

Press Release

LCQ17: Marking scheme for evaluating tenders for Government's outsourced services

Wednesday, May 31, 2017

Following is a question by the Hon Leung Yiu-chung and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (May 31):

Question:

At present, government departments normally adopt a marking scheme for evaluating tenders for outsourced services, and set the weightings of a tender's scores on technical and price aspects against the overall score to be 30% to 40% and 70% to 60% respectively. Some workers and concern groups on cleaning workers' remunerations have relayed to me that as some outsourced service contractors have cut their manpower in order to suppress wage costs, the workload of cleaning workers has increased substantially, and yet such cleaning workers are only paid meagre wages calculated on the basis of the minimum wage rate. Moreover, some contractors request their cleaning workers to work for seven days a week and refuse to let them take leave on statutory rest days. In this connection, will the Government inform this Council:

(1) given that under the existing tendering system, if a government department has full justifications and has secured the consent of the relevant tender board, the department may flexibly adopt a higher weighting for the technical score, of the number of contracts awarded in the past three years under a marking scheme adopting a higher weighting for the technical score; the average extent of the upward adjustments of technical score weightings made in such contracts and the total number of workers involved in such contracts (broken down by government department);

(2) whether it will consider adding, in the marking schemes, evaluation items such as staff benefits (e.g. the number of days of paid leave), occupational safety, and the number of times for which the court ruled against a tenderer in previous labour disputes; if so, of the details (including the weightings assigned to such items and the implementation timetable); if not, the reasons for that;

(3) given that the Government revised the procurement guidelines in May 2016 to stipulate that when government departments use marking schemes for evaluating tenders for non-construction services contracts which involve the employment of a large number of non-skilled workers (e.g. cleaning workers), the evaluation items of the technical aspect must include "wage levels" and "working hours", of the number and percentage of contracts, among those outsourced service contracts awarded by government departments since the revision, that the tenderers' scores in respect of wage levels and working hours were crucial for their success in the bidding, and the number of workers involved in such contracts (broken down by government department); and

(4) whether the Government will revise the procurement guidelines further to stipulate that the evaluation items, adopted by government departments for evaluating tenders for non-construction services contracts that do not involve the employment of a large number of non-skilled workers, must also include wage levels and working hours; if so, of the details; if not, the reasons for that?

Reply:

President,

Currently, there is no policy requiring government departments to outsource public services, or mandating outsourcing as the primary mode for delivering public services. Departments have the discretion to consider according to their operational needs whether or how services should be outsourced, and determine appropriate assessment criteria and propose their relative weightings for consideration by the relevant tender boards.

After consulting the relevant departments, our reply to each part of the question is as follows:

(1) Under the principle of prudent use of public funds, departments should award contracts to tenderers who comply fully with the tender specifications and offer the best prices for the Government. Having said that, for contracts where the quality of the goods or services to be provided is important, departments may consider assessing the technical and price aspects of tender proposals based on the approved assessment criteria and relative weightings,

with a view to selecting quality and value-for-money proposals.

When formulating the marking scheme, departments should normally adopt a 30 per cent to 40 per cent weighting for the technical aspect, as against a weighting of 70 per cent to 60 per cent for the price aspect. Nevertheless, the existing procurement system allows flexibility for departments to propose other suitable weightings with full justifications for consideration by the relevant tender boards in order to meet their operational needs.

Based on the information provided by the four major procuring departments (namely the Food and Environmental Hygiene Department (FEHD), Government Property Agency, Housing Department (HD) and Leisure and Cultural Services Department), the four departments awarded a total of about 400 service contracts that rely heavily on the deployment of non-skilled workers, each with a contract value of over \$5 million and with marking scheme adopted in tender evaluation in the past three years. Amongst these, 35 contracts awarded by HD were assessed with a technical weighting of 45 per cent, involving a total of about 5 000 workers.

(2) The procurement system should be flexible enough for departments to procure services and decide on the assessment criteria and the relative weightings having regard to their operational needs. In procuring service contracts that rely heavily on the deployment of non-skilled workers, currently departments have adopted different assessment criteria in the marking schemes. These criteria include: the past performance of the tenderers in similar contracts, the features of the goods or services to be procured, the feasibility of the implementation and contingency plans proposed by the tenderers, etc. Based on the information provided by the four major procuring departments, FEHD has included in its marking scheme an assessment criterion on the provision of certificate relating to the occupational health and safety management system. In assessing tenders for estate management/service contracts, HD would deduct scores of a tenderer who has breached the relevant statutory requirements on occupational safety and health.

(3) and (4) Under the revised guidelines on the use of marking scheme for government service contracts that rely heavily on the deployment of non-skilled workers promulgated by the Government in May 2016, if departments opt to adopt a marking scheme for tender evaluation, the technical

evaluation should by default include assessment criteria on both the proposed wage rates and working hours for non-skilled workers. Under this arrangement, if all the tenderers obtain the same score in other assessment criteria, a tenderer who is willing to pay higher wages to their non-skilled workers or propose the workers to work fewer hours would score higher in the technical aspect, and hence stand a better chance to win the contract. In practice, tenderers may not obtain the same score in each and every assessment criterion. Whether a tenderer could win the contract depends on a number of factors, including bidders' response to the tender exercise and the overall performance of tenderers under various assessment criteria. As such, it is difficult to determine which technical assessment criterion is crucial for winning a contract.

The revised guidelines are applicable to all service contracts that rely heavily on the deployment of non-skilled workers (except architectural services contracts). Regardless of the actual number of non-skilled workers deployed in a contract, if the number of non-skilled workers involved constitutes a majority of the total number of staff deployed in that contract, the revised guidelines will be applicable.

Ends