

**Report on Review of the Improvement Measures  
for Non-skilled Employees  
Engaged by Government Service Contractors  
Implemented with effect from April 1, 2019**

**December 2020**

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**Report on Review of the Improvement Measures for Non-skilled Employees  
Engaged by Government Service Contractors (GSCs)  
Implemented with effect from April 1, 2019**

**Executive Summary**

**Purpose**

This report presents the findings and recommendations proposed by an Inter-departmental Working Group (Working Group) of the Government which reviewed the actual impacts of a package of improvement measures implemented since April 1, 2019 to enhance the remuneration packages and protection of non-skilled employees engaged by government service contractors, and to propose further improvement measures.

**Background**

2. The Chief Executive (CE) announced, in the 2018 Policy Address, the implementation of a package of improvement measures in government service contracts (e.g., cleansing or security services) in April 2019. She later on accepted the suggestions of Legislative Council members of the Labour Functional Constituency and further announced that improvement measures were also applied to this type of service contracts at tendering stage or already awarded during the period between the date of 2018 Policy Address and March 31, 2019 (i.e., transitional arrangements).

3. The package of improvement measures include (a) increasing the technical weighting in marking schemes (including the marks assigned to wage level to at least 25% in the technical assessment) to no less than 50% for considering bids; (b) entitlement to contractual gratuity for non-skilled employees at the rate of 6% of the total wages earned; (c) early entitlement to statutory holiday pay for non-skilled employee with not less than 1 month's employment; (d) entitlement to at least 150% of the original wages for non-skilled employees working when Typhoon Warning Signal No. 8 or above is issued; and (e) adopting a contract tenure of not less than three years where operational situations permit.

4. As tasked by the CE in 2020, the Secretary for Labour and Welfare (SLW) has set up the Working Group comprising representatives of the four procuring departments which often engage in outsourced service contracts that involve non-skilled employees (namely, Food and Environmental Hygiene Department (FEHD), Leisure and Cultural

Services Department (LCSD), Housing Department (HD), Government Property Agency (GPA)) and the Labour Department (LD) to review the actual impacts of the package of improvement measures and propose further improvement measures. The Financial Services and the Treasury Bureau (FSTB) has also contributed their observations from procurement angles.

## **Findings of the Review**

5. As at September 30, 2020, a total of 35 090 non-skilled employees engaged by government service contractors (GSCs) in 383 valid service contracts<sup>1</sup> of the above four procuring departments have been benefitted by the abovementioned improvement measures or transitional arrangements. This review analysed and compared information from 258 contracts adopting the improvement measures issued and awarded from April 1, 2019 to September 30, 2020<sup>2</sup> by the four procuring departments with data from the contracts in the past, including the data of 25 501 non-skilled employees who have benefitted.

6. Analysis showed that the median committed hourly wage of non-skilled employees had increased from \$36.7 to \$45.5, a substantial rise of 23.8 per cent, after adopting the improvement measures. Even after discounting the increase in Statutory Minimum Wage (SMW) rate (8.7%) and that of Consumer Price Index (A) (1.1%) within the study period, there is still a significant net increase of 14.0% in the employees' median committed hourly wage. Using the aforesaid figures for projection<sup>3</sup>, the monthly wage of a cleaner or security guard benefitted from the improvement measures, who works 6 days per week and 8 hours per day, increases from \$9,101.6 to \$11,271.6, representing an impressive increase of \$2,170.0 per month. The employee will also receive contractual gratuity at a rate of 6% of the total wages with no less than 12 months of service upon contract completion or termination.

7. The results of a broad brush simulation test confirms the positive impact of

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<sup>1</sup> Valid service contracts refer to contracts still in force as at September 30, 2020; and excludes contracts which commence after September 30, 2020.

<sup>2</sup> For the present review, only data from service contracts that have fully adopted the improvement measures issued and awarded with effect from April 1, 2019 to September 30, 2020 from the four major procuring departments have been analysed and compared with data from the last service contracts not adopting the improvement measurements nor transitional arrangements.

<sup>3</sup> As per Clause 4 of Standard Employment Contract, the committed monthly wage should be calculated based on the normal working days plus paid rest days per month of 31 days and the average number of normal hours of work per day of 8. If the cleaner or security guard works 6 days per week and 8 hours per day, his/her committed monthly wages is calculated by committed hourly wage x 31 x 8.

enhanced technical weighting in the marking schemes on committed hourly wage increase, and suggest that the 14.0% net increase in median committed hourly wage could be due to (a) 6.0% to the sole effect of improved weighting; and (b) 8.0% to the behavioral changes of tenderers in proposing higher committed wages for a more competitive bid.

8. In terms of actual weighting in awarded tenders, technical weighting ranged from 30% to 45% before April 1, 2019, and was increased to 50% to 60% from April 1, 2019. At the same time, the wage weighting within the technical scores ranged from 0% to 18% before April 1, 2019, and was increased to at least 25% afterwards.

9. A negative correlation is found between the enhanced technical weighting and the number of service contracts awarded with the lowest-priced bid. 50% or more of the contracts were awarded to the lowest-priced bids before the enhancement in the marking schemes, while only around 17%-39% of the contracts were awarded to the lowest-priced bids afterwards. However, the result has to be interpreted with caution in view of many other factors influencing the award of contracts, e.g., the price proposals.

### **Recommendations on Further Improvement Measures to Non-skilled Employees**

10. The improvement measures as mentioned in paragraph 3 above were significant and effective in enhancing both the remuneration packages and labour protection of the non-skilled employees, and naturally had increased the expenditure of procuring departments. Comparing the same batch of service contracts before and after adopting the improvement measures, the average increase in annual expenditure incurred amounted to more than 40%, a significant proportion of which covered the enhancement in the remuneration packages and the working environment of the employees concerned. Despite the economic recession and public expenditure under stress, the Working Group considers it justified to retain the improvement measures for the labour benefits of the grassroots workers, and recommends three measures to further improve the working environment and remuneration package of employees, including

- (a) providing uniforms with dry-fit properties for non-skilled employees engaged in outdoor work in summer;
- (b) including measures on preventing heat stroke in the tender brief as guideline for good practice; and
- (c) identifying room for improvement through a longer-term review in the working hours arrangements of non-skilled employees when the working hours

guidelines of the relevant sectors are available.

Inter-departmental Working Group on Review of the Improvement Measures for Non-skilled Employees

December 2020

**Report on Review of the Improvement Measures for Non-skilled Employees  
Engaged by Government Service Contractors (GSCs)  
Implemented with effect from April 1, 2019**

**Full Report**

**Purpose**

On January 14, 2020, the Labour and Welfare Bureau (LWB) has been tasked by the Chief Executive to complete, by the end of the year, a review of a package of improvement measures implemented by the Government with effect from April 2019, on the tendering of government service contracts (e.g., cleansing or security services) to enhance remuneration packages and labour protection for the interests of non-skilled employees, and increase the weighting of wage levels in tender assessments, as well as to propose further improvement measures.

2. Led by the Secretary for Labour and Welfare (SLW), an Inter-departmental Working Group (Working Group) was set up to carry out the review, comprising representatives of the four procuring departments which often engage in outsourced service contracts that involve non-skilled employees (namely, Leisure and Cultural Services Department (LCSD), Housing Department (HD)<sup>4</sup>, Food and Environmental Hygiene Department (FEHD), Government Property Agency (GPA)) and Labour Department (LD). Data on various aspects of the outsourcing service contracts awarded before (i.e., the last contracts not adopting the improvement measurements nor transitional arrangements awarded before April 2019) and after April 2019 (i.e. contracts having fully adopted the improvement measures issued and awarded between April 1, 2019 and September 30, 2020) have been collated from the four departments. Several rounds of data analysis have been conducted, and a broad brush simulation test has also been carried out by the Working Group to ascertain whether the increase in the wages of the employees after the improvement measures is due to the enhancement in the technical weighting (including the marks assigned to wage level) in the tender assessment. The findings and recommendations of the review, as well as different versions of the review report have been deliberated in meetings and via circulation in the Working Group. The Financial Services and the Treasury Bureau (FSTB) has also contributed their observations from procurement angles.

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<sup>4</sup> The Hong Kong Housing Authority (HA) is the statutory body for developing and implementing public housing programmes. HD is the executive arm of HA and provides support to HA in the relevant work.

3. This report presents the results of the review of the actual impacts of the improvement measures and further improvement recommendations proposed by the Working Group.

## **Background**

4. An inter-bureaux/departmental working group set up by SLW in August 2017<sup>5</sup>, with members from FSTB, LCSD, HD, FEHD, GPA and LD, reviewed the government outsourcing system with a view to enhancing the labour protection of the non-skilled employees engaged by Government Service Contractors (GSCs). A set of improvement measures were come up and implemented to service contracts (excluding construction service contracts) that rely heavily on the deployment of non-skilled employees (e.g. cleansing or security services) tendered from April 1, 2019 onwards. The Chief Executive announced the recommendations in the 2018 Policy Address, and later on she accepted the suggestions of Legislative Council members of the Labour Functional Constituency and further announced that improvement measures were also applied to this type of service contracts at tendering stage or already awarded during the period between the date of 2018 Policy Address and March 31, 2019 (i.e., transitional arrangements). Details of the improvement measures are as follows:

### ***(a) Increasing the technical weighting (including the marks assigned to wage level) in marking schemes***

The wages of non-skilled employees of GSCs are determined by market mechanism but must not be lower than the Statutory Minimum Wage (SMW). Before implementation of the improvement measures, marking schemes to evaluate tenders adopted by government departments procuring service contracts (excluding construction service contracts) normally adopted a 30% to 40% weighting for the technical aspect, as opposed to a weighting of 60% to 70% for the price aspect. Under the improvement measures, the technical weighting must not fall below 50%. If two or more tenders obtain the same overall score in tender evaluation, the tender obtaining the highest score in technical assessment should be awarded the contract save for the specified exceptions<sup>6</sup>. In addition, to prompt GSCs to increase the wages for non-skilled employees, the weighting of wage

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<sup>5</sup> Which is not the same working group as the current one taking up the review.

<sup>6</sup> For example, for risk management purpose and to cater for operational requirement, some procuring departments stipulate that the same GSC would not be awarded all the service contracts in the same region.



level has also been increased to at least 25% in the technical assessment. With the combined effect of increasing the weightings in the two aspects mentioned above, the wage level accounts for at least 12.5% in the overall assessment.

***(b) Entitlement to contractual gratuity***

Under the improvement measures, GSCs are required to pay contractual gratuity to their non-skilled employees pursuant to the terms of government service contracts and Standard Employment Contract (SEC)<sup>7</sup>. The contractual gratuity is payable to non-skilled employees with no less than one year of continuous contract<sup>8</sup> as defined under the Employment Ordinance (EO) who complete an SEC, or whose SEC is terminated (including resignation by employees, or dismissal by employers save for summary dismissal due to the employee's serious misconduct). The rate of the gratuity is 6% of the total wages earned by the employee during the relevant employment period.

***(c) Early entitlement to statutory holiday pay***

According to EO, an employee is entitled to 12 statutory holidays (SHs) each year. An employee having been employed under a continuous contract for not less than 3 months preceding a SH is further entitled to statutory holiday pay for that SH. Under the improvement measures, non-skilled employees who have been employed under a continuous contract for not less than 1 month preceding a SH can enjoy the early entitlement to statutory holiday pay.

***(d) Entitlement to additional remuneration for working when Typhoon Warning Signal No. 8 or above is issued***

Under the improvement measures, if a non-skilled employee is required to work when Typhoon Warning Signal No. 8 or above is issued, the GSC should pay wages calculated at the rate of at least 150% of the wages that s/he is originally entitled to.

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<sup>7</sup> The Government has since April 2005 mandated all GSCs to sign SEC prescribed by the Government with their non-skilled employees. SEC clearly states the employment terms and conditions.

<sup>8</sup> According to EO, an employee who has been employed continuously by the same employer for four weeks or more, with at least 18 hours worked in each week, is regarded as being employed under a continuous contract.

### ***(e) Tenure of government service contracts***

In order to provide a more stable working environment for non-skilled employees, procuring departments are encouraged to adopt a tenure of not less than three years where operational situations permit.

## **Findings of the Review**

### Number of contracts awarded and number of non-skilled employees benefitted from the improvement measures

5. As at September 30, 2020, a total of 35 090 non-skilled employees engaged by GSCs in 383 valid service contracts<sup>9</sup> of the four major procuring departments (namely, LCSD, HD, FEHD, and GPA) have been benefitted by the improvement measures or transitional arrangements. The review analysed and compared information from contracts adopting the improvement measures issued and awarded from April 1, 2019 to September 30, 2020<sup>10</sup> by the above four procuring departments with data from the contracts in the past, including the data of 25 501 non-skilled employees engaged in 258 contracts adopting the improvement measures. Among them, 14 060 employees provided cleansing service, 4 822 employees provided security service, and 6 619 employees provided other types of services. Details are set out in Annex 1.

### Significant increase in committed hourly wages

6. When comparing the two tables in Annex 2, it is found that more non-skilled employees engaged by GSCs received higher committed hourly wages after implementing improvement measures on April 1, 2019 in the four major procuring departments. The median committed hourly wage of non-skilled employees had increased from \$36.7 to \$45.5, a substantial increase of 23.8%, after adopting the improvement measures. Even after discounting the increase in Statutory Minimum Wage (SMW) rate (8.7%) from May 1, 2017 (\$34.5) to May 1, 2019 (\$37.5) and that of the Consumer Price Index (A) (1.1%) from April 2019 to August 2020, there is still a

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<sup>9</sup> Valid service contracts refer to contracts still in force as at September 30, 2020; and excludes contracts which commence after September 30, 2020.

<sup>10</sup> The research analysed and compared contracts having fully adopted the improvement measures issued and awarded between April 1, 2019 and September 30, 2020 and the last contracts not adopting the improvement measurements nor transitional arrangements awarded before April 1, 2019.

significant net increase of 14.0% in the employees' median committed hourly wage. Using the aforesaid figures for projection<sup>11</sup>, the monthly wage of a cleaner or security guard benefitted from the improvement measures, who works 6 days per week and 8 hours per day, increases from \$9,101.6 to \$11,271.6, representing an impressive increase of \$2,170.0 per month. The employee will also receive contractual gratuity at a rate of 6% of the total wages with no less than 12 months of service upon contract completion or termination.

7. Before adopting improvement measures, 81.0% of the non-skilled employees received a committed hourly wage at a rate higher than the SMW (i.e. \$34.5 with effect from 1 May 2017). After adopting improvement measures with effect from April 1, 2019, practically all (99.9%) non-skilled employees received committed hourly wages higher than the SMW (i.e. \$37.5 with effect from 1 May 2019).

8. Moreover, with the improvement measures, there is a significant increase in the number of non-skilled employees who received committed hourly wage higher than the SMW by 10% or more. Before adopting the improvement measures, only 38.8% of the non-skilled employees received committed hourly wage higher than the SMW by 10% or more (i.e. \$37.6 or above for committed hourly wage). After adopting the improvement measures, 87.9% of the non-skilled employees received hourly wage higher than the SMW by 10% or more (i.e. \$41.6 or above for committed hourly wage).

9. Similarly, it is observed that the number of non-skilled employees receiving committed hourly wage higher than the SMW by 20% or more has increased. Before adopting the improvement measures, only 0.8% of the non-skilled employees received committed hourly wage higher than the SMW by 20% or more (i.e. \$41.6 or above for committed hourly wage). After adopting the improvement measures, about half (49.6%) of the non-skilled employees received committed hourly wage higher than the SMW by 20% or more (i.e. \$45.6 or above for committed hourly wage).

10. The proportion of non-skilled employees receiving committed hourly wage at a rate higher than SMW by 30% or more also increased from 0.1% before adopting improvement measures to 26.9% after adopting the improvement measures.

#### Significant enhancement in the technical weighting (including the marks assigned to

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<sup>11</sup> As per Clause 4 of Standard Employment Contract, the committed monthly wage should be calculated based on the normal working days plus paid rest days per month of 31 days and the average number of normal hours of work per day of 8. If the cleaner or security guard works 6 days per week and 8 hours per day, his/her committed monthly wages is calculated by committed hourly wage x 31 x 8.

## wage level) in marking schemes

11. The significant improvement of non-skilled employees in terms of committed hourly wage might be due to the change in weighting in the marking scheme. A comparison of marking schemes for tender assessment indicates important enhancement in the technical weighting including the weighting of wage level in tender assessment by the four major procuring departments for service contracts tendered with effect from April 1, 2019. Technical weighting ranged from 30% to 45% before April 2019, and was increased to 50% to 60% from April 2019 onwards. At the same time, the weighting of wage level within the technical scores ranged from 0% to 18% before April 2019, and was increased to at least 25% afterwards. Details are set out in Annex 3.

## Positive effect of the enhancements in technical weighting and weighting of wage level on committed hourly wages

12. To help shed light on the extent of difference in committed hourly wages arising from the enhancement in the technical weighting including wage weighting in the marking schemes, a broad brush simulation has been conducted.

13. Under the simulation<sup>12</sup>, it is assumed that the weighting for the committed hourly wages and the technical weighting in the marking schemes would be the same as those adopted by the respective departments before the implementation of the improvement measures, whilst all other aspects being assessed would remain unchanged (i.e. ceteris paribus). *(A summary table for the relevant weighting before and after the improvement measures is at Annex 3.)* The committed hourly wages for non-skilled employees under the contracts actually awarded (after weighting improvements) were compared with the committed hourly wages in the simulation which would otherwise be obtained should there be no weighting improvements.

14. The results of the simulation show that a significant proportion of employees have benefitted in a significant committed hourly wage increase arising from the weighting improvements. Amongst the 19 008 non-skilled employees engaged in the service contracts under study, 31.4% of them (or 5 975 employees) have received a significantly higher committed hourly wages, whilst 68.6% showed no difference/no significant difference in committed hourly wages.

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<sup>12</sup> The simulation covered 195 service contracts tendered and awarded by the four major procuring departments between April 1, 2019 and May 31, 2020, which involved 19 008 non-skilled employees. Owing to time constraint, the required detailed information for the contracts tendered and awarded after the aforementioned period were not available for the simulation.

15. For the 5 975 benefitted employees, their current median committed hourly wage stands at \$48.5. Their committed hourly wage figures are comparatively higher than their counterparts showing no/insignificant difference in wages in the simulation, at a median committed hourly wage at \$43.0.

16. Analyses have also been conducted on committed hourly wages in the simulation. Should there be no weighting improvements in the simulation, the 5 975 benefitted employees would otherwise have a lower median committed hourly wage at \$40.5. In other words, the committed hourly wages for the 5 975 benefitted employees have been significantly increased by 19.8% (or at \$8.0 per hour) due to the weighting improvements. As a result, the overall median committed hourly wage for all the 19 008 employees under study has increased from \$42.0 under the simulation to \$44.5 in reality, or by 6.0%.

17. It should be cautioned that the simulation used committed hourly wage data after the implementation of the package of improvement measures. Tenderers in general showed behavioral changes and have proposed significantly higher committed hourly wage for a more competitive bid. The simulation solely measures the impact of the improvement in technical weighting (including the marks assigned to wage level) in the marking schemes on the committed hourly wages.

18. The median committed hourly wage of non-skilled employees showed a net increase of 14.0% after adopting the improvement measurements (paragraph 6). This figure can broadly be decomposed into two contributing factors, viz. (a) 6.0% to the sole effect of improvement in weighting in the marking schemes; and (b) the remaining, 8.0%, to the behavioral changes of tenderers in proposing a higher committed wage for a more competitive bid. Further tables on the simulation results are set out at Annexes 4 and 5.

#### Correlation between the enhancements in technical weighting and the contracts awarded to the lowest-priced bids

19. While the Stores and Procurement Regulations (SPRs) have always made clear the importance of value for money, which is not determined solely on price considerations<sup>13</sup>, we have examined whether there was any correlation between the

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<sup>13</sup> In the earlier version of the SPRs in force before April 1, 2019, it has been stated that COs should be guided by, amongst others, the principle of “secure value for money”, which “embraces considerations for the economy, effectiveness and

enhancement in the technical weighting including the weighting of wage levels in the marking schemes and the number of service contracts awarded with the lowest-priced bid. We found that there was a reduction in the number of service contracts awarded to the lowest-priced bid following the enhancement in the technical weighting. Before the enhancement in the marking schemes, 50% or more contracts awarded belonged to the lowest-priced bids. After the enhancement in the marking schemes, only around 17%-39% of the contracts awarded belonged to the lowest-priced bids. Details are set out at Annex 6.

20. However, the results have to be interpreted with caution since there are many other factors influencing the award of contracts. For example, the restriction rule (details can be found in paragraph 21) might have some bearing on the final award of the contracts in some departments (i.e. HD, FEHD and GPA). Moreover, tenders submitted to the four major procuring departments are under a two-envelope tendering system (i.e. by evaluating both technical and price proposals submitted by tenderers). The price proposals still weigh for 40%-50% of the overall assessment, and all assessment criteria including wage level in the technical assessment will be taken into consideration in the calculation of combined scores for tender assessment.

#### Effect of restriction rule on the award of contracts to GSCs

21. As stipulated in the relevant Government circular, to cater for operational requirements and for risk management purpose, the Controlling Officer (CO) (or directorate officer(s) authorised by the CO) may approve restrictions on the maximum number of contracts that a single contractor may be awarded through the same or different tender exercises. A total of 112 service contracts issued and awarded during the assessment period<sup>14</sup> were subject to consideration of restriction rules. After considering the restriction rules, 83% (or 93 contracts) were awarded to the highest combined scorers whilst 17% (or 19 service contracts) were not awarded to the highest combined scorers. When compared with the committed wages by the respective highest combined scorer, 12 service contracts were awarded with lower offered wages, whilst 7 contracts, the opposite. Given the relatively small number of contracts being affected, the overall impact of restriction rules on the committed wages is not significant. Summary table is set out in Annex 7.

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efficiency in the delivery of public service”.

<sup>14</sup> The assessment covered 195 service contracts tendered and awarded by the four major procuring departments between April 1, 2019 and May 31, 2020. Owing to time constraint, the required detailed information for the contracts tendered and awarded after the aforementioned period were not available for the assessment.

## Duration of government service contracts

22. After the implementation of the improvement measures, the proportion of service contracts with duration 3 years or above under FEHD has significantly increased, while there is not much difference in the proportion of service contracts with duration 3 years or more in the other 3 major procuring departments, which is above 90% before and after April 2019.

23. Before implementation of improvement measures on April 1, 2019, all 63 contracts issued by FEHD had duration less than 3 years. After the implementation of the improvement measures, 47 (60.3%) out of the 78 contracts issued between April 1, 2019 and September 30, 2020 were of duration extended from 2 years to 3 years, only 31 (39.7%) contracts were awarded with duration less than 3 years. FEHD plans to extend the contract duration from 2 years to 3 years of these 2-year contracts upon contract renewal for tenders issued on or after January 1, 2021.

24. Reasons for the departments not to adopt remaining service contracts with duration 3 years or above include the future development of the venue under LCSD, and the temporary management of the department due to Government Lease and Deed of Mutual Covenant of Home Ownership Scheme/Green Form Subsidised Home Ownership Scheme Courts under HD, etc..

25. Details of duration of service contracts before and after the implementation of the improvement measures are set out in Annex 8.

## Monitoring mechanism adopted

*(1) Contract administration of procuring departments to check GSCs' compliance with the contract requirements*

26. Each procuring department has their own administration to ensure the protection of the remuneration package and benefits of the non-skilled employees. In general, the GSCs are required to submit the monthly statements that are audited by recognised professional accountants to certify that the GSCs have fulfilled their contractual obligations by paying the prescribed wages to their employees. On-site inspections, surprise checks, regular interviews with non-skilled employees, working meetings with contractors are also conducted to monitor the performance of contractors and their employees, and handles employees' complaints of unreasonable treatment

and/or employers' failure to carry out contractual obligations. The monitoring measures for each major procuring department carried out during the period from April 1, 2019 to September 30, 2020 are set out at Annex 9.

*(2) Department-specific monitoring mechanism*

27. Individual departments have also adopted some additional monitoring measures. Some examples are listed below:

Venue management under LCSD and supervisory staff of GPA conduct monthly assessment on the performance of contractors to ensure that they meet the contract requirements and comply with the contract provisions.

28. Estate staff of HD conduct regular interviews with each non-skilled employee within 2 months from the date of employment. Besides, the Central Monitoring Unit (CMU) of HD was set up serving as an independent unit to ensure consistent handling of complaints and investigations on exploitation of non-skilled workers, conduct surprise inspections of Public Rental Housing (PRH) estates, factories, shopping centres and car parks and interviews with non-skilled employees individually, check the contractor's information in order to know the situation, and follow up violations and other regulatory actions. During the interviews with non-skilled employees, the staff of CMU will distribute leaflets to them, including those concerning the rest days, statutory holidays, paid annual leave, Mandatory Provident Fund (MPF), Mandatory Provident Fund Schemes Authority (MPFA) enquiry hotlines, HD complaint hotline, and the LD's consultation service. CMU also conducts centrally end-to-end follow-up actions for those employment-related irregularities that will trigger the issue of a "Default Notice which attracts Demerit Point". CMU organised seminars and talks for non-skilled employees aiming at helping them become more aware of their rights and responsibilities under EO, Employees' Compensation Ordinance, Prevention of Bribery Ordinance, and other employment related rights.

29. FEHD sets up a Central Investigation Team (CIT) to conduct audit inspection of every contract at least once a year. During the process, SEC, monthly wage records, attendance records and MPF contribution records, etc. of the employees will be checked in order to ensure compliance with the employment-related obligations by the service contractors. CIT has also set up a telephone hotline to facilitate employees in making enquiries or lodging complaints. At three months prior to the expiry of a service contract, FEHD's staff will post up notices at the roll call points to remind employees to verify



whether they are eligible to receive severance payment or long service payment, etc. upon termination of their employment contracts. Relevant telephone hotlines will also be displayed so that the employees may approach the appropriate authorities for enquiries or lodging complaints.

*(3) Actions undertaken by Departments in case of GSCs breaching their contractual obligations and relevant legislation*

30. If the GSCs are found to breach their contractual obligations stipulated in the SEC in respect of wages, daily maximum working hours, wage payment by means of autopay, signing of SEC, payment of contractual gratuity, payment of typhoon allowance and payment of statutory holiday pay, a default notice will be issued to the GSC concerned for each breach under the demerit point system (DPS). Procuring departments will refer cases of suspected violation of relevant legislations to the law enforcement agencies concerned or LD for follow-up.

31. Tenderers who have been convicted of any of the specified offences (“relevant convictions”) are currently debarred from bidding non-skilled employees contract for five years from the date of conviction. Tenders submitted by a tenderer who is debarred from the tendering due to relevant convictions or due to accumulating three default notices over a rolling period of 36 months under the DPS will not be considered by procuring departments within five years from the date of conviction of the offence or the date on which the third demerit point was obtained under the DPS. Housing Authority (HA), unlike other Government departments, generally adopts selective tendering and has established its own listing system and debarment mechanism for relevant service providers. HA will determine regulatory action against service providers concerned on case-by-case basis such as by suspension from tendering or even removal from the relevant list, both are subject to a maximum duration of five years. In addition, subject to the provisions of the contract, if the contractor or its sub-contractor has obtained any conviction of the specified offences under the contract, the CO shall terminate the contract.

32. Number of demerit points issued by the four major procuring departments and number of GSCs involved during the period from April 1, 2019 to September 30, 2020 are set out at Annex 10.

*(4) Enforcement actions taken out by LD*

33. LD conducts surprise inspections targeting workplaces under government service contracts, including those to which the improvement measures are applicable, and interview non-skilled employees individually to check GSCs' compliance with the requirements under the EO and SEC. Leaflets are also distributed to employees to increase their awareness of their entitlements to the new employment benefits under the improvement measures. Between April 1, 2019 and September 30, 2020, LD conducted 1 154 inspections and interviewed 3 487 employees of GSCs. LD also conducts surprise inspections to GSCs to monitor their occupational safety and health performance. In the same period, 293 surprise inspections were conducted targeting the occupational safety and health performance of GSCs, resulting in the issue of 75 written warnings and 9 improvement notices to the contractors concerned. LD and procuring departments would also notify each other of cases involving suspected breaches of labour legislation by GSCs.

34. During the study period from April 1, 2019 to September 30, 2020, GSCs in three cases were convicted of non-compliance with the EO and Employees' Compensation Ordinance and fined \$6,000, \$15,000 and \$19,500 respectively. There was another case detected involving a GSC who failed to pay additional remuneration to non-skilled employees who reported for duty in times of Typhoon Warning Signal No. 8. Upon explanation of the relevant new requirement, the concerned GSC rectified the wage balance with its employees. In the same period, GSCs in two other cases were convicted and fined \$45,000 and \$6,000 respectively for non-compliance with occupational safety and health legislation.

### **Additional Protection to Non-skilled Employees**

#### Protection for non-skilled employees performing outdoor work

35. Between April 1, 2019 and September 30, 2020, LD has recommended the procuring departments to include in selected contracts a requirement for employees to be provided with equipment against sunshine including wide-brimmed hats, arm sleeves or umbrellas depending on the situation. These contracts are mainly contracts on outdoor cleansing, horticulture and security service with outdoor patrol work. LCSD, HD and GPA have adopted LD's recommendation and revised their tender documents. FEHD has largely met LD's request as most of their relevant contracts have already incorporated LD's recommendation beforehand. Suggestions from LD have also been incorporated in relevant clauses of the conditions of contract of HD and GPA, in which

contractors are contractually required to provide equipment for non-skilled employees when performing outdoor works as appropriate, e.g. umbrella, slip resistance shoes, UV protection equipment, reflective vests, safety belts, and helmets, etc.

#### Other benefits and protection for non-skilled employees

36. Under all non-skilled employee contracts of LCSD, HD and GPA, contractors shall comply with the service requirements by providing uniform and equipment for their non-skilled employees in performing the services. FEHD also requires the contractors to provide newly designed uniforms with dry-fit properties and retroreflective strips to cleansing employees in their public cleansing contracts upon renewal with effect from March 1, 2020.

37. In addition, the requirement for the provision of leaf blowers to enhance cleansing efficiency has been incorporated into street cleansing contracts under FEHD upon renewal since July 1, 2018. Leaf blowers can help minimise repetitive manual sweeping operations for the sake of occupational health and better protection to cleansing workmen.

#### **Recommendations on Further Improvement Measures to Non-skilled Employees**

38. The improvement measures were significant and effective in enhancing both the remuneration packages and labour protection for the interests of non-skilled employees, and naturally had increased the expenditure of procuring departments. Comparing the same batch of service contracts before and after adopting the improvement measures, the average increase in annual expenditure incurred amounted to more than 40%<sup>15</sup>, a significant proportion of which covered the enhancement in the remuneration packages and the working environment of the employees concerned. Despite the economic recession and public expenditure under stress, the Working Group considers it justified to retain the improvement measures for the labour benefits of the grassroots workers, and recommend three measures to further improve the working environment and remuneration package of employees.

#### Requirement for provision of uniforms with dry-fit properties to non-skilled employees performing outdoor work in summer

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<sup>15</sup> The comparison covered 151 contracts awarded with improvement measures in the financial year 2019-2020 and the same types of contracts awarded with old terms in the financial year 2017-2018.

39. Hong Kong had an average of 32.7 very hot days per year from the figures provided by Hong Kong Observatory in the period from 2017 to 2019. In view of the increasingly hot weather in summer in Hong Kong, and pursuant to the successful experiences as set out in paragraph 35, it is recommended to require GSCs to improve the work condition of non-skilled employees engaged in outdoor work in hot weather, e.g., providing uniforms with dry-fit properties, and include this requirement in the service contracts tendered on or after April 1, 2021, if appropriate.

#### Guideline for preventing heat stroke at work in a hot environment

40. LD issued several booklets/leaflets related to guidelines on preventing heat stroke at work in a hot environment for employees performing outdoor duties (e.g. cleansing workers, street sweepers). Other than wearing suitable clothing at work, reminders to GSCs include (1) suitable work arrangement, such as rescheduling work to cooler periods in the daytime (such as early morning) and cooler places (such as covered or shaded areas); minimising physical demand by using mechanical aids at work; arranging employees to rest regularly in a cool or shady place during very hot periods; rotating employees to work in hot and cool workplaces alternately, as well as (2) providing cool potable water for employees at all times during work; and encouraging employees to take plenty of water or other appropriate beverages to replenish the fluid and electrolytes lost through sweating<sup>16</sup>. To better prevent non-skilled employees from heat stroke at work in a hot environment, it is recommended to include measures in both (1) and (2) in the tender brief as guideline for good practice, so that GSCs being awarded the tenders will implement where the actual work circumstances permit.

#### Working hour arrangement

41. In recent years, through its 11 industry-based tripartite committees, LD has been working with relevant trade unions and employers' associations with a view to formulating sector-specific working hours guidelines to set out suggested working hours arrangements, overtime compensation arrangements and good working hours management measures for reference of and adoption by employers and employees of the sectors concerned. Subject to the outcome of formulation of working hours guidelines for the property management and cleaning services sectors by LD's tripartite

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<sup>16</sup> The second reminder is in line with the requirement specified under Part V Hygiene at Workplaces of the Occupational Safety and Health Regulation concerning employees to be provided with adequate supplies of drinking water.

committees, it is recommended to identify room for improvement in the working hours arrangements of the non-skilled employees engaged by GSCs in the longer-term when the working hours guidelines of the relevant sectors are available.

Inter-departmental Working Group on Review of the Improvement Measures for Non-skilled Employees

December 2020

**Annex 1**

**Number and types of contracts, and the number of non-skilled employees of the four major procuring departments before and after adopting the improvement measures on April 1, 2019**

	Number of contracts														Number of non-skilled employees															
	Cleansing				Security				Others						Total	Cleansing				Security				Others						Total
	LCSD	HD Note 1	FEHD Note 2	Sub-total	LCSD	HD Note 1	FEHD Note 2	Sub-total	LCSD	HD Note 1	FEHD	GPA	Sub-total	LCSD		HD	FEHD Note 3	Sub-total	LCSD	HD	FEHD Note 3	Sub-total	LCSD	HD	FEHD Note 3	GPA	Sub-total			
Last contract not adopting improvement measures nor transitional arrangements before 1.4.2019	24	38	55	117	25	36	7	68	10	33	1	6	50	235	4 096	1 232	7 406	12 734	2 692	1 806	191	4 689	521	3 806	12	1 766 Note 4	6 105	23 528		
Tender issued and awarded between 1.4.2019 and 30.9.2020	23	39	67	129	24	36	10	70	10	42	1	6	59	258	4 317	1 256	8 487	14 060	2 800	1 819	203	4 822	481	4 088	10	2 040 Note 5	6 619	25 501		

LCSD: Leisure and Cultural Services Department  
 FEHD: Food and Environmental Hygiene Department

HD: Housing Department  
 GPA: Government Property Agency

- Note 1: 10 contracts are excluded, including 8 new property management contracts for Green Form Subsidised Home Ownership Scheme (GSH)/Home Ownership Scheme(HOS), 1 new property management agency contract for an Non-domestic premises, 1 new cleansing service contract for an office in commercial building.
- Note 2: The number of new contracts adopting improvement measures is more than the number of last contracts not adopting the improvement measures due to splitting of contracts into smaller ones during contract renewal and new contracts for new services under FEHD.
- Note 3: The number of non-skilled employees is the number of functional posts specified in the contracts under FEHD.
- Note 4: All the last six Property Management Services Contracts (“PMSCs”) of GPA before adopting improvement measures on 1.4.2019 expired on 31.3.2020. The number of non-skilled employees appointed under the last six PMSCs as at 1.1.2018 was provided by relevant service contractors.
- Note 5: Information on the numbers of non-skilled employees as at 30.9.2020 is provided by relevant service contractors.

**Annex 2**

**(A) No. of non-skilled employees by Committed Hourly Wages in Tenders / Sub-tenders of service contracts issued and awarded between April 1, 2019 and September 30, 2020 under the improvement measures**

Committed hourly wages	Cleansing service						Security service						Other services						All Types						
	(i)	(ii)	(iii) Note 1	(iv)	Subtotal	% Note 4	(i)	(ii)	(iii) Note 1	(iv)	Subtotal	% Note 4	(i)	(ii)	(iii) Note 1	(iv)	Subtotal	% Note 4	(i)	(ii)	(iii) Note 1	(iv)	Total	% Note 4	
(a) Below \$37.5	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	0	0	0	0	0	0.0
(b) \$37.5	0	20	0	0	20	0.1	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	20	0	0	20	0.1	
(c) \$37.6-\$39.5	4	103	0	0	107	0.8	248	19	11	0	278	5.8	0	144	10	0	154	2.3	252	266	21	0	512	2.1	
(d) \$39.6-\$41.5	484	50	710	0	1 244	8.8	566	78	66	0	710	14.7	11	279	0	303	593	9.0	1 061	407	776	303	2 547	10.0	
(e) \$41.6-\$43.5	866	114	724	0	1 704	12.1	1 179	639	17	0	1 835	38.1	84	709	0	1 197	2 017	30.1	2 129	1462	741	1 197	5 556	21.7	
(f) \$43.6-\$45.5	2 621	187	183	0	2 991	21.3	183	397	69	0	649	13.5	189	102	0	283	574	8.7	2 993	686	252	283	4 214	16.5	
(g) \$45.6-\$47.5	275	495	774	0	1 544	11.0	118	238	0	0	356	7.4	13	181	0	0	194	2.9	406	914	774	0	2 094	8.2	
(h) \$47.6-\$49.5	44	224	2 153	0	2 421	17.2	387	347	6	0	740	15.3	23	267	0	257	547	8.3	454	838	2 159	257	3 708	14.5	
(i) \$49.6-\$51.5	23	63	1 599	0	1 685	12.0	119	101	0	0	220	4.6	0	412	0	0	412	6.2	142	576	1 599	0	2 317	9.1	
(j) \$51.6-\$53.5	0	0	2 071	0	2 071	14.7	0	0	34	0	34	0.7	0	586	0	0	586	8.9	0	586	2 105	0	2 691	10.6	
(k) \$53.6 or above	0	0	273	0	273	1.9	0	0	0	0	0	0.0	161	1 408	0	0	1 569	23.7	161	1 408	273	0	1 842	7.2	
(l) At a rate higher than the statutory minimum wage (SMW) rate [i.e. \$37.5 w.e.f. 1.5.2019] (%)	4 317 (100.0%)	1 236 (98.4%)	8 487 (100.0%)	0 (0.0%)	14 040 (99.9%)		2 800 (100.0%)	1 819 (100.0%)	203 (100.0%)	0 (0.0%)	4 822 (100.0%)		481 (100.0%)	4 088 (100.0%)	10 (100.0%)	2 040 (100.0%)	6 619 (100.0%)		7 598 (100.0%)	7 143 (99.7%)	8 700 (100.0%)	2 040 (100.0%)	25 481 (99.9%)		
Total	4 317	1 256	8 487	0	14 060	100.0	2 800	1 819	203	0	4 822	100.0	481	4 088	10	2 040 Note 2	6 619	100.0	7 598	7 163	8 700	2 040 Note 2	25 501	100.0	



- (i) Leisure and Cultural Services Department
- (ii) Housing Department
- (iii) Food and Environmental Hygiene Department
- (iv) Government Property Agency

Note 1: The number of non-skilled employees is the number of functional posts specified in the contracts under FEHD.

Note 2: Information includes six PMSCs awarded by GPA in February 2020. The numbers of non-skilled employees are provided by relevant service contractors as at 30.9.2020.

Note 3: Committed hourly wage higher than SMW by around 10%-20% are marked in light orange colour; committed hourly wage higher than SMW by around 20%-30% are marked in orange colour; committed hourly wage higher than SMW by 30% or more are marked in green colour.

Note 4: The percentage may not add up to 100% due to rounding.

**(B) No. of non-skilled employees by Committed Hourly Wages in the last contract awarded before April 1, 2019 not adopting the improvement measures nor transitional arrangements**

Committed hourly wages	Cleansing service						Security service						Other services						All Types					
	(i)	(ii)	(iii) Note 1	(iv)	Subtotal	% Note 4	(i)	(ii)	(iii) Note 1	(iv)	Subtotal	% Note 4	(i)	(ii)	(iii) Note 1	(iv) Note 2	Subtotal	% Note 4	(i)	(ii)	(iii) Note 1	(iv) Note 2	Total	% Note 4
(a) \$34.5	1 496	0	47	0	1 543	12.1	1 834	0	11	0	1 845	39.3	21	0	12	1 014	1 047	17.2	3 351	0	70	1 014	4 465	19.0
(b) \$34.6-\$37.5	2 405	549	4 621	0	7 575	59.5	858	152	105	0	1 115	23.8	500	298	0	511	1 309	21.4	3 763	999	4 726	511	9 936	42.5
(c) \$37.6-\$39.5	195	658	1 568	0	2 421	19.0	0	728	75	0	803	17.1	0	2 664	0	241	2 905	47.6	195	4 050	1 643	241	6 162	26.1
(d) \$39.6-\$41.5	0	25	1 099	0	1 124	8.8	0	884	0	0	884	18.9	0	776	0	0	776	12.7	0	1 685	1 099	0	2 784	11.8
(e) \$41.6-\$43.5	0	0	0	0	0	0.0	0	42	0	0	42	0.9	0	57	0	0	57	0.9	0	99	0	0	99	0.4
(f) \$43.6-\$45.5	0	0	66	0	66	0.5	0	0	0	0	0	0.0	0	4	0	0	4	0.1	0	4	66	0	70	0.3
(g) \$45.6-\$47.5	0	0	5	0	5	§	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	0	5	0	5	§
(h) \$47.6-\$49.5	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	2	0	0	2	§	0	2	0	0	2	§
(i) \$49.6-\$51.5	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	5	0	0	5	0.1	0	5	0	0	5	§
(j) \$51.6-\$53.5	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	0	0	0	0	0.0
(k) \$53.6 or above	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	0	0	0	0	0.0	0	0	0	0	0	0.0
(l) At a rate higher than the SMW rate [i.e. \$34.5 w.e.f. 1.5.2017] (%)	2 600 (63.5 %)	1 232 (100.0 %)	7 359 (99.4 %)	0 (0.0%)	11 191 (87.9 %)		858 (31.9 %)	1 806 (100.0 %)	180 (94.2 %)	0 (0.0%)	2 844 (60.7 %)		500 (96.0 %)	3 806 (100.0 %)	0 (0.0%)	752 (42.6%)	5 028 (82.4 %)		3 958 (54.2 %)	6 844 (100.0 %)	7 539 (99.1 %)	752 (42.6 %)	19 063 (81.0 %)	
Total	4 096	1 232	7 406	0	12 734	100.0	2 692	1 806	191	0	4 689	100.0	521	3 806	12	1 766	6 105	100.0	7 309	6 844	7 609	1 766	23 528	100.0

- (i) Leisure and Cultural Services Department      (ii) Housing Department  
 (iii) Food and Environmental Hygiene Department      (iv) Government Property Agency

Note 1: The number of non-skilled employees is the number of functional posts specified in the contracts.

Note 2: All the last six PMSCs of GPA before adopting improvement measures on 1.4.2019 expired on 31.3.2020. The number of non-skilled employees appointed under the last six PMSCs as at 1.1.2018 was provided by relevant service contractors.

Note 3: Committed hourly wage higher than SMW by around 10%-20% are marked in light orange colour; committed hourly wage higher than SMW by around 20%-30% are marked in orange colour; committed hourly wage higher than SMW by 30% or more are marked with green colour.

Note 4: The percentage may not add up to 100% due to rounding.

§ Less than 0.05%

**(C) The proportion of non-skilled employees receiving Committed Hourly Wage higher than SMW**

	<b>Rate higher than SMW by 10% or more</b>	<b>Rate higher than SMW by 20% or more</b>	<b>Rate higher than SMW by 30% or more</b>
<b>Before adopting improvement measures or transitional arrangements</b>	38.8%	0.8%	0.1%
<b>After adopting improvement measures</b>	87.9%	49.6%	26.9%

**Technical weighting and weighting of wage level in marking schemes  
before and after the implementation of improvement measures with effect from April 1, 2019**

	<b>LCSD</b>		<b>HD</b>		<b>FEHD</b>		<b>GPA</b>	
	Before adopting improvement measures (2017-18)	After adopting improvement measures (2019-20)	Before adopting improvement measures (2018-19)	After adopting improvement measures (2019-20)	Before adopting improvement measures (2017-18)	After adopting improvement measures (2019-20)	Before adopting improvement measures (2014-15)	After adopting improvement measures (2019-20)
<b>Technical weighting</b>	30%	50%	30%-45%	50%	30%	50%	40%	60%
<b>Weighting of wage level (within technical scores)</b>	10-18%	25%	0%-13%	25%	16%	25%	12%	26%

LCSD: Leisure and Cultural Services Department  
FEHD: Food and Environmental Hygiene Department

HD: Housing Department  
GPA: Government Property Agency

**Number of non-skilled employees of the four major procuring departments after adopting the improvement measures by impact on committed hourly wages due to weighting enhancements<sup>Note 1</sup>**

Service category	No difference in committed hourly wages		With insignificantly lower/higher difference in committed hourly wages after weighting enhancements		With significantly higher committed hourly wages after weighting enhancements		Total <sup>Note 2</sup>	
	Number of employees	% of Total	Number of employees	% of Total	Number of employees	% of Total	Number of employees	% of Total
Cleansing service	5 402	58.3%	1 039	11.2%	2 826	30.5%	9 267	100.0%
Security service	2 419	60.3%	263	6.6%	1 331	33.2%	4 013	100.0%
Other services	2 828	49.4%	1 082	18.9%	1 818	31.7%	5 728	100.0%
<b>Overall</b>	<b>10 649</b>	<b>56.0%</b>	<b>2 384</b>	<b>12.6%</b>	<b>5 975</b>	<b>31.4%</b>	<b>19 008</b>	<b>100.0%</b>

Note 1: The simulation covered 195 service contracts tendered and awarded by the four major procuring departments between April 1, 2019 and May 31, 2020, which involved 19 008 non-skilled employees. Owing to time constraint, the required detailed information for the contracts tendered and awarded after the aforementioned period were not available for the simulation.

Note 2: Percentages may not add up to 100% due to rounding.

**Distribution on committed hourly wages for non-skilled employees with significantly higher committed hourly wages after weighting enhancements <sup>Note 1</sup>**

Committed hourly wages	In actual service contracts after weighting enhancements		Under simulation results without weighting enhancements	
	Number of employees	% of Total <sup>Note 2</sup>	Number of employees	% of Total <sup>Note 2</sup>
(a) Below \$37.5	0	0.0%	0	0.0%
(b) \$37.5	0	0.0%	75	1.3%
(c) \$37.6-\$39.5	0	0.0%	1 926	32.2%
(d) \$39.6-\$41.5	31	0.5%	1 886	31.6%
(e) \$41.6-\$43.5	267	4.5%	794	13.3%
(f) \$43.6-\$45.5	731	12.2%	479	8.0%
(g) \$45.6-\$47.5	1 102	18.4%	460	7.7%
(h) \$47.6-\$49.5	1 664	27.8%	28	0.5%
(i) \$49.6-\$51.5	620	10.4%	19	0.3%
(j) \$51.6-\$53.5	515	8.6%	0	0.0%
(k) \$53.6 or above	1 045	17.5%	308	5.2%
<b>Total</b>	<b>5 975</b>	<b>100.0%</b>	<b>5 975</b>	<b>100.0%</b>
<b>Median hourly wages</b>	<b>\$ 48.5</b>		<b>\$ 40.5</b>	

Note 1: The simulation covered 195 service contracts tendered and awarded by the four major procuring departments between April 1, 2019 and May 31, 2020, which involved 19 008 non-skilled employees. Owing to time constraint, the required detailed information for the contracts tendered and awarded after the aforementioned period were not available for the simulation.

Note 2: Percentages may not add up to 100% due to rounding.

**Statistics on the number of government service contracts (“contracts”) awarded with lowest-priced bid before and after the implementation of the improvement measures under the four major procuring departments as at September 30, 2020**

<b>Procuring Department</b>	<b>LCSD</b>	<b>HD</b>	<b>FEHD</b>	<b>GPA</b>	<b>Total</b>
<b>Before implementation of the improvement measures or transitional arrangements on April 1, 2019</b>					
Number of contracts awarded with lowest-priced bid	34	61	38	3	<b>136</b>
Total number of contracts	59	105 <sup>Note 1</sup>	63	6	<b>233</b>
Percentage of contracts awarded with lowest-priced bid	57.6%	58.1%	60.3%	50.0%	<b>58.4%</b>
<b>After implementation of the improvement measures from April 1, 2019 to September 30, 2020</b>					
Number of contracts awarded with lowest-priced bid	19	46	22	1	<b>88</b>
Total number of contracts	57	117	78 <sup>Note 2</sup>	6	<b>258</b>
Percentage of contracts awarded with lowest-priced bid	33.3%	39.3%	28.2%	16.7%	<b>34.1%</b>

LCSD: Leisure and Cultural Services Department

HD: Housing Department

FEHD: Food and Environmental Hygiene Department

GPA: Government Property Agency

Note 1: Tenders with only one tender received and contract awarded by re-engagement would not be regarded as tender/ contract awarded with the lowest-priced bid win. As such, 12 contracts are excluded including 8 new property management contracts for Green Form Subsidised Home Ownership Scheme (GSH)/Home Ownership Scheme (HOS), 1 new property management agency contract for an Non-domestic premises, 1 new cleansing service contract for an office in commercial building, 1 property management contract which has received only one tender and 1 property management contract for a HOS court which was contracted out by re-engagement.



Note 2: The number of contracts after implementation of the improvement measures is more than the number of last contracts before implementation of the improvement measures due to splitting of contracts into smaller ones during contract renewal and new contracts for new services under FEHD.

**Number of service contracts awarded and subject/not subject to consideration of restriction rule** <sup>Note 1</sup>

	Contracts were subject to consideration of restriction rules				Contracts were <b>not</b> subject to consideration of restriction rules	Total
	Contracts awarded to the highest combined scorer	Contracts <u>not</u> awarded to the highest combined scorer		<i>Subtotal</i>		
		with higher offered wages <sup>Note 2</sup>	with lower offered wages <sup>Note 2</sup>			
LCSD	-	-	-	0	45	<b>45</b>
HD	86	2	3	91	3	<b>94</b>
FEHD	4	3	8	15	35	<b>50</b>
GPA	3	2	1	6	0	<b>6</b>
<b>Overall, excluding LCSD</b>	<b>93</b>	<b>7</b>	<b>12</b>	<b>112</b>	<b>38</b>	<b>150</b>
<b>Overall, including LCSD</b>	-	-	-	-	<b>83</b>	<b>195</b>

LCSD: Leisure and Cultural Services Department

HD: Housing Department

FEHD: Food and Environmental Hygiene Department

GPA: Government Property Agency

Note 1: The assessment covered 195 service contracts tendered and awarded by the four major procuring departments between April 1, 2019 and May 31, 2020. Owing to time constraint, the required detailed information for the contracts tendered and awarded after the aforementioned period were not available for the assessment.

Note 2: The offered committed wages by the service provider awarded with the contract were compared with the committed wages of the highest combined scorer. If more than one type of workers are involved, the weighted average wages are used for the comparison.

**Statistics on the number and percentage of government service contracts with service duration at 3 years or above before and after the implementation of the improvement measures under the four major procuring departments as at September 30, 2020**

	Cleansing				Security				Others					All Types				
	LCSD	HD <sup>Note 1</sup>	FEHD	Sub-total	LCSD	HD <sup>Note 1</sup>	FEHD	Sub-total	LCSD	HD <sup>Note 1</sup>	FEHD	GPA	Sub-total	LCSD	HD	FEHD	GPA	Sub-total
<b>Before implementation of the improvement measures or transitional arrangements on April 1, 2019</b>																		
Number and percentage of contracts awarded with service duration at three years or above	24 (100.0%)	37 (97.4%) <i>Note 2</i>	0 (0.0%)	61 (52.1%)	25 (100.0%)	36 (100.0%) <i>Note 2</i>	0 (0.0%)	61 (89.7%)	10 (100.0%)	31 (93.9%) <i>Note 2</i>	0 (0.0%)	6 (100.0%)	47 (94.0%)	59 (100.0%)	104 (97.2%)	0 (0.0%)	6 (100.0%)	169 (71.9%)
Number and percentage of contracts awarded with service duration less than three years	0 (0.0%)	1 (2.6%) <i>Note 3</i>	55 (100.0%)	56 (47.9%)	0 (0.0%)	0 (0.0%)	7 (100.0%)	7 (10.3%)	0 (0.0%)	2 (6.1%) <i>Note 4</i>	1 (100.0%)	0 (0.0%)	3 (6.0%)	0 (0.0%)	3 (2.8%)	63 (100.0%)	0 (0.0%)	66 (28.1%)
Total number of contracts	24	38	55	117	25	36	7	68	10	33	1	6 <i>Note 5</i>	50	59	107	63	6	235
<b>After implementation of the improvement measures from April 1, 2019 to September 30, 2020</b>																		
Number and percentage of contracts awarded with service duration at three years or above	23 (100.0%)	38 (97.4%) <i>Note 2</i>	36 (53.7%)	97 (75.2%)	24 (100.0%)	36 (100.0%) <i>Note 2</i>	10 (100.0%)	70 (100.0%)	9 (90.0%)	32 (76.2%) <i>Note 2</i>	1 (100.0%)	6 (100.0%)	48 (81.4%)	56 (98.2%)	106 (90.6%)	47 (60.3%)	6 (100.0%)	215 (83.3%)
Number and percentage of contracts awarded with service duration less than three years	0 (0.0%)	1 (2.6%) <i>Note 3</i>	31 (46.3%)	32 (24.8%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	1 (10.0%) <i>Note 6</i>	10 (23.8%) <i>Note 7</i>	0 (0.0%)	0 (0.0%)	11 (18.6%)	1 (1.8%)	11 (9.4%)	31 (39.7%)	0 (0.0%)	43 (16.7%)
Total number of contracts	23	39	67	129	24	36	10	70	10	42	1	6	59	57	117	78	6	258

LCSD: Leisure and Cultural Services Department  
 FEHD: Food and Environmental Hygiene Department

HD: Housing Department  
 GPA: Government Property Agency

- Note 1: 10 nos. of contracts are new contracts after 1.4.2019
- Note 2: The tenure of these service contracts ranged from 48 months to 72 months depending on the individual requirement of different end users. In general, the initial contract period of these contracts was 24 months or 36 months, and would be extended by agreement for one or two term(s) subject to fulfillment of the extension criteria.
- Note 3: The whole contract period was ranged from 31 months to 31.5 months, which was in line with the rental agreement of the user office located in a commercial building.
- Note 4: The original contract period of this contract was 24 months, which was tally with the contract arrangement before the implementation of new tendering measures. Due to operation needs, a 4-month contract extended term was arranged. Finally, the whole contract period of this contract was 28 months.
- Note 5: All the last six PMSCs of GPA (i.e. before implementation of improvement measures) with service duration at three years or above expired on 31.3.2020.
- Note 6: Due to construction works to be conducted in late 2021, the contract duration of the venue management service contract for Yau Ma Tei Theatre under LCSD is 1.5 years.
- Note 7: Pursuant to the provisions of the Government Lease and Deed of Mutual Covenant of Home Ownership Scheme /Green Form Subsidised Home Ownership Scheme Courts, HA shall be the initial manager of these new courts for the first two years till the Incorporated Owners have been formed to take over the management of the courts.

**Monitoring measures carried out by each major procuring department  
during the period from April 1, 2019 to September 30, 2020**

<b>Monitoring measures</b>	<b>LCSD</b>	<b>HD</b> <sup>Note 1</sup>	<b>FEHD</b> <sup>Note 2</sup>	<b>GPA</b>
Number of inspections	N.A. <sup>Note 3</sup>	37	402	N.A. <sup>Note 3</sup>
Number of interviews conducted with non-skilled employees		1 080	75	
Number of surprise checks		37	477	
Number of irregularity detected		7	0	

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Note 1: Interviews and Inspections were conducted by Central Monitoring Unit of HD

Note 2: The data refer to the monitoring measures carried out by the Central Investigation Team of FEHD.

Note 3: GPA and LCSD do not have a central monitoring team to carry out relevant monitoring measures. Inspections, interviews and checks specifically related to the non-skilled employees are subsumed in the routine inspection activities by the supervisory staff for property management services of GPA and venue management staff of LCSD during their routine duty on the checking of contractors' services performance. The numbers of monitoring measures specifically related to the non-skilled employees are therefore not readily available.

**Number of demerit points issued by the four major procuring departments and  
number of government service contractors (GSCs) involved  
during the period from April 1, 2019 to September 30, 2020**

<b>Procuring Departments</b>	<b>LCSD</b>	<b>HD</b>	<b>FEHD</b>	<b>GPA</b>
Number of demerit points issued to GSCs	5	0	1	1
(Number of GSCs involved)	(4)	(0)	(1)	(1)

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GPA: Government Property Agency