

**LegCo Panel on Manpower
(Meeting to be held on 16 May 2002)**

**Information on assessment of Government contracts that rely heavily
on service of non-skilled workers**

Purpose

This paper provides information on assessment of Government contracts that rely heavily on service of non-skilled workers, equivalent to the Government's Model Scale 1 Grades staff.

Marking schemes adopted by various departments

2. In 2001 we critically examined arrangements for the Government to procure services that rely heavily on the deployment of non-skilled works. In May 2001, Finance Bureau promulgated Financial Circular (FC) No. 3/2001 setting out new tender arrangements applicable to the procurement of relevant services comparable to those offered by the Government's Model Scale 1 Grades staff.

3. In brief, this Circular specifies the use of marking schemes and the evaluation of wages, working hours and other working conditions of non-skilled employees (equivalent to the Government's Model Scale 1 Grades staff) as contained in the tender submissions. This Circular also requires Controlling Officers for relevant contracts to bind tenderers to their tender offers on wages and working hours, and to bind the successful contractor to sign written contracts with their employees (except temporary leave relief).

4. Since the promulgation of FC No. 3/2001, the Central Tender Board has endorsed 17 marking schemes which have applied to about 50 contracts (so far). Most of these contracts are let out by Food and Environmental Hygiene Department (FEHD) and Leisure and Cultural Services Department (LCSD). These marking schemes include assessment criteria on

wages and, in nearly all cases, working hours. These criteria, together with other manpower or employment term related criteria, are grouped in a section, for which a sectional passing mark is set in the marking scheme. Wages offered by the tenderers for their non-skilled workers are generally assessed against the overall average monthly salary for the workers concerned as published in the Quarterly Report of Wages and Payroll Statistics (Quarterly Report) issued by the Census and Statistics Department (C&SD), as well as against the overall average of proposed monthly wages contained in all the tender submissions received. Working hours proposed by the tenderers for their non-skilled workers are assessed against the benchmarks set by the procuring departments having regard to the Quarterly Report issued by C&SD.

5. More information on the typical marking schemes adopted by Housing Department, LCSD and FEHD is at the Annex.

Extension of arrangements

6. The measures promulgated in FC No. 3/2001 are exceptional and are designed to safeguard the rights of a defined group of non-skilled workers whom we accept as being most vulnerable to unfavourable employment terms. The arrangements have by and large worked well. We believe the employment terms for non-skilled workers engaged under these relevant contracts are broadly comparable to those of the market. The Administration does not see a need to extend the scope of FC No. 3/2001 across the board on a mandatory basis to cover grades beyond the Model Scale 1. Controlling Officers may in the light of their specific procurement needs, consider and adopt, special tender arrangements that allow the employment terms for a special group of employees, whatever their grades, to be taken into account in tender evaluation. Controlling Officers may also require their successful tenderers as a condition of contract to sign written employment contracts with all their employees. We believe these arrangements can better safeguard the contractual and statutory rights of employees engaged by Government service contractors.

Education and Manpower Bureau

Finance Bureau

May 2002

**Comparison of typical marking schemes adopted by Housing Department,
Leisure and Cultural Services Department and Food and Environmental Hygiene Department
for contracts that rely heavily on the deployment of non-skilled workers**

	Housing Department	Leisure and Cultural Services Department	Food and Environmental Hygiene Department
Marking scheme	<p>The Weighted Scoring System accords an equal weighting to both financial and technical (non-financial) considerations. The 50% technical scores is assigned to the tenderer's past performance record and the quality of the proposal submitted. The thresholds for each non-financial score item (including wages for the workers) and an overall passing mark for the non-financial score proposal are established so that a tender submission will not be considered if the point scored is below the passing mark. Unless there are strong over-riding factors, the contract will be awarded to the tenderer who obtains the highest combined score in the tender evaluation exercise.</p>	<p>The marking schemes accord a 40% weighting to quality (including such factors as relevant experience, record of past performance, qualifications of managers, supervisors and staff employed, proposed monthly wage level for workers and proposed allowable maximum working hours, etc) and 60% weighting to price evaluation.</p>	<p>The marking schemes accord a 30% weighting to quality assessment and 70% weighting to price. Under the marking schemes, tenderers are required to score a pass mark under the section "Deployment of Human Resources" in the technical assessment or else their tenders will not be further considered. In this section, FEHD will consider tenderers' proposals on the wage level and working hours* for their workers.</p> <p>(Note : * if the duration of the required service is more than ten hours in a day)</p>

	Housing Department	Leisure and Cultural Services Department	Food and Environmental Hygiene Department
Pay structures	There are no pre-determined pay structures for staff engaged by contractors.		
Criteria	<p>In assessing the wage proposals, the median monthly wages as proposed by all tenderers will be used as reference to evaluate an individual tenderer's wage proposals. The more the proposed wage rate above the median wage, the higher will be the mark accorded. In referring to the market wage rate, the tender assessment panel will have regard to :</p> <p>(i) the latest Quarterly Report of Wage and Payroll Statistics issued by the Census and Statistics Department; and</p> <p>(ii) the overall average median wage rates as proposed by all tenderers in the particular tender exercise.</p>	<p>Pay structures include wage level and working hours. Assessment on wage level will be based on tenderer's proposed wage and the overall average wage proposed by tenderers who have passed the quality assessment. LCSD also makes reference to the "Overall average monthly salary" of comparable occupation in industries as published in the latest Quarterly Report of Wage and Payroll Statistics issued by the Census and Statistics Department in the wage assessment part of tender evaluation.</p>	<p>As a general rule, the nearer the wage offered to the market wage rate, the higher will be the mark accorded. In referring to the market wage rate, the tender assessment panel will have regard to :</p> <p>(i) the latest Quarterly Report of Wage and Payroll Statistics issued by the Census and Statistics Department; and</p> <p>(ii) the overall average of tenderers' proposed monthly wage in all conforming tenders in a particular tender exercise.</p>