

CONTROLLING OFFICER'S REPLY

DEVB(PL)347

(Question Serial No. 3422)

Head: (91) Lands Department
Subhead (No. & title): (-) Not Specified
Programme: (-) Not Specified
Controlling Officer: Director of Lands (Ms Bernadette LINN)
Director of Bureau: Secretary for Development

Question:

Regarding outsourcing of service in your department, please inform this Committee of the following in respect of the past three 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 following:

1. The current number of outsourced service contracts involving a large number of non-skilled workers awarded by your department since implementation of the guidelines;
2. 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;

3. 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;
4. Your department's measures to evaluate the effectiveness of the new tendering guidelines;
5. 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 three years;
6. 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;
7. The details of follow-up actions on the aforementioned non-compliance and complaint cases; and
8. The number and details of cases involving contractors being punished for non-compliance or substantiated complaints.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 115)

Reply:

PART 1

1. Number of workers engaged through outsourced service providers during the financial year (from 1 April to 31 December)

	2014-15	2015-16	2016-17
Total number of outsourced service staff	996	1 207	829

Among the total number of outsourced service staff, only 77, 69 and 71 of them in FY 2014-15, 2015-16 and 2016-17 respectively can be identified for having same type of duties with the Lands Department (Lands D) staff. Percentage of outsourced service staff against the total number of staff with the same types of duties in Lands D is as follows:

	2014-15 (as at 31 December 2014)	2015-16 (as at 31 December 2015)	2016-17 (as at 31 December 2016)
Total number of outsourced service staff having same type of duties with Lands D Staff (A)	77	69	71
Total number of Lands D staff with the same types of duties (B)	1 347	1 074	1 097
Percentage of (A) against (B)	5.7%	6.4%	6.5%

2. Total expenditure on staff, total amount paid to outsourced service providers and percentage of amount paid to outsourced service providers against the total expenditure on staff of the department.

	2014-15 (as at 31 December 2014) (\$ million)	2015-16 (as at 31 December 2015) (\$ million)	2016-17 (as at 31 December 2016) (\$ million)
Total expenditure on staff	\$1,272	\$1,394	\$1,466
Total amount paid to outsourced service providers	\$135	\$177	\$117
Percentage of amount paid to outsourced service providers against the total expenditure on staff	10.6%	12.7%	8.0%

3. Nature of the Department's outsourced services and the duration of the relevant contracts

	2014-15	2015-16	2016-17
Slope maintenance	5 years – 6 years 6 months	5 years – 6 years 6 months	5 years – 6 years 6 months
Land and property management	3 months - 4 years	21 days – 4 years	12 days – 4 years
Survey and mapping	3 months – 2 years 9 months	8 months – 1 year 9 months	7 months – 2 years 9 months
Information technology	3 months – 6 years 3 months	4 months – 6 years 9 months	2 months – 7 years 2 months
Office cleansing and other support services	10 months – 3 years 3 months	3 months – 4 years	3 months – 4 years 9 months

PART 2

1. No new contract involving a large number of non-skilled workers has been awarded after the revision of the Government’s guideline for tendering of outsourced services.
 2. Not applicable.
 3. Not applicable.
 4. Not applicable.
 5. In the past three years, Lands D awarded a total of 94 contracts for outsourced services, of which 69 did not involve the two-envelope arrangement which was not mandatory for the concerned contracts.
 6. There were seven, nine and ten cases of government service contractors breaching the service contracts in 2014-15, 2015-16 and 2016-17 during routine inspection by Lands D. No case involving breaching of the Employment Ordinance and Occupational Safety and Health Ordinance was reported. No complaint has been received from the outsourced service staff.
- 7&8. Warning letters were issued for all 26 non-compliance cases and the service contractors were requested to take remedial actions to rectify the situation and explain the reasons for the irregularities. Details of the cases are summarized below:

Nature of non-compliance	No. of cases	Follow up actions taken
Unauthorized absence of on-site guards	10	warning letters issued
Staff not wearing uniform	1	warning letter issued
Failure to report irregularities	14	warning letters issued
Tidiness of guard site	1	warning letter issued

The service contractors concerned have already taken remedial actions and provided explanation for the irregularities after issue of the warning letters.

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