

**CONTROLLING OFFICER'S REPLY**

**HAB529**

**(Question Serial No. 3425)**

Head: (95) Leisure and Cultural Services Department

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

Controlling Officer: Director of Leisure and Cultural Services (Ms Michelle LI)

Director of Bureau: Secretary for Home Affairs

Question:

Regarding the outsourcing of services by the Department, please inform this Committee of the following:

1. the total numbers of outsourced workers of the Department; and the percentages of outsourced workers against the total numbers of staff of the same job categories in the Department in the past 3 years;
2. the total staff costs of the Department; the total payments to outsourced service providers; and the percentages of payments to outsourced service providers against the total staff costs of the Department in the past 3 years; and
3. the respective nature and duration of outsourced service contracts of the Department in the past 3 years.

In addition, the Government revised the guidelines in last year on tendering procedures for outsourcing of services. It is prescribed that when a marking scheme is adopted for tender evaluation of outsourcing services that rely heavily on the deployment of non-skilled workers, the procuring department should include in its assessment criteria the evaluation of the tenderers' proposed wage rates and working hours for non-skilled workers. In this connection, please inform this Committee of the following:

4. the number of outsourced service contracts that rely heavily on non-skilled workers awarded by the Department after the implementation of the guidelines;
5. did the Department revise the assessment criteria on wage rates and working hours for outsourced service contracts that rely heavily on the deployment of non-skilled workers after the implementation of the new guidelines; what are the revisions made; and please state the reasons if such information is not available;
6. whether the average wage rates of outsourced service contracts that rely heavily on the deployment of non-skilled workers have increased after the implementation of the

guidelines; if so, what is the number of contracts that have shown an increase in wages; if such information is not available, please state the reasons;

7. the measures adopted by the Department in assessing the effectiveness of the new tendering guidelines;
8. whether the Department has adopted the existing two-envelope (technical and price proposals) mechanism in evaluating tenders for outsourced service contracts; if not, what is the number of contracts in the past 3 years for not adopting the existing two-envelope (technical and price proposals) evaluation mechanism;
9. the respective numbers of cases of violation of service contracts, the Employment Ordinance and the Occupational Safety and Health Ordinance by outsourced service contractors found during inspection by the Department and the numbers of complaints received from outsourced workers each year;
10. the details of the follow-up of such non-compliances and complaints;
11. the number of cases in which penalty was imposed on contractors where non-compliances or complaints were substantiated and the details of such cases.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 118)

Reply:

1. Information on staff and outsourced workers of the Leisure and Cultural Services Department (LCSD) in the past 3 years is set out below:

<b>Job category</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Number of outsourced workers (Note 1)			
• Cleansing	6 420	6 074	6 269
• Security	3 167	3 040	3 044
• Horticulture maintenance	1 097	1 053	1 004
• Venue Management	<u>557</u>	<u>525</u>	<u>497</u>
<b>Total</b>	11 241	10 692	10 814
Total number of LCSD staff (Note 2)	9 140	9 211	9 422
Percentage of total number of outsourced workers against the total number of LCSD staff	123%	116%	115%

Notes

- (1) The figures reflect the number of outsourced workers employed by the outsourced service contractors for provision of major outsourced services of cleansing, security, horticultural maintenance and venue management.
- (2) The total number of staff in the Department covers both civil servants and non-civil service contract staff employed by LCSD as at 31 December in respective years. Since there is no LCSD staff specifically responsible for cleansing, security,

horticultural maintenance and venue management duties, no relevant data is available for comparison with the staff of the same job categories of outsourced service contractors.

2. Information on the total staff costs of the Department and the total payments to outsourced service providers in the past 3 years is set out below:

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total staff cost (\$ million)	3,044	3,229	3,439
Total payment to outsourced service providers (\$ million)	1,344	1,262	1,333
Percentage of payment to outsourced service providers against the total staff cost of the Department	44%	39%	39%

3. to 8. In the past 3 years, the major outsourced service contracts awarded by the LCSD cover 4 areas, namely cleansing, security, horticultural maintenance and venue management, while such service contracts generally last for 2 to 3 years. In 2016, the LCSD awarded a total of 48 major outsourced service contracts that rely heavily on the deployment of non-skilled workers, comprising 20 contracts on cleansing, 19 on security, 1 on horticultural maintenance and 8 on venue management.

The LCSD has been adopting a marking scheme and the two-envelope (technical and price proposals) evaluation mechanism for tender evaluation with the assessment criteria of the wage rates and working hours for non-skilled workers even before the implementation of the Government's service-wide guidelines. As the above practice already meets the requirements of the guidelines, there is no need to revise the assessment criteria and hence the Department does not have information on changes in the average wages after the implementation of the guidelines.

9. to 11. Information on non-compliance of service contracts by outsourced service contractors as revealed by the inspections conducted by the Department in the past 3 years is set out below:

	<b>2014</b>	<b>2015</b>	<b>2016</b>
1. Deduction of monthly service fee notices	528	665	1 163
2. Verbal warnings	271	289	320
3. Written warnings	240	366	584
4. Default notices	5	11	15
5. Recorded demerit points	0	0	0

The main reasons for issuing the aforementioned types of non-compliance notices include contractors' failure to provide sufficient manpower or meet the required service standards as stipulated in the contract, outsourced workers'

unsatisfactory attitudes or performance and contractors' failure to handle the matters of their staff salaries and leave properly.

According to our records, the above information does not involve cases related to violation of the requirements of the Employment Ordinance and the Occupational Safety and Health Ordinance.

In addition, details of complaints lodged by outsourced workers against the respective contractors received by the Department in the past 3 years are set out below:

Year	Number of complaints received	Number of substantiated cases	Number of substantiated cases in which the contractors were penalised	Follow-up action/ Form of penalty
2014	0	0	Not applicable	Not applicable
2015	2	2	2	Issue of advisory letter
2016	3	0	Not applicable	Not applicable

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