

CONTROLLING OFFICER'S REPLY

DEVB(W)161

(Question Serial No. 3351)

Head: (42) Electrical and Mechanical Services Department
Subhead (No. & title): Not Specified
Programme: Not Specified
Controlling Officer: Director of Electrical and Mechanical Services (CHAN Fan)
Director of Bureau: Secretary for Development

Question:

Regarding outsourcing of service in your department, please inform this Committee of the following in respect of the past 3years:

1. the total number of outsourced service staff employed by your department and the percentage of outsourced service staff against the total number of staff with the same types of duties in your department;
2. the total expenditure on staff of your department; the total amount paid to outsourced service providers; and the percentage of amount paid to outsourced service providers against the total expenditure on staff of your department; and
3. the nature of your department's outsourced services and the duration of the relevant contracts.

In addition, according to the Government's guidelines for tendering of outsourced services revised last year, if the procured service relies heavily on the deployment of non-skilled workers, and a marking scheme for assessing the tenders is adopted, the procuring department, when assessing the tenders, should include in the assessment criteria the evaluation of tenderers' proposed wage rates and working hours for non-skilled workers. In this regard, please inform this Committee of the following:

4. the current number of outsourced service contracts involving a large number of non-skilled workers awarded by your department since implementation of the guidelines;
5. the departments which have adjusted their assessment criteria in respect of wage rates and working hours for the outsourced service contracts involving a large number of non-skilled workers in the light of the new guidelines since their implementation; how your department has made adjustment; and if no relevant information is available, the reasons for it;

6. whether there have been any rises in the average wage rates for workers in the contracts of outsourced services that rely heavily on deployment of non-skilled workers since the implementation of the guidelines; if yes, the number of contracts with rises in wage rates; if no relevant information is available, the reasons for it;
7. your department's measures to evaluate the effectiveness of the new tendering guidelines;
8. whether your department is required to adopt the existing mechanism of two-envelope assessment of the technical and price aspects when evaluating tenders for contracts of outsourced service; if no, the number of contracts awarded without adopting the existing mechanism of two-envelope assessment of the technical and price aspects in the past 3 years;
9. the annual numbers of cases of government service contractors breaching the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance as revealed by the inspections conducted by your department, and the annual numbers of complaints lodged by the outsourced service staff;
10. the details of follow-up actions on the aforementioned non-compliance and complaint cases; and
11. the number and details of cases involving contractors being punished for non-compliance or sustained complaints.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 96)

Reply:

For (1) to (3) and (9) to (11)

The information below concerns outsourced workers engaged through outsourced service providers in the past three financial years.

(1) Number of outsourced workers engaged through outsourced service providers in the past three years

Nature of service contracts	Number of outsourced workers in 2014-15 (as at 31.12.2014)	Number of outsourced workers in 2015-16 (as at 31.12.2015)	Number of outsourced workers in 2016-17 (as at 31.12.2016)
Security	4 (-)	4 (-)	4 (-)
Cleaning	4 (-)	4 (-)	4 (-)
Total:	8 (-)	8 (-)	8 (-)

Figures in () denote the percentages of outsourced workers as compared to the number of staff with the same types of duties in the department. A dash denotes that there is no staff with the same types of duties in the department.

(2) **Total expenditure on staff in the department and amount paid to outsourced service providers in the past three years**

	2014-15	2015-16	2016-17 (up to 31.12.2016)
Total expenditure on staff (\$ million)	275.51	308.31	247.12
Total amount paid to outsourced service providers (\$ million)	1.01	1.03	0.79
Percentage of amount paid to outsourced service providers against the total expenditure on staff	0.37	0.33	0.32

(3) **Nature and duration of outsourced service contracts in the past three years**

Nature of service contracts	Number of contracts in 2014-15 (as at 31.12.2014)	Number of contracts in 2015-16 (as at 31.12.2015)	Number of contracts in 2016-17 (as at 31.12.2016)
Security	1	1	1
Cleaning	1	1	1
Total:	2	2	2

Duration of service contracts	Number of contracts in 2014-15 (as at 31.12.2014)	Number of contracts in 2015-16 (as at 31.12.2015)	Number of contracts in 2016-17 (as at 31.12.2016)
6 months or less	0	0	1
Over 6 months to 1 year	0	0	0
Over 1 year to 2 years	0	0	0
Over 2 years	2	2	1
Total:	2	2	2

(9) - (11) **Breaches, complaints and penalty**

Number of cases	2014-15	2015-16	2016-17 (up to 31.12.2016)
(a) Breaches revealed by departmental inspections	0	0	0
(b) Complaints from outsourced service staff	0	0	0
(c) Award of penalty	0	0	0

pursuant to (a) and substantiated complaint cases in (b)			
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(4) – (7)

Please refer to the following information on outsourced service contracts awarded from 28.5.2016 to 31.12.2016 that involved (i) services relying heavily on the deployment of non-skilled workers and (ii) a contract price to which the revised tendering guidelines were relevant :

(d) Number of outsourced service contracts awarded	0
(e) Number of contracts in (d) which adopted a marking scheme to assess the proposed wage rates and working hours, pursuant to the guidelines promulgated in May 2016	Not applicable
(f) In respect of the contracts in (e), the number of contracts with an increase in the average wage rates for non-skilled workers	Not applicable
(g) Evaluation of the effectiveness of the revised tendering guidelines issued on 27.5.2016 in light of (e) and (f)	Not applicable

(8)

Please refer to the following information on outsourced service contracts awarded during the past three financial years (from 1.4.2014 to 31.12.2016) that involved (i) services relying heavily on the deployment of non-skilled workers and (ii) a contract price to which the two-envelope approach was relevant :

Number of contracts using the two-envelope approach	0
Number of contracts <u>not</u> using the two-envelope approach	1
Total	1

In view of the new guidelines encouraging departments to adopt a marking scheme to assess tenders for service contracts that rely heavily on deployment of non-skilled workers, the Electrical and Mechanical Services Department will review its practice and consider to follow the new guidelines for future tender exercises.