

## LCQ12: Government outsourced service contracts

Following is a question by the Hon Leung Yiu-chung and a written reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (January 16):

Question:

The Government has established a debarment mechanism and a demerit point system in respect of the outsourced service contracts (excluding construction ones) that rely heavily on the deployment of non-skilled employees. Under the debarment mechanism, the tenders submitted by outsourced service contractors (contractors) will not be considered for a period of five years from the date on which the contractors are convicted of having contravened a specified ordinance relating to employment rights and benefits. Under the demerit point system, contractors may be awarded demerit points if they have failed to sign the Standard Employment Contract (SEC) with their employees or have breached the clauses in SEC in respect of wages, working hours and payment of wages by autopay. In addition, the Government may issue verbal warnings, written warnings and default notices to contractors who are in breach of the contracts, and may also withhold payment of monthly service charges or make deductions thereof. Regarding outsourced service contracts, will the Government inform this Council:

(1) of the number of outsourced service contracts of the Food and Environmental Hygiene Department (FEHD) that will expire in the coming three years, together with a tabulated breakdown, by (a) type of service (i.e. cleansing or security) involved in the contract and (b) District Council (DC) district, of the following relevant information: (i) names of contractors, (ii) service districts and details, (iii) contract values, (iv) number of non-skilled employees, (v) total amount of wages and (vi) expiry dates of the contracts;

(2) whether it knows, in respect of the non-skilled employees of FEHD's cleansing and security service contractors respectively, of their (i) monthly salary ranges, (ii) average working hours, (iii) average length of employment and (iv) age distribution, in each of the past three years (set out in a table);

(3) of the number of Workman II currently employed by FEHD; among them, the (i) number, (ii) minimum pay point, (iii) maximum pay point and (iv) average weekly working hours of those who are required to carry out cleansing duties in public places, and whether they are entitled to the relevant travelling allowance and hardship allowance as they need to work under inclement weather;

(4) of the current number of refuse collection points (RCPs) under FEHD, and

among such RCPs, the respective numbers of those provided with (i) individual rest rooms, (ii) changing rooms, (iii) water dispensers and (iv) mobile refuse compactors, with a tabulated breakdown by DC district;

(5) in respect of the current contracts for the provision of (a) property management, (b) cleansing and (c) security services respectively at public rental housing estates, of the following details: (i) effective dates, (ii) expiry dates, (iii) names of contractors, (iv) contract values, as well as the (v) numbers, (vi) total amounts of wages, (vii) monthly salary ranges, (viii) average working hours and (ix) age distribution of the non-skilled employees (set out in a table);

(6) of (i) the respective numbers of verbal warnings, written warnings and default notices issued by FEHD to its cleansing service contractors, (ii) the number of times for which FEHD made deductions of the monthly service charges paid to its cleansing service contractors and the total amount of deductions involved, and (iii) the number of times for which FEHD award demerit points to its cleansing service contractors, in the past five years;

(7) of the respective numbers of cases in which FEHD imposed punishments on its cleansing service contractors in each of the past five years for breaching (a) the clauses relating to the demerit point system and (b) other clauses in SEC, as well as the following details of such cases: (i) names of contractors, (ii) number of breaches, (iii) details of the breaches, (iv) the respective numbers of verbal warnings, written warnings and default notices issued, and (v) total amount of the monthly service charges deducted;

(8) of the cumulative number of written warnings or default notices that FEHD's contractors have received within a period for breaching clauses in SEC which are unrelated to the demerit point system before deductions are made to monthly service charges paid to them and punishments are imposed on them under the debarment mechanism; and

(9) of the respective numbers of complaints received by FEHD last year about its cleansing service contractors (i) underpaying wages, (ii) defaulting on wage payments, (iii) failing to sign SEC, (iv) exceeding working hour limits and (v) failing to make severance payments/long service payments; among each category of complaints, the number of those found substantiated, and the number of contractors penalised as a result (with a breakdown by form of punishment)?

Reply:

President,

Having consulted the Transport and Housing Bureau, our reply to the various parts of the question raised by the Hon Leung Yiu-chung is as follows:

(1) The total number of outsourced service contracts of the Food and Environmental Hygiene Department (FEHD) which will expire in the financial

years 2019-20 to 2021-22 is 113. Information about the cleansing service contracts is set out at Annex 1, and information about the security guard service contracts is set out at Annex 2.

(2) The information about the staff employed by FEHD's cleansing and security guard service contractors in the past three financial years is set out at Annex 3.

(3) As at December 31, 2018, FEHD employed 2 773 Workman II, among them, 2 003 Workmen II provided public cleansing services. At present, the minimum pay point of Workman II is Model Scale 1 Pay Scale Point 0 (\$13,040 per month) and the maximum pay point is Model Scale 1 Pay Scale Point 8 (\$15,365 per month). Their average working hours per week is about 45 hours. If employees are required to work when a Black Rainstorm Warning Signal or a Tropical Cyclone Warning Signal No. 8 (or above) is in force, they are entitled to the Rainstorm Black Warning Allowance or Typhoon Allowance.

(4) There are 159 permanent off-street refuse collection points (RCPs) under FEHD, among which 143 are managed by FEHD's cleansing service contractors.

Generally speaking, RCPs with roll call points are provided with changing facilities but do not have separate rest rooms. If changing facilities are not available in some RCPs due to space restriction, contractors are allowed to provide, where feasible, temporary changing and storage facilities in the RCPs. As for FEHD's newly constructed RCPs, changing and storage facilities are provided.

Under the service contracts signed between FEHD and its contractors, it is stipulated that contractors shall comply with all legislation in relation to the execution of the contracts, including the Occupational Safety and Health Ordinance (Cap. 509) and its subsidiary regulations. Therefore, employers have to ensure, as far as reasonably practicable, their employees' safety and health at work, which includes the provision of sufficient drinking water for employees.

Mobile refuse compactors are provided in RCPs depending on operational needs and the site conditions.

The numbers of RCPs provided with changing facilities, drinking facilities and mobile refuse compactors managed by FEHD's cleaning service contractors with a breakdown by 18 districts are set out at Annex 4.

(5) Details of the contracts for the provision of property management, cleansing and security guard services at public housing estates under the management of the Hong Kong Housing Authority (HA) are tabulated at Annex 5, Annex 6 and Annex 7 respectively.

(6) The number of verbal warnings, written warnings, default notices issued, cases of monthly service payments deduction, times of giving demerit points, as well as the amount of monthly service payments deducted in the past five financial years by FEHD to its cleansing service contractors are set out at

## Annex 8.

(7) The number of cases in which FEHD imposed punishments on its cleansing service contractors in the past five financial years for breaching contractual obligations are set out at Annex 9 and Annex 10.

(8) When FEHD issues a default notice to its service contractor, the monthly service payment will be deducted immediately. While the number of written warnings or default notices issued to a contractor will not affect the contractor's eligibility for tendering, it may affect the contractor's chances of success in bidding for Government contracts.

(9) The number of complaints received by FEHD in 2018-19 (as at November 30, 2018) against its cleansing service contractors about underpayment of wages, non-payment of wages, no signing of Standard Employment Contract (SEC), exceeding maximum working hours and failure to grant severance/long service payment, as well as details of these complaints are tabulated at Annex 11.