

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1838/10-11  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/ PS/1

**Panel on Public Service**

**Minutes of meeting held on  
Monday, 21 February 2011, at 10:45 am  
in Conference Room A of the Legislative Council Building**

**Members present** : Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)  
Hon IP Wai-ming, MH (Deputy Chairman)  
Hon LEE Cheuk-yan  
Dr Hon Margaret NG  
Hon CHEUNG Man-kwong  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, SBS, JP  
Dr Hon LEUNG Ka-lau  
Hon WONG Sing-chi  
Dr Hon PAN Pey-chyou  
Hon LEUNG Kwok-hung

**Member attending** : Hon WONG Kwok-hing, MH

**Public officers attending** : **Agenda item IV**

Miss Denise YUE, GBS, JP  
Secretary for the Civil Service

Mr Raymond H C WONG, JP  
Permanent Secretary for the Civil Service

Mrs Ingrid YEUNG, JP  
Deputy Secretary for the Civil Service 1

Dr Catherine CHAN Ka-ki  
Deputy Secretary for Education 5

**Agenda item V**

Miss Denise YUE, GBS, JP  
Secretary for the Civil Service

Mr Raymond H C WONG, JP  
Permanent Secretary for the Civil Service

Mr Patrick CHAN Nim-tak, JP  
Director of General Grades  
Civil Service Bureau

Mr Kim Anthony SALKELD, JP  
Head, Efficiency Unit

Mr LAM Saint Kit, Byron  
Assistant Director, Efficiency Unit(3)

Mr HO Kwok keung  
Senior Consultant, Efficiency Unit

**Clerk in attendance :** Ms Joanne MAK  
Chief Council Secretary (1)2

**Staff in attendance :** Ms Sarah YUEN  
Senior Council Secretary (1)6

Miss Mandy LAM  
Legislative Assistant (1)9

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**Action**

- I Confirmation of minutes of meeting**  
(LC Paper No. CB(1)1111/10-11 - Minutes of meeting on  
20 December 2010)

The minutes of the meeting held on 20 December 2010 were confirmed.

**II Information papers issued since last meeting**

(LC Paper No. CB(1)1175/10-11 —Submission from the Hong Kong Food and Environmental Hygiene Supervisory Staffs Union on legal assistance for frontline enforcement staff of the Food and Environmental Hygiene Department)

2. Members noted the above paper issued after the last meeting.

**III Items for discussion at the next meeting scheduled for 16 March 2011**

|                                   |  |
|-----------------------------------|--|
| (LC Paper No. CB(1)1280/10-11(01) | No. - List of outstanding items for discussion |
| LC Paper No. CB(1)1280/10-11(02)  | No. - List of follow-up actions)               |

3. Members agreed to discuss the following items at the next regular meeting on 16 March 2011 –

- (a) Legal assistance for frontline enforcement staff of the Food and Environmental Hygiene Department;
- (b) Civil service-related issues featuring in the 2011-2012 Budget; and
- (c) Medical and dental benefits for serving civil servants, pensioners and eligible dependants.

4. Members also agreed that deputations would be invited to take part in the discussion of the agenda item in paragraph 3(a) above.

Clerk

5. Mr LEE Cheuk-yan opined that “Hours of work of the civil service”, item 11 of the list of outstanding items for discussion (LC Paper

No. CB(1)1280/10-11(01)), should be discussed as soon as practicable. He and Dr PAN Pey-chyou also proposed that the paper for the item should cover the meal break arrangements, such as the compensatory meal break arrangements, of the disciplined services grades, in particular the ambulanceman, which in their view should be reviewed.

6. Members noted Dr PAN Pey-chyou's letter dated 1 February 2011 proposing to revisit the issue of employment of non-civil service contract (NCSC) staff in due course out of concern about the current arrangement that NCSC staff's experience was not taken into account and not counted towards the provision of incremental credits when they successfully applied for civil service posts, so that they only received pay at the starting salary point. Members agreed to include the issue in the list of outstanding items for discussion.

Clerk

#### **IV Acceptance of qualifications under the new 3-3-4 academic structure for civil service appointments**

|                     |       |                                |
|---------------------|-------|--------------------------------|
| (LC                 | Paper | No. —Administration's paper on |
| CB(1)1280/10-11(03) |       | acceptance of qualifications   |
|                     |       | under the new academic         |
|                     |       | structure for senior secondary |
|                     |       | education for civil service    |
|                     |       | appointments)                  |

7. The Secretary for the Civil Service (SCS) briefed members on the salient points of the Administration's paper on the intended arrangement for accepting attainments and qualifications under the new senior secondary (NSS) academic structure for the purpose of civil service appointments as detailed in paragraph 10 of the paper (the intended arrangement). She advised that notwithstanding the introduction of the NSS academic structure and the phasing out of the Hong Kong Certificate of Education Examination (HKCEE) and Hong Kong Advanced Level Examination (HKALE) in the next few years, the Administration would continue to accept the attainments under the 'old' secondary academic structure and the results of HKCEE and HKALE. The Administration was of the view that a large number of persons educated under the 'old' structure and/or assessed under HKCEE and HKALE would remain in the active workforce for a long time and their qualifications obtained hitherto should continue to be recognized for the purpose of civil service appointments.

#### Implications for civil service appointments

8. Ms LI Fung-ying opined that the Administration should conduct a review after implementation of the intended arrangement for a certain period of time and report the review outcome to the Panel. SCS responded that the Civil Service Bureau (CSB) also planned to conduct a review in collaboration with the Education Bureau (EDB) and relevant bodies such as Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) and the Hong Kong Examinations and Assessment Authority. However, it would require two to three years' time for collation of relevant information and data to ensure the conduct of an objective review.

Concerns about upgrading of the qualification requirements of workers supplied by employment agencies (agency workers) under contract to Buildings Department (BD)  
(LC Paper No. CB(1)1347/10-11(01))

9. Mr WONG Sing-chi questioned why BD had recently upgraded the qualification requirements (by including the new requirement of passes in Mathematics, Chinese and English in HKCEE) when it invited tender for a new service contract to supply agency workers to BD. As a result, agency workers under the previous contract to BD and who did not have a pass in Mathematics in HKCEE had become unqualified to apply.

10. In response, SCS clarified that the above case was unrelated to the proposed arrangement and the NSS academic structure. Concerning the above case, SCS noted that the previous contract for the provision of agency workers concerned had expired on 31 January 2011. In preparation for the implementation of a new package of building safety enhancement measures from 2011-2012, BD considered it necessary for the agency workers to be supplied to BD to possess higher qualification as the implementation work under the new package of measures would be more complicated than the work performed under the previous contract. As such, when BD invited tenders for the new service contract, it had adopted revised specifications, requiring the agency workers to be supplied under the new contract to have higher qualification, skills and experience, namely, five passes in HKCEE including English Language, Chinese Language and Mathematics or equivalent (instead of completion of Form 5 or equivalent under the previous contract).

11. Mr WONG Sing-chi considered it necessary for BD to explain why the agency workers supplied under the new contract were required to have a pass in Mathematics in HKCEE. He pointed out that some of the

agency workers supplied to BD under the previous contract were graduates of Project Yi Jin. Among them, some did not have a pass in Mathematics in HKCEE. The new requirement would render them unqualified to continue to work for BD although they had already worked for the department for a few years and had demonstrated competence in their jobs.

12. Mr LEE Cheuk-yan shared Mr WONG's concern and also queried why the working experience which the agency workers concerned had gained under BD's previous service contract could not qualify them for continued employment under the new contract. He requested SCS to urge the Director of Buildings to take immediate remedial actions in order not to render the agency workers concerned unemployed as a result of the new arrangements.

13. In response, SCS reiterated that BD had upgraded the qualification requirements out of operational considerations. She invited members to note the duration of the new service contract was only nine months (from 1 February to 31 October 2011). BD would further review the qualification required of agency workers in the light of operational experience gained.

14. Mr WONG Sing-chi further pointed out that a graduate of Project Yi Jin programmes was not recognized to have attained qualification equivalent to a pass in Mathematics in HKCEE. In other words, the upgrading of the qualification requirements of agency workers in the case of BD meant that a graduate of Project Yi Jin programmes who did not have a pass in Mathematics in HKCEE would never be able to meet the upgraded qualification requirements, given that HKCEE would not be held any more. He expressed concern that if other departments followed suit, graduates of Project Yi Jin programmes who did not have a pass in Mathematics in HKCEE would not have a chance to apply for the relevant jobs. Mr LEE Cheuk-yan also pointed out that BD's case affected not only Project Yi Jin graduates but also graduates of the higher diploma programmes of the Hong Kong Institute of Vocational Education, who similarly might not have a pass in Mathematics in HKCEE.

15. SCS explained that the comparability of Project Yi Jin to HKCEE results was determined by the Hong Kong Council for Academic Accreditation (HKCAA) (later renamed as HKCAAVQ). HKCAA's assessment was that, while Project Yi Jin graduates could be considered as having attained a level comparable to five passes in HKCEE for the purposes of further education or employment, satisfactory completion of Project Yi Jin's core modules in Mathematics in Practice and Information

Technology could not be recognized as equivalent to passes in these two subjects in HKCEE owing to the difference in curriculum design.

16. The Deputy Secretary for Education 5 advised that EDB had been working with the Federation for Continuing Education in Tertiary Institutions to consider the design and implementation of a new programme based on the Project Yi Jin model to provide an alternative pathway for adult learners and students under the NSS academic structure. It was expected that the above work would be completed in the first half of 2012 and a funding proposal would then be made to the Finance Committee for approval.

17. The Chairman and Mr LEE Cheuk-yan stressed the need to ensure that the qualification of completion of the new Project Yi Jin programme should be recognized for the purpose of civil service appointments. SCS responded that since details of the new Project Yi Jin were still under discussion, how graduates from the new programme would be handled when they applied for civil service posts had yet to be decided. SCS, however, invited members to note that the Project Yi Jin certificate was accepted by the Government as meeting the required qualification for applying for 35 grades whose minimum qualification requirements were five passes in HKCEE (not including Mathematics). Moreover, if a graduate of Project Yi Jin did not have a pass in Mathematics in HKCEE, he could sit as a private candidate for Mathematics examination under the new NSS academic structure (e.g. the Mathematics examination of the new Hong Kong Diploma of Secondary Education Examination). If the graduate got a Level 2 in Mathematics in the examination, he/she would be qualified to apply for five more grades (on top of the 35 aforementioned grades) which required applicants to have attained five passes in HKCEE (including Mathematics) or equivalent.

18. Ms LI Fung-ying requested information on a breakdown by grades of the respective numbers of applicants who only met the minimum entry requirements and had been selected for appointments in the past year. She queried the likely chance of being selected for appointment as civil servants for those candidates, in particular Project Yi Jin graduates who only met the minimum entry requirements. In response, SCS agreed to ascertain whether such information was available and if so, to make it available to Members.

19. Dr PAN Pey-chyou considered that equal emphasis should be placed on working experience and academic qualifications in selecting candidates to fill vacancies. In response to him on the availability of

guidelines on how to balance the two in the recruitment exercise, SCS explained that some grades might have already clearly specified the necessary years of experience in the entry requirements. Where only the academic requirements were specified, the selection marking scheme might or might not cover relevant experience. In both cases, the bureaux/departments (B/Ds) concerned would determine for themselves the weight that should be attached to work experience because they best understood the need or otherwise for relevant experience in performing the tasks concerned.

## V Government outsourcing

|                                   |       |   |
|-----------------------------------|-------|---|
| (LC Paper No. CB(1)1280/10-11(04) | No. — | Administration's paper on use of outsourcing in the delivery of government services                               |
| LC Paper No. CB(1) 1298/10-11     |       | Updated background brief on "Contracting out government services" prepared by the Legislative Council Secretariat |
| LC Paper No. CB(1) 1469/10-11(01) |       | Submission from Government Employees Association)   |

20. The Head, Efficiency Unit (H/EU) briefed members on the Administration's paper for this item, which reported to members the findings from the latest review on outsourcing activities across the Government and on measures being taken to ensure that outsourcing arrangements were properly designed and managed.

### Calls to cease or minimize outsourcing of Government services

21. Mr WONG Kwok-hing questioned the Administration's claim in paragraph 27 of its paper for this item (LC Paper No. CB(1)1280/10-11(04)) that the majority (85%) of departments considered that outsourcing had no or little impact on deletion of posts. In his view, the claim was different from the picture given in the submission from the Government Employees Association (the Association) tabled at the meeting (LC Paper No. CB(1) 1469/10-11(01)), according to which most civil servants did not support outsourcing of Government services because it would aggravate labour exploitation, increase the workload of civil servants who had to monitor the performance of contractors' staff, and

affect the quality of outsourced services. Moreover, agency workers were denied pay rise, promotion prospects, fringe benefits and a future and were therefore demoralized. As Mr WONG perceived, since the outsourcing of many Government services after the dissolution of the two former municipal councils in 2000, the wages of cleaning workers and security guards had been decreasing. He criticized the Government for taking the lead in suppressing the wages of workers and for causing the quality of public services to deteriorate. The Deputy Chairman shared his views. They together urged the Administration to stop outsourcing Government services and to examine the need to recruit more civil servants. Dr PAN Pey-chyau also considered Government's outsourcing policy problematic, and urged the Administration to pay due regard to the views in the Association's submission.

22. SCS responded that Government outsourcing was not under the policy purview of CSB and CSB had no power to prohibit outsourcing. Outsourcing was only one option that could be considered by B/Ds as a means to provide public services where appropriate. Of the \$52-billion annualized expenditure on outsourcing, \$36 billion was in fact for expenditure on public works. In response to Mr WONG Kwok-hing's enquiry, SCS said that the Secretary for Labour and Welfare would provide a paper on the implications of the minimum wage requirement on government contracts to the Panel on Manpower before 1 May 2011.

23. Mr LEE Cheuk-yan highlighted the increase in Government's annualized expenditure on non-works contracts, which had increased from \$13 billion in 2002 to \$15.9 billion in 2010, and requested the Government to refrain from outsourcing Government services in consideration of the following –

- (a) The lack of job security for contractors' staff was not conducive to maintaining social stability. Moreover, the outsourcing of security control work was inappropriate (work involving maintaining public order and handling demonstrators);
- (b) Government service contractors were always thinking of ways to exploit their staff. For example, there were more and more cases of contractors denying their staff remuneration during meal breaks, and cases where Mandatory Provident Fund (MPF) exempted Occupational Retirement Schemes Ordinance registered schemes were provided for staff in place of MPF Schemes to enable

employers to evade making the employer's MPF contribution by sacking the staff concerned within five years; and

- (c) The outsourcing of Government services under the “big market – small government” principle had resulted in the community as a whole paying the price as demonstrated by the decrease in the wages of workers in general since 1997.

Mr LEE considered that SCS was obliged to convey members' request for cessation of Government outsourcing to the Chief Executive (CE).

24. Ms LI Fung-ying pointed out that according to figure 6 in LC Paper No. CB(1)1280/10-11(04), there were long-term needs for many of the services outsourced. She opined that unless cost-saving was the purpose of outsourcing, civil servants should instead be recruited to provide these services. H/EU responded that according to the departments concerned, they outsourced services not to save costs but for achieving value for money in delivering public services. SCS then referred members to paragraphs 3 and 4 of LC Paper No. CB(1)1280/10-11(04) for the circumstances under which the use of outsourcing was appropriate.

25. Referring to the challenges reported by 78% of the departments responding to the 2010 outsourcing survey in monitoring the delivery of outsourced services, Ms LI Fung-ying pointed out that as she learnt from civil servants, such challenges had mainly arisen from difficulties in nurturing team spirit given the co-existence of staff employed on different terms in the same department, thereby resulting in the problem of "different pay for the same job". Moreover, civil servants very often had to spend time on rectifying problems arising from outsourcing of services and be held responsible for the performance of contractors' staff. These civil servants were therefore subject to additional pressure and were demoralized. She enquired whether EU could help the departments concerned address the reported challenges, and help reduce the outsourcing of Government services.

26. H/EU responded that to ensure outsourcing would work satisfactorily, it had to be well-designed, well-used and well-maintained. As such, EU was helping the departments concerned by providing advice on the necessary arrangements to be made, such as awarding fewer, well-designed and longer term outsourcing contracts. As to maintaining good team spirit, departments would be advised to exercise care in

ensuring that their own staff would not be overloaded with additional management duties because of outsourcing.

27. In response to Dr LEUNG Ka-lau on whether EU or CSB had any role to play in ensuring the extent of outsourcing was appropriate, H/EU explained that EU was only responsible for providing advice and assistance to those B/Ds which might wish to consider outsourcing their services. SCS added that in general it was entirely up to the heads of B/Ds to decide on the mode of delivering a public service and their respective outsourcing programmes, and there was no need to seek approval from CSB or any other B/Ds although the departments concerned might choose to discuss the matter with the relevant policy bureaux and seek their agreement. That notwithstanding, if any outsourcing decisions would affect many civil servants, the B/Ds were expected to discuss the relevant staff redeployment issues with CSB because it was a government policy that no civil servant would be made redundant due to contracting out. The above condition, however, only applied to large-scale outsourcing that necessitated extensive redeployment.

28. Noting the above response, Mr LEE Cheuk-yan considered it insufficient only to prevent outsourcing from creating redundancy because outsourcing affected not only existing civil servants but also job seekers' opportunities to join the civil service to work for a stable job.

Concerns that Government outsourcing would give rise to labour exploitation

29. The Deputy Chairman expressed concern about the increase of 21% in the number of non-works contracts as compared with 2008, while the contract value and the average contract value had decreased by 4% and 21% respectively. He questioned whether the above phenomenon had been caused by the decrease in the wages of the workers concerned, and even exploitation of wages and work-related benefits. Mr LEUNG Kwok-hung shared his query.

30. H/EU responded that there might be difficulty in ascertaining whether wage-related factors had led to the decrease in contract value because the outsourcing surveys did not collect data on the proportions of different cost components of the contract value. However, B/Ds were always advised to enter into contracts of longer duration, so as to provide greater scope for flexibility and innovation to come into play within the contract period to achieve service quality cost-effectively. In response to the Deputy Chairman's request to provide the breakdowns on cost

components, in particular the proportion of wage cost, H/EU explained that the survey only sought information on the total values of the contracts and not more detailed breakdowns. He added that EU would examine further the reasons for the increase in number and decrease in value of non-works contracts. The relevant findings would be reported to the Panel in due course.

31. Dr PAN Pey-chyou opined that instead of only focusing on achieving efficiency, as the largest employer in Hong Kong the Government should set a good example in ensuring reasonable employment terms for all people working for it. He was concerned to note from the 2010 outsourcing survey that 78% of the responding departments reported challenges in monitoring service delivery and compliance, representing a 10 percentage points increase from 68% in 2008.

32. In response, SCS made the following points on wage protection of workers of outsourced contracts –

- (a) Since May 2004, Government had introduced a mandatory wage level requirement for service contracts that relied heavily on non-skilled workers. A tender offer would not be considered if the monthly wages offered by the tenderer to its non-skilled workers were less than the average monthly wages for the relevant industry/occupation as published in the latest Quarterly Report of Wage and Payroll Statistics of the Census and Statistics Department at the time when tenders were invited. Since 2010, B/Ds were also required to specify in the service contracts that the wages of the agency workers (other than non-skilled ones) assigned to work in the procuring B/Ds could not be less than the quoted wages in the bids, as in the arrangement for skilled agency workers, for the whole duration of the concerned contracts, and the mechanism to monitor compliance with the above wage requirement as well as sanctions to be imposed in the event of non-compliance;
- (b) Administrative measures had been introduced to ensure compliance of the above wage requirements, such as by requiring contractors to pay their staff through bank transfer, by checking the relevant salary statements, and by specifying in the tender documents that the contractors had to comply with all relevant labour legislation, including

those related to MPF;

- (c) Where the service contract was complicated, a "two-envelope" approach to tender evaluation would be adopted. Under the approach, sufficient weighting would be given to the technical and quality requirements to ensure that all conforming tenders would meet the technical standards required, and that these would be assessed before consideration was given to price, so as to avoid always awarding contracts to the lowest bidder and minimize the incentive to cut cost by exploiting workers; and
- (d) A service-wide Demerit Point System had further been introduced to sanction unscrupulous contractors. A contractor might have his contract terminated where necessary, or he might be blacklisted and barred from bidding for Government service contracts for a certain period.

33. Ms LI Fung-ying said that as government service contracts were normally awarded to the lowest bidders, contractors tended to cut staff salaries in order to minimize cost. As set out in paragraph 14 of LC Paper No. CB(1)1280/10-11(04), setting aside works contracts, the majority of responding departments to the 2010 outsourcing survey "reported estimated savings in the region of 26% to 34%". Ms LI sought details on the proportion of the above savings which had resulted from reduction and even exploitation of wages and work-related benefits. H/EU responded that the adoption of the "two-envelope" approach in evaluating tenders would help ensure that in awarding contracts, proper attention would be given to quality as well as price.

34. The Chairman opined that although the Administration claimed that Government services were outsourced not to save costs but for improving performance and efficiency, the fact might be just the opposite. She highlighted a complaint case about the outsourcing of the catering service for the ambulance depots of the Fire Services Department since 2006, which had resulted in gradual reduction of the wages of the cooks employed under the relevant service contract through reducing the number of daily working hours, abolishing the double pay, and by actually cutting the cooks' hourly rate. Since the work involved could not be completed within the reduced daily working hours, the cooks were in fact exploited and demoralized. The meals provided to and hence the working conditions and morale of ambulancemen were therefore also affected.

She asked whether government services were always outsourced to the lowest bidders, and enquired about measures to prevent labour exploitation by contractors of Government services.

35. In response, H/EU reiterated that the "two-envelope" approach adopted to evaluate tenders could avoid over-emphasis on the price. As to the above complaint case, he said that it was up to individual departments to ensure that outsourcing contracts were properly designed and structured to achieve good value for money for the public, which might not necessarily be defined in monetary terms. He also explained that it was also up to individual departments concerned to decide on the employment terms that would apply in the outsourcing contracts.

36. Noting the response above, the Chairman emphasized that EU should ensure that all departments could abide by the four principles applicable to the management of public services as highlighted in paragraph 2 of LC Paper No. CB(1)1280/10-11(04) when they outsourced their services. She said that she would provide details of the above complaint case to the Administration for follow-up. H/EU responded that EU had already been urging departments to observe the above principles and the best practice guides published by EU.

37. Dr LEUNG Ka-lau pointed out that despite the setting of the wages of contractors' workers at a certain level, their wages were invariably lower than those of civil servants performing similar duties. He enquired about the extent of cost-effectiveness that had resulted from the above differences in remuneration. H/EU responded that he did not have such details. He further clarified that departments' outsourcing activities did not require the authorisation of EU. The role of EU was advisory.

#### Concerns that outsourcing of Government services might compromise service quality and security

38. In response to Dr PAN Pey-chyou's enquiry about how quality of outsourced services could be ensured, H/EU advised that the Government not only attached importance to efficiency and value for money but also the performance of outsourced services and the quality of contract management. EU had been producing a number of best practice guides to help develop effective contracts and manage their operation effectively. EU was also looking into the reasons for the increased challenges departments reported in monitoring service delivery and compliance. EU would continue to work with the departments concerned separately to

address the specific issues they faced. He advised members that according to end user satisfaction surveys, steady improvement in public satisfaction with government services over the past decade had been observed.

39. The Deputy Chairman took over the chair at this juncture at the request of the Chairman who had to leave at 12:25 pm.

40. Mr LEE Cheuk-yan urged SCS to relay to CE his view on the need to conduct a comprehensive review of Government's outsourcing policy in the light of overall job security and security considerations. In his view, outsourcing should not be continued at the expense of service quality and security, and sensitive services that involved law enforcement should not be outsourced. For example, the engagement of contractors' vessels to carry Marine Department (MD) officers to perform enforcement duties, which in his view might enable the contractors' vessels, which would be painted in the same way as those owned by MD itself, to engage in smuggling passing as MD's vessels. The contractors might also pass the intelligence on MD's enforcement actions to smugglers. Similarly, as a result of the outsourcing of the maintenance of the Police's telecommunications system, contractors' staff could enter premises of the Police which in the past were inaccessible to outsiders, and could cause risks to the systems.

41. SCS responded that although outsourcing was not under CSB's purview, she could ask different bureaux to give details on whether they had any plan to review the outsourcing activities of the departments under them. She also believed that security would be a consideration when B/Ds decided whether to outsource any service. She agreed to relay Mr LEE's view and concerns to CE.

#### Queries of the results of the 2010 outsourcing survey

42. Mr WONG Sing-chi highlighted discrepancies between the Association's submission and the findings of the 2010 outsourcing survey reported in paragraph 29 of LC Paper No. CB(1)1280/10-11(04), which claimed that 84% responding departments reported that their staff accepted the changes brought about from the outsourcing of in-house service, and only 2% of staff strongly objected to outsourcing of services. He sought further details on the above findings, including the specific numbers of staff members and respondents concerned.

43. Mr WONG Sing-chi questioned the design of the survey

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questionnaire, and said that respondents should be asked to indicate the degree of agreement or disagreement with the survey questions instead of just stating yes or no. H/EU agreed to take this into account in the design of the questionnaire in future surveys. He also assured members that views presented in the Association's submission would not be ignored. Mr LEUNG Kwok-hung expressed regrets that the requested details were not available for examination at the meeting. He suggested that tertiary institutions should be commissioned to conduct the outsourcing surveys instead. He considered that EU was accountable to CE only, and it had not been able to ensure that outsourcing of Government services would not lead to labour exploitation.

44. The Deputy Chairman said that to allow sufficient time for discussion, he would extend the meeting by 15 minutes.

45. Dr PAN Pey-chyou considered that the outsourcing surveys could not reflect the true picture because they were conducted on departments and not on staff or service users. The 2010 survey, in particular, had failed to answer many questions, such as those relating to the challenges reported by 78% of the responding departments in monitoring service delivery and compliance. Nor had it conducted any analysis of such important information as the quality of the outsourced services, or the proportion of wage cost in the annualized expenditure on outsourcing. He requested provision of the full report of the 2010 outsourcing survey, and urged EU to solicit details requested by members in future outsourcing surveys.

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46. H/EU responded that EU had already been assessing the quality of the outsourced services of a few departments by benchmarking these services to good quality private services. In the outsourcing survey conducted a few years before, questions about staff concerns had also been asked. While indicating willingness to improve the design of the outsourcing survey in future, he also explained that the survey was only one of the many tools for assessing the quality of outsourced services. In response to Dr PAN Pey-chyou however, he agreed to provide to the Panel and upload to the Internet the full report of the 2010 outsourcing survey in March 2011.

47. Mr TAM Yiu-chung pointed out that the cost savings from Government outsourcing as presented in LC Paper No. CB(1)1280/10-11(04) might be smaller considering the above funding implications of the minimum wage requirement, and the costs incurred in managing and monitoring outsourcing contracts. H/EU responded that

the average costs in this regard had already been set aside and estimated to be 11% of the annualized contract value as reported in paragraph 14 of LC Paper No. CB(1)1280/10-11(04). He further advised that departments had been reminded to properly design outsourcing contracts to minimize management and monitoring costs, and to avoid overloading departmental staff with duties of monitoring the performance of contractors' staff.

**VI Any other business**

48. There being no other business, the meeting ended at 1:00 pm.

Council Business Division 1  
Legislative Council Secretariat  
15 April 2011