

(Translation)

Motion on
“Expediently conducting a comprehensive review of the Government’s
service outsourcing system”
moved by Hon LUK Chung-hung
at the Council meeting of 8 February 2017

Motion as amended by Hon Steven HO, Hon LEUNG Yiu-chung and
Hon Charles Peter MOK

That, in the recent several decades, the governance philosophy of the Hong Kong Government has all along been influenced by neo-liberalism; since the 1990s, the Government has been gradually outsourcing public services such as cleaning and security; in recent years, the scope of outsourced services has become even more extensive, covering areas such as information technology, plant and equipment maintenance, building and property management, with a significant increase in the number of outsourced service contracts; given that many public and private organizations have followed the Government’s practice of outsourcing services, some employees of outsourced service contractors have seen their remuneration suppressed, employment rights and benefits exploited, and employment stability undermined over the years, therefore, there are opinions that service outsourcing is one of the causes of in-work poverty and the disparity between the rich and the poor in Hong Kong; although the Government has proposed improvement measures to the service outsourcing system, which include amending the standard employment contract, improving the marking scheme for assessing tenders for contracts, and imposing a requirement last year that all departments must consider the wage levels to be offered to employees by tenderers when inviting tenders for outsourced services, these measures are only patchy fixes which cannot reverse the plights of ‘low wages, little benefits and a lack of job security’ faced by employees of outsourced services and the overall problem of poor quality of outsourced services; in this connection, this Council urges the Government to conduct a comprehensive review of the service outsourcing system, which includes:

- (1) ceasing the use of the approach of ‘lowest bid wins’ in inviting tenders and at the same time introducing a ‘quality-orientated’ tendering mechanism which sets out clearly in the tender documents various relevant requirements for outsourced service contractors, such as wage levels of frontline staff, establishment of frontline staff, ratio between the establishment of frontline staff and that of supervisory staff, standards of equipment, project management and evaluation approach, and stipulates that the relevant requirements shall carry a weighting of

no less than 50% in the scores of the tender as a whole, thereby encouraging tenderers to upgrade the quality of their contracts to increase the chance of bidding successfully;

- (2) stipulating that tenderers who offer to employees wage levels higher than the statutory minimum wage or set the wage levels according to the median wage of the relevant industries will be given higher scores in the assessment to encourage outsourced service contractors to treat their employees well;
- (3) strengthening the monitoring of the performance of outsourced service contractors and strictly enforcing the demerit point system for outsourcing services so that severe punishments will be imposed on outsourced service contractors in breach of labour legislation or safety requirements;
- (4) examining and improving the standard employment contract to eradicate exploitation of employees' rights and benefits by outsourced service contractors, such as evasion of making severance payment; and
- (5) reviewing the Government's approach in outsourcing services by, among others, narrowing the scope and scale of service outsourcing, and recruiting employees on civil service agreement terms to fill positions with long-term service needs while according priority in employment to employees of outsourced service contractors or non-civil service contract; and
- (6) reviewing the marking scheme for assessing tenders for contracts, and stipulating that outsourced service contractors who received demerit points will have scores deducted for their tenders for contracts;
- (7) establishing a redress mechanism for unreasonable treatment; and
- (8) in respect of information technology services provided by the Government, ameliorating the trend of excessive outsourcing, reducing by phases the number of relevant posts outsourced to retain professionals, and establishing a mechanism for T-contract staff to be converted to civil servants.