

**For discussion
on 10 July 2018**

Legislative Council Panel on Housing

**The Hong Kong Housing Authority's
Outsourcing Arrangements for Property Services**

Purpose

This paper informs Members of the outsourcing arrangements of the Hong Kong Housing Authority (HA) for property services.

Background

2. HA is a statutory body established under the Housing Ordinance (Cap. 283), with Housing Department (HD) as its executive arm. HA has established its own services procurement arrangements according to the HA Stores Regulations and HA Procurement and Supplies Instructions. The Stores and Procurement Regulations (SPR) of the Government are not applicable to HA. However, HA will make reference to the SPR and adopt applicable principles and practices in its own system and regulations.

3. HA maintains lists of property services agents, cleansing service contractors and security service contractors (“the Lists”), and assesses the performance of contractors continuously in various aspects through list management. When outsourcing property services, HA has all along been adopting the following procurement principles –

- (a) safeguarding the open and fair competition in the market place;
- (b) partnering with contractors in a fair, reasonable and ethical manner;
- (c) adopting an accountable and highly transparent mechanism for effective monitoring;
- (d) striving for value for money;
- (e) implementing risk management in a holistic manner; and
- (f) striving for continuous improvement.

Tendering System for Property Services

4. HA has established a series of measures implemented by HD to select suitable service contractors, and prevent them from monopolising or manipulating tender results. These measures include –

- (a) publishing tender notices in the Government Gazette to notify interested companies that they can apply for admission onto the Lists for participation in tendering;
- (b) making public the weighted scoring system to all tenderers for reference;
- (c) estimating the contract sum to evaluate whether tender prices submitted are reasonable during the assessment of tender prices;
- (d) incorporating a “warranty against collusion” clause¹ in the tender documents, and taking appropriate follow-up actions against service contractors who breach the tender conditions, such as rejecting the tender;
- (e) adopting a three-tier structure which comprises the Tender Assessment Panel, Tender Evaluation Team and authorised approving authorities² for tender assessment, to enhance accountability and transparency; and
- (f) publishing the name of the successful tenderer and the service contract sum via Government Gazette and the HA website for each tender exercise.

Safeguarding the Rights and Benefits of Service Contractors’ Workers

5. To safeguard the statutory rights and benefits of the workers of the service contractors, HA has stipulated in the contract terms that, apart from complying with Hong Kong laws and regulations (including the Employment Ordinance (Cap. 57)), service contractors are required to enter into employment contracts with workers who have worked for more than seven days. If the workers are non-skilled employees (including cleansing workers and security

¹ The tenderer must ensure that the tender is prepared without any agreement, arrangement, communication, understanding, promise or undertaking with any other person regarding price, tender submission procedure or any terms of the tender, and for this purpose submit a “Non-collusive Tendering Certificate” upon submitting a tender.

² Including HA’s Tender Committee and HD’s Tender Board.

guards), the service contractors have to sign the “Standard Employment Contract”, drew up by the Government, with such employees, in order to further protect their rights and benefits.

6. Contracts between HA and service contractors also specify that service contractors are required to pay their non-skilled employees a monthly wage not less than the monthly wage stated in the respective contracts (i.e. the committed wage), to commit to the maximum daily working hours of the workers, and to pay wages by auto-pay. If a service contractor does not comply with the above requirements, HA will issue a default notice and allot one demerit point to the service contractor under the Demerit Point System. If three demerit points are allotted within 36 months, HA terminates the service contract.

Implementation of Regulatory Actions

7. HA’s contracts specify that service contractors must comply with the laws of Hong Kong (including legislation related to labour and competition). If a service contractor contravenes the legislation, HA may, with consideration of the circumstances and seriousness of the case, take appropriate regulatory measures, including restricting or suspending the service contractor from tendering, terminating the service contract, and removing the service contractor from the Lists, etc.

8. Besides, HA has established a scoring system for assessing the performance of service contractors. In every quarter, HD estate staff, the Estate Management Advisory Committee, and randomly selected households from individual housing estates will assess the performance of their respective service contractors under HA’s system. The scores attained by service contractors will affect their contract extension and tender opportunities. Poorly performed contractors will be subject to regulatory actions (e.g. restriction or suspension from tendering) as decided by HD’s Contractors Review Committees. HA also strives to prevent non-skilled employees (including cleansing workers and security guards) employed by service contractors from being exploited. Estate staff will conduct regular and surprise inspections, interview the cleansing workers and security guards, and check whether their employers have complied with their legal and contractual responsibilities. HA will take appropriate actions immediately if it finds any contravention by service contractors.

Participation in the Review of the Government's Outsourcing System

9. The Labour and Welfare Bureau (LWB) set up an inter-bureau and inter-departmental working group in August 2017, to look for ways to improve the Government's outsourcing system, with a view to strengthening protection of non-skilled employees employed by Government service contractors with respect to reasonable remuneration and labour rights. The working group comprises LWB, Financial Services and the Treasury Bureau, Labour Department, Food and Environmental Hygiene Department, Leisure and Cultural Services Department, Government Property Agency, and HD. The working group is proceeding with the relevant review, and targets to complete the review by the third quarter of this year. HD will actively participate in the discussions. If the Government introduces new measures, HD will report to HA, and consider incorporating relevant measures into HA's system.

10. Members are invited to note the content of this paper.

Transport and Housing Bureau
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