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**Panel on Food Safety and Environmental Hygiene**

**Information note prepared by the Legislative Council Secretariat  
for the meeting on 12 February 2019**

**Contract tendering system for public cleansing services**

According to information available on the website of the Food and Environmental Hygiene Department ("FEHD"), FEHD and its cleansing contractors have a total workforce of about 11 600 to keep the city clean and provide cleansing services including street sweeping, waste collection and other cleansing work. For greater efficiency and cost-saving, FEHD has all along been contracting out its cleansing services.

2. At meetings of the Panel on Food Safety and Environmental Hygiene ("the Panel") held between January 2017 and November 2018, when issues relating to environmental hygiene were discussed, some members expressed concern that FEHD's practice of awarding outsourced contracts under the existing service contract tendering mechanism to the lowest bidder was the root cause for inferior cleansing services, and outsourced service providers might not have the incentive to improve their work due to cost consideration. The Administration was urged to revamp the service contract tendering system so as not to award cleansing service contracts merely on account of tender price.

3. According to the information provided by the Administration to the Panel in January 2018, FEHD awards its public cleansing service contracts through open tender in accordance with the procurement requirements and procedures of the Government and evaluates the tenders using the standard marking scheme ("SMS") approved by the Government's Central Tender Board. Under SMS, the relative weightings of technical score and price score are 30% and 70% respectively. The assessment criteria for technical score comprise the quality of the proposed implementation plans submitted by the tenderer, the proposed wage level and daily maximum working hours of

the cleansing workers employed for executing the contract as well as the contractors' experience/performance track record for relevant government contracts. FEHD does not award service contracts simply on the basis of tender price. Generally, the tender with the highest overall score would be accepted. According to the past tender results, about 40% of the cleansing contracts are not awarded to the lowest conforming offer.

4. According to the Administration, price is an important but not the determinant factor in FEHD's selection of tenders. FEHD has optimized the tendering system of existing public cleansing contracts, by increasing the maximum mark of the assessment criteria for the proposed wage rates, daily maximum working hours, record of past performance of the tenderers in the relevant Government contracts and other concerned items of the marking scheme. This is to encourage tenderers to pay higher wages to their non-skilled workers and to upgrade their service quality. It will also enable the Government to get a quality and value-for-money tender.

5. Apart from the above, the Administration appreciates that there is scope for improving the cleansing service contract tendering arrangements as well as contract supervision and management. According to FEHD, it is reviewing the cleansing contract tendering system, guided by the need to uphold the requirements on service quality and to observe the principle of value for money.

6. The Administration will brief members on FEHD's application of innovation and technologies for improving environmental hygiene at the Panel meeting on 12 February 2019. At members' request, the Administration will also update members on its work progress regarding FEHD's review of the cleansing contract tendering system.