

LCQ7: Government outsourced services

Following is a question by Dr the Hon Junius Ho and a written reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (September 1):

Question:

Currently, the Government engages service contractors (contractors) through outsourcing to deliver a number of public services, but the quality of such services has been criticised from time to time. In this connection, will the Government inform this Council:

(1) given that the Office of The Ombudsman released in October 2020 a direct investigation report entitled the Monitoring of Outsourced Street Cleansing Services by the Food and Environmental Hygiene Department, and made in the report a number of recommendations for improving the relevant work of the Food and Environmental Hygiene Department (FEHD), of the follow-up actions taken by the FEHD and the progress made so far;

(2) given that the Government has since April 1, 2019 implemented a package of improvement measures for awarding government service contracts through tenders, which include increasing the technical weighting in marking schemes for tenders to avoid the situation of the "lowest bid wins", whether it has evaluated the effectiveness of such measures; and

(3) given that from time to time, some members of the public have complained about the ineffectiveness of the Government's anti-rodent and anti-mosquito work, etc., of the Government's new measures in place to monitor the performance of the contractors concerned?

Reply:

President,

Having consulted the Financial Services and the Treasury Bureau, I provide a consolidated reply to the Member's question as follows:

(1) The Office of The Ombudsman released a direct investigation report on the monitoring of outsourced street cleansing services by the Food and Environmental Hygiene Department (FEHD) in October 2020. The report mentioned that the department's adoption of the new 50:50 weighting of "price score" and "technical score" in the tendering exercises for street cleansing service contracts, which tackled the problem at source by imposing a more stringent technical requirement, was a positive move.

The recommendations made in the report have been largely implemented by the FEHD to enhance the effectiveness of outsourced street cleansing services through a multi-pronged approach. These primarily include the revision of the

criteria for assessing "past performance", as well as the tightening of the mechanism for deducting monthly service charge based on the number of default notices (DNs) issued for service contracts tendered since April 1, 2021, with a view to exerting stronger deterrent effect on outsourced contractors with unsatisfactory performance. Besides, the FEHD is enhancing its Complaints Management Information System by integrating it with the Departmental Geographic Information System for better identification of complaint hotspots with poor cleansing service, in order to improve complaints management and facilitate the monitoring of contractors' performance. The department also conducts thematic inspections of street cleansing services, and makes arrangements for its Quality Assurance Section to conduct more inspections on mechanical cleansing services provided by street cleansing contractors during non-office hours, weekends and holidays. It will continue to explore and bring in new technologies to enhance the efficiency of street cleansing service, including the use of solar-powered compacting refuse bins, street leaf vacuum cleaners and solar-powered mobile refuse compactors, as well as the recently introduced low-entry refuse collection vehicles for improving occupational safety and health.

(2) It has been the Government's procurement policy to obtain goods and services at good value for money through tendering practices and procedures along the principles of fairness, competitiveness, openness, transparency and integrity in support of the Government's programmes and activities. With the introduction of the pro-innovation government procurement policy in April 2019, pro-innovation has become one of the procurement principles in addition to those mentioned above. Procuring departments should, instead of just buying the cheapest, assess whether the tender proposals are value for money, with an emphasis on the overall positive value brought about by the procurement in terms of economy, effectiveness and efficiency, the total costs involved, and the quality of the goods/services procured.

Under the Government's procurement policy, procuring departments are encouraged to make wider use of marking schemes in tendering and to invite tenderers to include both technical and price proposals in their tenders, so that both price and quality can be taken into account during tender evaluation. In the marking schemes, the normally allowed range of technical weighting is 50 to 70 per cent and that of the price weighting is 30 to 50 per cent. The higher weighting of the former reflects the Government's emphasis on quality in the procurement of goods and services, avoiding the situation of the "lowest bid wins".

During the period from October 2019 to September 2020, about 590 tendering exercises were conducted by government departments for the procurement of goods, general services and revenue contracts. About 90 per cent of these exercises (i.e. about 530 exercises) invited tenderers to include both technical and price proposals in their tenders, with the technical proposals being evaluated by marking schemes, such that the price is not the sole criterion in tender evaluation.

(3) As regards the monitoring of performance of pest control service contractors, the FEHD has put in place a stringent mechanism for managing

outsourced contractors. At present, performance standards and minimum requirements on manpower, work shifts and frequency of services based on operational needs are clearly stipulated in the tender documents for pest control services. FEHD staff will check contractors' compliance of contract terms in accordance with the operational manual for management of pest control contracts by means of site inspections, surprise checks and examination of job records, etc. In the event of any irregularities, defaults or non-compliance with contract provisions in the delivery of services, the FEHD will take follow-up actions (including the issuance of verbal warnings, written warnings, as well as DNs coupled with the deduction of monthly payments). Such performance records will have a bearing on the tenderer's future bidding for the FEHD's outsourced service contracts.

Besides, the FEHD has actively explored the use of technology to facilitate more effective monitoring of the day-to-day performance of the staff of the pest control service contractors, with a view to enhancing their service standard and improving the environmental hygiene of the community. A new clause on On-board Electronic Vehicle Monitoring System has been included in the FEHD's pest control service contracts since October 2019 to the effect that all pest control vehicles are subject to system monitoring. All operational data of the vehicles will be maintained by a data collection device and transmitted, through an electronic vehicle operation device and the wireless communication network, to the Fleet Management Computer System for data analysis. FEHD staff may inspect the information recorded in the system to ensure that the contractors' services are in compliance with the requirements. In addition, since April 2021, the contractors have been required to submit digital photos showing the conduct of pest control operations on a weekly basis for inspection by FEHD staff on a weekly basis.