

## LCQ15: Government service contracts

Following is a question by the Hon Andrew Wan and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (January 8):

Question:

The Government has issued internal guidelines encouraging government departments to adopt, when procuring service contracts which rely heavily on the engagement of non-skilled employees, a marking scheme comprising technical and price aspects in evaluating tenders. Under the new marking scheme which has been implemented since April 1, 2019, the technical weighting in marking has increased from the range of 30% to 40% in the past to the range of 50% to 70%, the price weighting in marking has decreased from the range of 60% to 70% to the range of 30% to 50%, and the weighting of wage level in the technical assessment must not be lower than 25%. Besides, the hourly wage of such employees must not be lower than the statutory minimum wage rate. Regarding government service contracts, will the Government inform this Council:

(1) of the following details of the cleansing service and security service contracts awarded by the four major procuring government departments (namely, (i) Food and Environmental Hygiene Department, (ii) Leisure and Cultural Services Department, (iii) Government Property Agency and (iv) Housing Department) respectively in the previous two financial years and the current financial year (up to December 2019):

(A) (a) the total number of contracts and, among them, the respective numbers of those awarded to (b) contractors with the lowest bids and (c) contractors with the lowest marks on wage levels (set out in tables of the same format as Table 1);

Table 1

Financial year: \_\_\_\_\_

Number of contracts	Cleansing service					Security service					Total
	(i)	(ii)	(iii)	(iv)	Subtotal	(i)	(ii)	(iii)	(iv)	Subtotal	
(a)											
(b)											
(c)											

(B) (a) the lower quartile, (b) the median and (c) the upper quartile hourly wages as pledged in the contracts (set out in tables of the same format as Table 2); and

Table 2

Financial year: \_\_\_\_\_

Hourly wage	Cleansing service				Security service			
	(i)	(ii)	(iii)	(iv)	(i)	(ii)	(iii)	(iv)
(a)								
(b)								
(c)								

(C) the number of non-skilled employees engaged, with a breakdown by the range of hourly wages as pledged in the contracts (i.e. (a) \$34.5 or below, (b) \$34.6 to \$35.5, (c) \$35.6 to \$36.5, (d) \$36.6 to \$37.5, (e) \$37.6 to \$38.5, (f) \$38.6 to \$39.5, (g) \$39.6 to \$40.5, (h) \$40.6 to \$41.5, (i) \$41.6 to \$42.5, (j) \$42.6 to \$43.5, (k) \$43.6 to \$44.5, (l) \$44.6 to \$45.5, (m) \$45.6 to \$46.5, (n) \$46.6 to \$47.5, and (o) \$47.6 or above) (rounded to the nearest \$0.1) (set out in tables of the same format as Table 3);

Table 3

Financial year: \_\_\_\_\_

Hourly wage	Cleansing service					Security service					Total
	(i)	(ii)	(iii)	(iv)	Subtotal	(i)	(ii)	(iii)	(iv)	Subtotal	
(a)											
...											
(o)											
Total											

(2) of the number of non-skilled employees engaged by the contractors of the Housing Department in the current financial year (up to December 2019), and set out in Table 4 a breakdown by the type of service (i.e. (i) cleansing service and (ii) security service) and the range of hourly wages as pledged in the contracts (as mentioned in (1) (C) above);

Table 4

Type of service	Hourly wage		
	(a)	...	(o)
(i)			
(ii)			
Total			

(3) of the details of the tendering exercises conducted by each of the aforesaid departments in the current financial year (up to December 2019) in respect of cleansing service and security service respectively, including the service districts, the effective dates of the new contracts, as well as the name of contractors and the contract value of new and old contracts respectively; and

(4) whether it has reviewed the effectiveness of the new marking scheme in improving the employment terms of non-skilled employees; if so, of the

criteria adopted for and the outcome of the review; if not, whether it will conduct such a review, as well as the relevant timetable?

Reply:

President,

We have consulted the Food and Environmental Hygiene Department (FEHD), Leisure and Cultural Services Department (LCSD), Government Property Agency (GPA) and Housing Department (HD) (being the executive arm of the Housing Authority (HA)). Reply to each part of the question is as follows:

(1) The breakdown of information requested in Part (A), (B) and (C) of the question of the service contracts that rely heavily on the deployment of non-skilled workers (service contracts) tendered and awarded in the 2017-18, 2018-19 and 2019-20 (up to November 30, 2019) financial years is set out at Annexes 1 – 3. GPA did not award any such service contract during the period.

(2) Information on the committed hourly wages pledged by government service contractors (GSCs) and the number of non-skilled workers under the service contracts tendered and awarded by HD on behalf of HA in the 2019-20 financial year (up to November 30, 2019) is at Annex 4.

(3) Details of the service contracts already tendered or under tendering by the four major procuring departments are set out at Annex 5.

(4) The new measures are a major step forward in according better protection to non-skilled workers engaged by GSCs. While the new measures, implemented since April 2019, have taken effect for less than one year, initially statistics reveal that the wage level of non-skilled workers engaged under the service contracts has increased under the new measures. The Government will keep in view the implementation of the new measures, and will consider areas for further improvement on an ongoing basis.

Information as at December 2019 is still under compilation and hence not available.