

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)083

(Question Serial No. 3417)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the outsourcing of services in your department, please inform this Committee of the following in respect of the past 3 years:

1. the total number of outsourced service staff employed by your department and the percentage of outsourced service staff against the total number of staff performing the same types of duties in your department;
2. the total staff costs of your department; the total amount paid to outsourced service providers; and the percentage of amount paid to outsourced service providers against the total staff costs of your department; and
3. the nature of your department's outsourced services and the duration of the relevant contracts.

In addition, according to the Government's guidelines for tendering of outsourced services revised last year, if the procured service relies heavily on the deployment of non-skilled workers, and a marking scheme for tender evaluation is adopted, the procuring department, when conducting the tender evaluation, should include in the evaluation criteria the assessment of tenderers' proposed wage rates and working hours for non-skilled workers. In this connection, please inform this Committee of:

4. the current number of outsourced service contracts involving a large number of non-skilled workers awarded by your department since the implementation of the guidelines;
5. the departments which have adjusted their evaluation criteria in respect of wage rates and working hours for the outsourced service contracts involving a large number of non-skilled workers according to the new guidelines since their implementation; the adjustments which your department has made; and if no relevant information is available, the reasons for it;
6. whether there has been any increase in the average wage rates for workers in the contracts of outsourced services that rely heavily on deployment of non-skilled workers since the implementation of the guidelines; if yes, the number of contracts with an increase in wage rates; if no relevant information is available, the reasons for it;

7. your department's measures to gauge the effectiveness of the new tendering guidelines;
8. whether your department is required to adopt the existing mechanism of the two-envelope assessments on the technical and price aspects when evaluating tenders for contracts of outsourced service; if no, the number of contracts awarded without adopting the existing mechanism of two-envelope assessments of the technical and price aspects in the past 3 years;
9. the annual numbers of cases of government service contractors breaching the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance as revealed by the inspections conducted by your department, and the annual numbers of complaints lodged by the outsourced service staff;
10. the details of follow-up actions taken in respect of the aforementioned non-compliance and complaint cases; and
11. the number and details of cases involving outsourced service contractors being punished for non-compliance or substantiated complaints.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 110)

Reply:

- (1)&(3) In the past three years, the services outsourced by the Inland Revenue Department (IRD) mainly included data entry, cleansing and security services. The duration of contracts depends on the service need. Since the cost of IRD's outsourced contracts is not based on the number of staff employed by the contractors, IRD is not in a position to provide the total number of outsourced service staff employed and such number as a percentage of the total number of staff carrying out the same type of duties in IRD.
- (2) In the past three years, IRD's total staff expenditure was around \$1.17 billion each year and the annual amount paid to outsourced services providers was around \$2.5 million on average, which is equivalent to around 0.2% of IRD's total staff expenditure.
- (4), (5), (6)&(7) At present, IRD has not awarded any outsourced service contracts that involve a large number of non-skilled workers.
- (8) In the past three years, in view of simple nature of the outsourced services and the relatively low contract value, IRD adopted the price evaluation approach in scrutinizing the relevant bids.
- (9), (10)&(11) IRD has not found any breach of the contract requirements by the outsourced service contractors, nor has it received any complaints from the employees of these contractors.