to the original planning intentions for these sites and other developments in the vicinity.

In line with established practice, prior to the launching of new HOS sale exercise, the HA will, having regard to prevailing circumstances, draw up the sales arrangements, including the ratio between Green Form (GF) and White Form (WF) applicants. For Sale of HOS Flats 2019, the HA has maintained the ratio between GF and WF applicants at 50:50. The HA has taken into account that the selling of HOS to GF applicants (mainly PRH tenants) would speed up the turnover of PRH units. Moreover, any remaining quota from the GF queue would be re-allocated to the WF queue. For example, despite the 50:50 ratio between GF and WF applicants adopted in HOS 2016 and HOS 2017 sale exercises, WF buyers actually took up around 70 per cent and 60 per cent respectively of the flats. On the other hand, the White Form Secondary Market Scheme (WSM) provides WF buyers with an additional avenue for home ownership, and the annual quota for WSM 2019 has also been increased to 3 000. Therefore, for Sale of HOS Flats 2019, the HA has maintained the ratio between GF and WF applicants at 50:50.

The HA will, in line with established practice, continue to consider all relevant factors when determining the ratio between GF and WF applicants in

future.

LCQ2: Non-eligible persons defaulting on payment of medical fees

Following is a question by the Hon Gary Fan and a reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (April 3):

Question:

Non-eligible persons (NEPs) (including Mainland residents) receiving public healthcare services are required to pay for medical fees which are determined on a cost-recovery basis. It has been reported that a Mainland woman, since being injured in a traffic accident in Hong Kong in November 2015, has been staying in a public hospital without paying any medical fees. Last month, the Hospital Authority (HA) filed claims in court against that woman for recovery of arrears which amounted to \$6,170,000. In this connection, will the Government inform this Council:

(1) whether it knows the highest and average figures in each of the past five financial years in respect of the following: the number of days for which NEPs stayed in public hospitals, the amount of medical fees in default by NEPs and the number of days involved, and HA's expenditure on recovery of arrears and the amount of arrears written off;

(2) whether it knows if HA has made arrangements for medical social workers to communicate with NEPs defaulting on payment of medical fees or with their families to make as early as possible suitable arrangements for them so as to prevent the worsening of the situation of patients defaulting on payment of medical fees; and

(3) regarding those Mainland residents visiting Hong Kong who cannot be discharged from public hospitals due to personal difficulties even though their conditions have become stable, whether the Government will discuss with the Mainland authorities the setting up of a mechanism so that assistance may be provided to them to facilitate their early discharge and return to the Mainland; if so, of the details; if not, the reasons for that?

Reply:

President,

The public healthcare services provided by the Hospital Authority (HA) are mainly targeted at Hong Kong residents, so as to ensure that they have

priority in receiving such services. Generally speaking, non-eligible persons (NEPs), including non-local visitors, are provided with public healthcare services only in emergency situations. For instance, when NEPs are involved in accidents or fall seriously ill during their visits in Hong Kong, HA will provide them with emergency healthcare services on humanitarian grounds even though they cannot afford the medical fees arising from the services. NEPs' medical fees are determined on a cost-recovery basis. HA has an established mechanism in place to recover arrears from persons defaulting on payment of medical fees.

My reply to the various parts of the question raised by the Hon Gary Fan is as follows:

(1) Statistics on NEPs defaulting payment of public hospital charges in the past five financial years, including amounts of arrears, numbers of days involved, lengths of stay in hospital and amounts of arrears written off, are set out in the Annex. HA does not maintain statistics on the expenditure on recovery of arrears for individual cases, and does not categorise relevant expenditure into Eligible Persons and NEPs. The average annual expenditure (including legal fees and other expenses) on recovery of arrears incurred by HA is around \$4 million.

As NEPs are in general admitted to hospital in emergency situations and if such inpatient cases are serious, requiring longer stay for treatment, individual cases may involve greater amounts of arrears to be written off.

(2) and (3) HA has implemented a number of measures to minimise default on payment of medical fees. The measures include requiring NEPs to pay a specified amount of deposit upon admission to hospital (except for emergency cases); issuing interim bills to patients once every three days during their hospitalisation and reminding patients or their families to settle the bills; issuing final bills to patients upon their discharge; and mailing the bills to their Hong Kong or overseas addresses provided at registration. If the bills remain outstanding after the patients' discharge, patients or their families will be reminded through telephone calls for settlement of bills and monthly statements will be mailed to their Hong Kong or overseas addresses provided at registration. HA will impose administrative charges on patients who have failed to settle the bills within a specified period.

Medical social workers will assist in following up on cases, including communicating with patients and trying to contact their families to give advice and assistance regarding the hospital stay.

If the bills remain outstanding after the above actions being taken, HA will institute legal actions where appropriate, including issuing demand letters to the patients concerned through lawyers, and filing claims with the Small Claims Tribunal or the court to recover the arrears from the patients concerned.

Regarding NEPs who have not settled their outstanding fees, HA will continue to provide healthcare services for them only in emergency

situations. Once their situations have become non-emergent, HA will cease to provide healthcare services for them. NEPs may then decide to go to other medical institutions to continue their treatment. HA will make referral arrangements for them where necessary.

As for NEPs who do not need to stay in hospitals after treatment but need assistance with discharge arrangements, HA will contact the relevant government departments in light of the situation of individual cases. If necessary, relevant consulates or Mainland authorities will be contacted to make appropriate discharge and repatriation arrangements for these patients.

HA will continue to explore feasible options to improve the public hospital discharge arrangements for NEPs.

LCQ1: Remuneration packages for disciplined services staff

Following is a question by Dr Hon Elizabeth Quat and a reply by the Secretary for the Civil Service, Mr Joshua Law, in the Legislative Council today (April 3):

Question:

Some disciplined services staff have indicated that they have all along been dedicated to their work, making Hong Kong one of the safest cities in the world. However, the remuneration packages for disciplined services staff have not reasonably reflected their contributions, thereby undermining their morale and leading to talent wastage. In this connection, will the Government inform this Council:

(1) given that while the work of the disciplined services is more dangerous than that of civilian staff, the pay difference between successive pay points on the General Disciplined Services (Rank and File) Pay Scale is only about 3 per cent, whether the authorities will consider adjusting upward the pay difference between successive pay points on the pay scale to 6 per cent, so as to make it on a par with that on the pay scale for civilian staff; if so, of the details and the timetable; if not, the reasons for that;

(2) given the manpower wastage problem currently faced by and the need to pass on experience in the disciplined services, whether the authorities will consider afresh offering disciplined services staff appointed before June 2000 the choice of extending their retirement age; if so, of the details; if not, the reasons for that; and

(3) given the acute shortfall of departmental quarters for disciplined services at present, of the authorities' measures in place to mitigate the

situation; whether they will identify land for constructing new quarters; if so, of the details and the timetable; if not, the reasons for that?

Reply:

President,

The Hong Kong Special Administrative Region Government fully recognises the efforts and contributions made by colleagues in the disciplined services all along in maintaining prosperity and stability of our society, and safeguarding the lives and property of our people. In order to attract suitable talents to join the disciplined services and to retain serving staff, the relevant Government policy is to provide appropriate remuneration and support to the disciplined services. As it is not possible to find comparable posts and jobs in the private sector for the disciplined services, and individual disciplined services grades are also facing recruitment or retention difficulties, the Chief Executive-in-Council has decided to conduct a grade structure review (GSR) for the disciplined services and once every 10 years in future, so as to ensure that the grade structure and remuneration of the disciplined services are effective in attracting and retaining talents.

Moreover, having considered the operational need of each disciplined services, a total of over 7 100 posts have been created in the disciplined services over the past five years. We have also upgraded and strengthened the equipment for the disciplined services to enhance their service quality. In addition, we have introduced and enhanced a number of job-related allowances, improved housing benefits, and taken forward the construction projects of disciplined services quarters, etc. for the disciplined services. These are to ensure that their conditions of service and benefits can keep up with the times.

Having consulted the relevant bureau, my consolidated reply to the various parts of the question is as follows:

(1) the pay scales applicable to the disciplined services have evolved over the years, like those applicable to other civil servants. The differences between pay points on each pay scale and between pay points among different pay scales reflect the cumulative results of the reviews conducted over different periods in the past. Their internal relativities cannot be worked out by any simple formula. As such, it is not comprehensive to only compare the differences between pay points on the pay scales of the disciplined services and those of the civilian staff.

That said, the Standing Committee on Disciplined Services Salaries and Conditions of Service (SCDS) has accepted the Government's invitation to conduct a GSR for the disciplined services grades. At the same time, the Standing Committee on Directorate Salaries and Conditions of Service (SDCS) has also agreed to advise on the salaries and conditions of service of the heads of the disciplined services. The two advisory bodies will conduct the review independently and have commenced work. If the staff side of the disciplined services have any views or suggestions on the pay of individual grades or the differences between pay points of the relevant pay scales, they

may raise them with the SCDS and the SDCS. In the course of the review, the two advisory bodies will maintain communication with the management and the staff side of the disciplined services. They will thoroughly consider proposals submitted by the management and the staff side and listen to stakeholders' views;

(2) in order to tie in with the goal of expanding the labour force and to respond to the aspirations of civil service colleagues, the Government launched in July 2018 the option of allowing serving civil servants in the civilian and disciplined services grades who joined the Government between June 1, 2000 and May 31, 2015 to choose to extend their retirement age to 65 and 60 respectively.

As for civil servants who joined the Government before June 1, 2000, most of them will reach their currently applicable retirement age in the next decade or so, but it is expected that the overall labour force will only become a relatively critical issue in 2030. Therefore, from the population policy perspective, it is unjustifiable to also allow these officers to choose to retire at a later age. Moreover, quite a number of civil servants who joined the Government before June 1, 2000 will retire soon. If these officers are also allowed to choose to extend their retirement age, departments may not have sufficient time to adjust their manpower planning accordingly, and to address management problems that might arise immediately, such as blockage to promotion and hindrance to healthy turnover, and mismatch of human resources. All these will affect the planning and deployment of manpower resources in departments, and such situations should be avoided.

Although civil servants who joined the Government before June 1, 2000 cannot choose to retire at a later age, departments may, taking into account factors such as their overall manpower situation (e.g. wastage rate), operational needs and succession arrangement, flexibly employ various pliable initiatives for extending the service of civil servants, including the Post-retirement Service Contract Scheme, final extension of service and the adjusted further employment mechanism, to retain civil servants reaching their retirement age and meet the manpower demand and the need to pass on experience; and

(3) the Government has been providing departmental quarters for married disciplined services staff, subject to the availability of resources. The Government understands colleagues' concerns about the shortfall in disciplined services quarters and hence has been actively exploring various options to increase the supply of departmental quarters.

In the 2014 Policy Address, the then Chief Executive stated that the Government would expedite eight departmental quarters projects for the disciplined services. With the concerted efforts of the relevant bureaux and the various disciplined services departments, funding approval for the eight projects has been obtained from the Legislative Council. The projects include the Immigration Department staff quarters at Heng Lam Street, Kowloon and the Customs and Excise Department rank and file quarters at Yau Yue Wan Village Road, Tseung Kwan O, where works have been completed and residents have moved in the commissioned quarters commencing from the end of last year. The

Government is stepping up the construction of the remaining six projects, and the estimated date of occupation of the quarters is from around mid-2019 to mid-2022.

In addition to the eight projects mentioned, the disciplined services departments are endeavouring to take forward new quarters projects in order to continue to alleviate the shortfall in quarters. Also, the Government will explore the feasibility of other disciplined services quarters redevelopment or construction projects. Upon finalisation of the details and timetable, the Government will consult the District Councils concerned as soon as possible and submit funding applications to the Legislative Council in a timely manner.

Thank you, President.