

Legislative Council Panel on Housing

Enhancement Measures on Procurement of Cleansing Services for Public Rental Housing Estates

Purpose

This paper provides information on the enhancement measures on procurement of cleansing services for public rental housing (PRH) estates and also reports on the findings of investigation into exploitation of cleansing workers.

Background

2. In January 2004, the Oxfam published a survey which revealed that some of the services contractors of Housing Department were alleged to have adopted malpractices in circumventing the contractual restrictions in order to minimize their operating costs at the expense of their workers, thus contravening the Housing Authority (HA)'s contract requirements.

Problems Identified

3. Housing Department has carried out a thorough review of the situation and having consulted the concerned parties including LegCo Members, Oxfam and workers' unions, three main areas of concerns were identified –

- (a) Unreasonably low wages – i.e. the committed wages pledged by tenderers/contractors are below the average wages published by Census and Statistics Department (C&SD). The actual take-home money is even lower after deductions such as attendance bonus, meal allowances, uniform replacement etc;
- (b) Unacceptably long working hour – i.e. workers are compelled to work long hours without overtime payment or time-off as compensation; and

- (c) No or few rest days – i.e. workers are required to work on Sundays and most of the statutory holidays in contravention of the requirements of Employment Ordinance.

Enhancement Measures on Procurement of Cleansing Services to Protect Cleansing Workers

4. Targeting at the problems mentioned above, the following enhancement measures are to be implemented immediately for new tenders procuring cleansing services: -

- (a) Adopt the new mandatory requirement on wages of unskilled workers as stated in Financial Circular No. 5/2004 issued by Financial Services and the Treasury Bureau (FSTB) on 6 May 2004. A tender offer shall not be considered if the monthly wages offered by the tenderers to the non-skilled workers to be employed by them for carrying out the contracts are less than the average monthly wage for the specific normal hour of work for the relevant industry/occupation published in the latest Census and Statistics Department's Quarterly Report of Wage and Payroll Statistics when tenders are invited.
- (b) Introduce a new item on "committed total man-hour input" in the tender. Tenderers are required to commit in the tender their number of man-hour allocated to the cleansing service being tendered. Low committed input resources will attract low score to discourage contractors from devoting insufficient resources to the service.
- (c) Devise a scoring mechanism in tender evaluation to encourage tenderers to keep the working hour of workers not more than 10 hours per day on average over a period of 10 days. Furthermore, the tenderer has to provide in the tender the committed maximum working hours for their cleansing workers.

- (d) The definition of “committed wages” is refined. Only those income and allowances that are guaranteed will be counted as part of the committed wages. All-or-none allowances, such as good attendance allowance, which are not paid to a worker in proportion to his/her attendance will not be counted in the committed wages.
- (e) Adopt the Demerit Point System aimed at penalizing those contractors not complying with contract requirements and with records of offence as stated in Financial Circular No. 3/2004 issued by Financial Services & the Treasury Bureau (FSTB) on 27 March 2004. Tenders submitted by cleansing contractors who have six or more demerit points would not be considered. Contractors will be allotted demerit points if the actual working hours of their cleansing workers have exceeded the committed maximum working hours or the wages paid to workers are below the committed wages.
- (f) Adopt the “batch-payment adjustment” method in the monthly payment to the contractor. The workers’ wage statements will be checked on a sampling basis. Workers will also be interviewed to verify the amount of wages actually received by them. In the event where shortfalls of payment to workers are revealed by the samples taken in a particular month, the total payment for that month to be paid to the contractor will be deducted by the same percentage of the shortfall of payment.
- (g) Standard monthly salary statements clearly showing the calculation of wages payable to the workers are required to support payment claims. Both the contractor and its workers are required to sign on the salary statement as a declaration of the validity of the statement.
- (h) The number of part-time workers are capped at no more than three-eighth of the total work force.

- (i) Contractors are required to sign employment contract with each of their workers using the Standardized Employment Contract published by the Labour Department.
- (j) Adopt the use of auto-pay or cheque payment for wages payment to facilitate payroll checking.

5. The Housing Department is confident that the above enhancement measures will be effective to protect the cleansing workers from possible exploitation by contractors. The above enhancement measures are included in the tenders for the next batch of five Property Services Contracts which were gazetted in May 2004. Under the five new contracts, around 500 cleansing workers and security guards to be employed would be protected by the above enhancement measures.

Investigations Results on Exploitation of Cleansing Workers

6. Upon receiving Oxfam's survey report in January 2004, investigations have been carried out in all PRH estates. All cleansing workers were contacted and informed of the committed wage level of the contracts relating to their employment. A hotline was also established to encourage workers to lodge their complaints directly to the Department on any exploitation. The results of the investigations are summarised as follows:

(a)	Cases on wages lower than the committed wages found through checking of payrolls and salary slips	143
(b)	Complaint cases through hotline	13
(i)	Cases not established after investigation	7
(ii)	Complainant requested to cancel the case	2
(iii)	Cases under investigation	4

7. The Housing Department has issued warning letters to the above

contractors not complying with the contract requirements demanding them to rectify the situation immediately, and has also deducted payment to Property Services Contractors who have been found to have shortfalls of payment to their cleansing workers.

Housing Department
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