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Legislative Council

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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 8 February 2017

**Amendments to motion on
“Expediently conducting a comprehensive review of the Government’s
service outsourcing system”**

Further to LC Paper No. CB(3) 292/16-17 issued on 24 January 2017, five Members (Hon Steven HO, Hon LEUNG Yiu-chung, Hon Charles Peter MOK, Hon POON Siu-ping and Dr Hon KWOK Ka-ki) have respectively given notice of their intention to move separate amendments to Hon LUK Chung-hung’s motion on “Expediently conducting a comprehensive review of the Government’s service outsourcing system” scheduled for the Council meeting of 8 February 2017. As directed by the President, the respective amendments will be printed in the terms in which they were handed in on the Agenda of the Council.

2. The President will order a joint debate on the above motion and the five amendments. To assist Members in debating the motion and the amendments, I set out below the procedure to be followed during the debate:

- (a) the President calls upon Hon LUK Chung-hung to speak and move his motion;
- (b) the President proposes the question on Hon LUK Chung-hung’s motion;
- (c) the President calls upon the five Members who wish to move amendments to speak in the following order, but no amendment is to be moved at this stage:
 - (i) Hon Steven HO;
 - (ii) Hon LEUNG Yiu-chung;

- (iii) Hon Charles Peter MOK;
 - (iv) Hon POON Siu-ping; and
 - (v) Dr Hon KWOK Ka-ki;
- (d) the President calls upon the public officer(s) to speak;
- (e) the President invites other Members to speak;
- (f) the President gives leave to Hon LUK Chung-hung to speak for the second time on the amendments;
- (g) the President calls upon the public officer(s) to speak again;
- (h) in accordance with Rule 34(5) of the Rules of Procedure, the President has decided that he will call upon the five Members to move their respective amendments in the order set out in paragraph (c) above. The President invites Hon Steven HO to move his amendment to the motion, and forthwith proposes and puts to vote the question on Hon Steven HO's amendment;
- (i) after Hon Steven HO's amendment has been voted upon, the President deals with the other four amendments; and
- (j) after all amendments have been dealt with, the President calls upon Hon LUK Chung-hung to reply. Thereafter, the President puts to vote the question on Hon LUK Chung-hung's motion, or his motion as amended, as the case may be.

3. For Members' reference, the terms of the original motion and of the motion, if amended, are set out in the **Appendix**.

(Dora WAI)
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion debate on
“Expediently conducting a comprehensive review of the Government’s
service outsourcing system”
to be held at the Council meeting of 8 February 2017**

1. Hon LUK Chung-hung’s original motion

That 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, employees of outsourced service contractors have seen their remuneration suppressed, employment rights and benefits exploited, and employment stability undermined over the years, therefore, service outsourcing is the culprit causing 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; in this connection, this Council urges the Government to conduct a comprehensive review of the service outsourcing system, which includes:

- (1) requiring tenderers to offer to employees wage levels higher than the statutory minimum wage or to set the wage levels according to the median wage of the relevant industries;
- (2) 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;
- (3) 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

- (4) narrowing the scope and scale of service outsourcing, and recruiting employees on civil service agreement terms to fill positions with long-term service needs.

2. Motion as amended by Hon Steven HO

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 ~~the culprit causing~~ *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) ~~requiring tenderers to~~ *stipulating that tenderers who* offer to employees wage levels higher than the statutory minimum wage ~~or to set~~ *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;*

- ~~(2)~~(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;
- ~~(3)~~(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
- ~~(4)~~(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.

Note: Hon Steven HO's amendment is marked in *bold and italic type* or with deletion line.

3. Motion as amended by Hon LEUNG Yiu-chung

That, *as* the governance philosophy of the Hong Kong Government has all along been influenced by neo-liberalism, *it has introduced the service outsourcing system on the ground of enhancing cost-effectiveness;* 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, employees of outsourced service contractors have seen their remuneration suppressed, employment rights and benefits exploited, and employment stability undermined over the years, therefore, service outsourcing is the culprit causing 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; in this connection, this

Council urges the Government to conduct a comprehensive review of the service outsourcing system, which includes:

- (1) requiring tenderers to offer to employees wage levels higher than the statutory minimum wage or to set the wage levels according to the median wage of the relevant industries;
- (2) *reviewing the demerit point system for outsourcing services to include more items that are related to employees' rights and benefits, and continuing to strictly enforcing the demerit point system for outsourcing services enforce the system* so that severe punishments will be imposed on outsourced service contractors in breach of labour legislation or safety requirements;
- (3) 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~~
- (4) 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*;
- (5) *reviewing the tendering mechanism based on the 'lowest bid wins' principle*;
- (6) *reviewing the marking scheme for assessing tenders for contracts, and introducing scoring items that are related to employees' rights and benefits while assigning a greater weighting to the wage levels, and stipulating that outsourced service contractors who received demerit points will have scores deducted for their tenders for contracts; and*
- (7) *setting out a reasonable manpower requirement in the tender documents to prevent outsourced service contractors from deploying insufficient manpower and hence overburdening their employees with excessive workload.*

Note: Hon LEUNG Yiu-chung's amendment is marked in *bold and italic type* or with deletion line.

4. Motion as amended by Hon Charles Peter MOK

~~That 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~~ *in respect of information technology, according to the figures of the Administration, as at December 2015, the number of information technology staff in the civil service establishment was 951 whereas the number employed through the ‘body-shopping’ contract (commonly known as ‘T-contract’) was 2 602, which obviously indicated excessive outsourcing;* many public and private organizations have followed the Government’s practice of outsourcing services, *and* employees of outsourced service contractors have seen their remuneration suppressed, employment rights and benefits exploited, and employment stability undermined over the years; ~~therefore, service outsourcing is the culprit causing 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; in this connection, this Council urges the Government to conduct a comprehensive review of the service outsourcing system *to enhance the treatment and protection for employees of outsourced services*, which includes:

- (1) requiring tenderers to offer to employees wage levels higher than the statutory minimum wage or to set the wage levels according to the median wage of the relevant industries;
- (2) 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;
- (3) examining and improving the standard employment contract, *and at the same time establishing a redress mechanism for unreasonable treatment, in order* to eradicate exploitation of employees’ rights and benefits by outsourced service contractors, such as evasion of making severance payment; ~~and~~
- (4) narrowing the scope and scale of service outsourcing, and recruiting employees on civil service agreement terms to fill positions with long-term service needs; *and*

- (5) *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.*

Note: Hon Charles Peter MOK's amendment is marked in *bold and italic type* or with deletion line.

5. Motion as amended by Hon POON Siu-ping

That 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, employees of outsourced service contractors have seen their remuneration suppressed, employment rights and benefits exploited, and employment stability undermined over the years, therefore, service outsourcing ~~is the culprit causing~~ *has aggravated* 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; in this connection, this Council urges the Government to conduct a comprehensive review of the service outsourcing system, which includes:

- (1) *requiring outsourced service contractors to stipulate in the employment contract the number of working hours at 44 per week and compensation for overtime work at 1.5 times of the wage rate;*
- (2) *bearing the ultimate responsibility of protecting the rights and benefits of employees of outsourced service contractors;*
- (3) *improving the criteria adopted by the Government in assessing tenders for outsourced service contracts and enhancing its transparency, as well as assigning a greater weighting to the scores for employees' rights and benefits and remuneration offered by tenderers;*

- (4) requiring tenderers to offer to employees wage levels higher than the statutory minimum wage or to set the wage levels according to the median wage of the relevant industries;
- ~~(2)~~(5) 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;
- ~~(3)~~(6) 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
- ~~(4)~~(7) narrowing the scope and scale of service outsourcing, and recruiting employees on civil service agreement terms to fill positions with long-term service needs.

Note: Hon POON Siu-ping's amendment is marked in *bold and italic type* or with deletion line.

6. Motion as amended by Dr Hon KWOK Ka-ki

That 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, employees of outsourced service contractors have seen their remuneration suppressed, employment rights and benefits exploited, and employment stability undermined over the years, therefore, service outsourcing is the culprit causing 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; in this connection, this Council urges the Government to conduct a comprehensive review of the service outsourcing system, which includes:

- (1) requiring tenderers to offer to employees wage levels higher than the statutory minimum wage or to set the wage levels according to the median wage of the relevant industries;
- (2) 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;
- (3) 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~~
- (4) ***changing the practice of awarding contracts according to the 'lowest bid wins' principle so as to stop the Government from taking the lead to push down the wages of employees of outsourced service contractors, the outsourced service contractors will therefore no longer need to maximize their profits by exploiting the benefits and protection due to employees; and***
- (5) ***progressively*** narrowing the scope and scale of service outsourcing, and recruiting employees on civil service agreement terms to fill positions with long-term service needs ***so as to eventually achieve the complete abolition of the service outsourcing system.***

Note: Dr Hon KWOK Ka-ki's amendment is marked in ***bold and italic type*** or with deletion line.