

LCQ17: Government outsourced service contracts

Following is a question by the Hon Luk Chung-hung and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (January 9):

Question:

The Government has recently accepted the improvement measures recommended by an inter-bureaux/departmental working group in respect of government outsourced service contracts that rely heavily on the employment of non-skilled employees (service contracts). Such measures seek to enhance the employment benefits of such employees, including entitlement to a contractual gratuity, statutory holiday pay upon employment for one month and remuneration at 1.5 times the wage for work performed when Tropical Cyclone Warning Signal No. 8 or above is in force, and encourage procuring departments to adopt a tenure of a minimum of three years for the service contracts where operational situations permit. Such measures apply to service contracts for which tenders are invited on or after April 1 this year. Regarding service contracts, will the Government inform this Council:

(1) Of the number and total value of the service contracts awarded by various government departments and the number of non-skilled employees involved, in each of the past five years, with a breakdown by the category of services (i.e. cleansing, security and others) procured under such contracts;

(2) Of the following information from May 1 to December 31, 2017 and in 2018:

(A) The number of non-skilled employees employed by the outsourced service contractors (contractors) of the four major procuring departments (i.e. (i) Leisure and Cultural Services Department, (ii) Housing Department, (iii) Food and Environmental Hygiene Department and (iv) Government Property Agency);

(B) A breakdown of the number in (A) by the range (i.e. hourly wage at (a) \$34.5 [equal to the statutory minimum wage], (b) \$34.6 to \$36.5, (c) \$36.6 to \$38.5, (d) \$38.6 to \$40.5, (e) \$40.6 to \$43, (f) \$43.1 to \$46, (g) \$46.1 to \$49 and (h) \$49.1 or more, and (i) a rate higher than the statutory minimum wage rate [which is equal to the total of (b) to (h)]) to which the hourly wages, payable to such employees as pledged by the contractors in the tenders, belonged and their respective percentages; and

(C) The numbers and percentages of the employees in each of the ranges of hourly wages mentioned in (B), broken down by the category of services (i.e. cleansing, security and others) they provided, and a further breakdown of the number of each group of employees by the aforesaid four major procurement departments (set out the information for each year in tables of the same format as the table below);

Year: _____

Range of hourly wages	Cleansing service						Security service						Other services						Total %		
	(i)	(ii)	(iii)	(iv)	Subtotal	%	(i)	(ii)	(iii)	(iv)	Subtotal	%	(i)	(ii)	(iii)	(iv)	Subtotal	%			
(a)																					
(b)																					
(c)																					
(d)																					
(e)																					
(f)																					
(g)																					
(h)																					
(i)																					
Total																					

(3) Of the details of the re-tendering exercises of service contracts which were or will be conducted by the aforesaid four major procuring departments last year and this year, including the names of the contractors before tenders were/are invited, the commencement dates of the new contracts and the service districts involved, as well as the names of the successful contractors;

(4) Given that the remuneration packages for the employees under service contracts awarded through tenders invited on or after April 1 this year will be more favourable than those for the employees under service contracts awarded through tenders invited before that date, which will give rise to a situation of differential pay for workers with similar job content, whether the Government will consider earmarking funds for providing subsidies to those employees who cannot benefit from the improvement measures as those measures are not implemented with immediate effect (i.e. employees under service contracts awarded during the period from the date on which the Chief Executive announced the relevant measures in the 2018 Policy Address to March 31 this year); if so, of the details; if not, the reasons for that; and

(5) Whether it has set a timetable for reviewing such measures; if so, of the details; if not, the reasons for that?

Reply:

President,

The inter-bureaux/departmental Working Group co-ordinated by the Labour and Welfare Bureau has completed a review of the employment terms and conditions as well as labour benefits of non-skilled employees engaged under government service contracts. The Working Group is proceeding with the preparatory work for implementation in full gear with a view to applying the improvement measures to the relevant government service contracts tendered from April 1, 2019 onwards. The measures include increasing the technical weighting in marking schemes and raising the weighting for wage level in technical assessment, enhancing the employment benefits of non-skilled

employees including entitlement to a contractual gratuity, statutory holiday pay upon employment for not less than one month and additional remuneration for working when Tropical Cyclone Warning Signal No. 8 or above is in force, and encouraging procuring departments to adopt a tenure of not less than three years for the service contracts where operational situations permit.

After consulting the members of the Working Group including the Financial Services and the Treasury Bureau, Food and Environmental Hygiene Department (FEHD), Leisure and Cultural Services Department (LCSD), Housing Department (HD) and Government Property Agency (GPA), my consolidated reply to the Member's question is as follows:

(1) The Government does not specifically keep information on the service contracts (excluding construction service contracts) relying heavily on the deployment of non-skilled employees awarded by each department. As regards the four departments of the Working Group, i.e. FEHD, LCSD, HD and GPA, information on the relevant service contracts (including the number of service contracts, the value thereof and the number of non-skilled employees involved) awarded in the past five years is at Annex A.

(2) Information on the non-skilled employees (including the number of employees, type of work and wages) engaged by service contractors of the aforesaid four departments as at December 31, 2018 is at Annex B. The departments do not keep other information sought on the employees or contracts.

(3) GPA has not conducted re-tendering exercises on relevant service contracts in 2018 and 2019 (as at January 7). The relevant information from FEHD, LCSD and HD is at Annex C.

(4) The Government must uphold the contract spirit and thus will not make it mandatory for contractors of the relevant contracts tendered before April 1, 2019 to comply with the improvement measures. There is no plan to provide any top-up subsidies. Following the expiry of relevant service contracts tendered before April 1, 2019 over time, all non-skilled employees of government service contracts will benefit from the improvement measures alike.

(5) In examining the improvement measures, the Working Group has met with trade unions, concern groups, members of the Legislative Council, employers' organisations, etc. for discussions, and consulted government departments which procure services. The members of the Working Group will closely monitor the employment terms and conditions, labour benefits and employment situation of the non-skilled employees upon the implementation of the measures.