

**CONTROLLING OFFICER'S REPLY**

**THB(T)237**

**(Question Serial No. 3380)**

Head: (60) Highways Department

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

Programme: (-) Not Specified

Controlling Officer: Director of Highways (Daniel K W CHUNG)

Director of Bureau: Secretary for Transport and Housing

Question:

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

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 followings:

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. 160)

Reply:

Regarding outsourcing of service in the Highways Department (HyD), the following reply merely includes information on outsourced service contract which are non-works related. For works-related outsourced service contracts, the number of staff engaged by those contractors and consultants under their respective contracts and consultancies varied from time to time depending on the actual volume of works and services delivered at a particular time. Thus the HyD cannot provide information on the number of staff employed by them, the average monthly salary, average length of service, proportion to the total number of staff in the department, weekly working days, weekly working hours, etc. in the year.

The HyD's reply to the questions numbered 1 to 11 is as follows:

1. In the past 3 years (i.e. 2014-15, 2015-16 and 2016-17), the respective total numbers of outsourced staff under non-works related service contracts of the HyD were 18, 48 and 53, accounting for 0.8%, 2.2% and 2.4% of the Department's total number of staff. For the majority of the types of outsourced service, the HyD does not have staff with the same type of duties.

2. In the past 3 years, the respective total expenditures on staff of the HyD were \$1.1 billion, \$1.19 billion and \$1.23 billion (estimate) while the respective expenditures on non-works related outsourced service contracts were \$4.65 million, \$10.59 million and \$12.22 million (estimate). The amount paid by the HyD to the outsourced service providers accounted for about 1% or below of the Department's total staff expenditure.

3. In the past 3 years, the non-works related outsourced service contracts of the HyD involve services of cleansing, security, information technology support and horticulture for terms of 3 years or below.

4-8. After the relevant guidelines have come into effect, only 2 non-works related outsourced service contracts involving non-skilled workers are awarded by the HyD. For all the contracts, only 1 non-skilled worker is being engaged to provide service at the same time and in the same place. Hence, the HyD does not have non-works related outsourced service contracts involving a large number of non-skilled workers.

9-11. The HyD has neither detected any of its non-works related outsourced service providers having breached the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance, nor received any complaints from outsourced staff. Hence, the HyD does not have any cases involving non-compliance or complaints for follow-up action, nor any substantiated cases involving non-compliance or complaints with the number of cases and details.

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