

Working Group on the Monitoring of Performance of Contractors at LCSD Outsourced Sports Centres and Swimming Pools

Gist of the Meeting Discussion

Item	Members' Opinions	The LCSD's Response
(1)	The LCSD's current monitoring mechanism for the outsourced management services of sports centres and swimming pools	
1.1	How different DLSOs can standardise the criteria for assessing contractors	The contractors shall carry out the contracts by providing the services prescribed therein. The detailed requirements of these services have been stated clearly in the annexes to the contracts. If any contractor fails to meet the contract requirements, the officer-in-charge of the DLSO may issue verbal advice, an advisory letter or a default notice, etc. to the contractor concerned and deduct the monthly fee payable to the contractor in accordance with the contract terms. The contractors' poor performance will be put on record for reference by the Department in the event of selecting a contractor for providing similar service in future. Besides, district representatives will attend a regular meeting chaired by the Deputy Director (Leisure Services) with a view to strengthening the communication among the management staff from different districts and sharing their experience of monitoring the contractors. By so doing, standardised criteria can be mapped out to enhance the management of the outsourced venues.
1.2	Apart from the Customers' Opinion Survey, the LCSD may also consider adopting other objective indicators to assess the performance	Presently, the LCSD has also employed other relevant performance indicators, e.g., the record of customers' complaints against contractors is included as one of the performance indicators for assessing the contractors' performance.

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	of the contractors, e.g. the number of complaints or occurrence of special incidents	
1.3	What is the composition of the Standing Committee set up by the LCSD for effectively monitoring the performance of the contractors at outsourced sports centres?	The standing committee for monitoring the performance of the contractors at the outsourced sports centres is chaired by our Deputy Director (Leisure Services) and the members mainly consist of representatives from the LCSD Headquarters and those at district management level.
1.4	What are the items covered by the internal operating expenditures?	The internal operating expenditures mainly include staff's wages, electricity charge, gas charge and all other expenses relating to the maintenance of the venue operation.
1.5	What is the arrangement for contractors to receive payment from the Government?	The Government is only required to pay a fixed monthly fee as stipulated in the contract while the contractors should bear the related daily operating expenses of the facilities.
1.6	Enquiry about the monitoring of minimum wage	The contractors should pay the monthly wages as stipulated in the contract to its employees and the wages paid to non-technical staff should not be lower than the minimum wage specified in the contract. The LCSD will check the payment record of the respective banks to oversee the fulfilment of the relevant terms and conditions by the contractors.
1.7	Did the more established estate management companies have the edge over other competitors in previous tenders' technical	The more established estate management companies may have the edge over other competitors in individual items such as the experience in management and availability of resources. In fact, if they are capable of providing quality management plan, work plan, contingency plan, quality

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	assessment in respect of items 5 to 8 (i.e. the management plan, work plan, contingency plan, quality assurance plan and transition plan submitted by the contractors)?	<p>assurance plan and transition plan because of their rich experience in managing large-scale property, they will receive higher scores under the existing criteria of technical assessment.</p> <p>As regards whether too much emphasis will be put on individual assessment items in the service quality / technical assessment, it is shown in the records on technical assessment of the tenders for the 13 sports centres that companies with higher score have generally attained better marks in various items instead of merely concentrating on certain items. This indicates that companies with higher scores in service quality / technical assessment have given better performances in all aspects of their management instead of just concentrating on certain items.</p>
1.8	How will a marking scheme for assessing the tenders be formulated?	The formulation of marking criteria for assessment is based on the Government's past experience in outsourcing. The marking scheme, approved by the Financial Services and the Treasury Bureau, will be reviewed and revised after each tender assessment exercise.
1.9	Price and service quality are in some ways correlated. Presently, price carries a weight of 70% in the marking scheme. Members asked whether such a proportion could be reviewed and whether price was a critical factor in the technical assessment of the past tenders.	According to the LCSD's existing assessment criteria and tender evaluation record, among the successful bidders for the management contracts of 13 sports centres, seven of them are companies with higher scores in the service quality / technical assessment whereas six of them are companies that have offered the lowest tender prices. In addition, five companies were eliminated from the above tender evaluation process because they failed to obtain the passing mark of the service quality / technical assessment in the Stage 1 Assessment – Mandatory Requirements, or they failed to obtain the passing mark of the technical assessment of the Stage 2 Assessment. The above tender evaluation results have reflected that the marking scheme for tender evaluation currently

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		<p>adopted by the LCSD (i.e. with a price to service quality / technical assessment ratio of 70% to 30%) can maintain an appropriate balance between price and service quality. This is not only in line with the principle of effective use of public resources, but can also ensure that the successful bidder has attained a certain level in facility management and is able to provide the users of sports centres with up-to-standard management services.</p>
<p>(2) Monitoring of the service levels of the outsourced sports centres and swimming pools and assessing the effectiveness of outsourcing</p>		
2.1	<p>In the summary of findings of the customers' opinion survey for swimming pools, it was found that customers were more satisfied with the overall performance of the swimming pools managed by the LCSD than with those managed by contractors. However, in individual items such as the performance of lifeguards and other staff, customers were more satisfied with the swimming pools managed by contractors than with those managed by the LCSD.</p>	<p>The LCSD responded that it was explainable for customers to have higher level of satisfaction in individual items but the average score turned out to be relatively low in the customers' opinion survey for swimming pools. For instance, the satisfaction rate of the performance of lifeguards in swimming pools managed by the LCSD and the contractors were 93.9% and 95.2% respectively. However, the average scores attained by them were 7.9 and 7.7 respectively. In the questionnaire currently adopted, scores ranging from 6 to 10 would be regarded as denoting "satisfactory". Therefore, the above figures represent the scenarios that 93.9% respondents were satisfied with the swimming pools managed by the LCSD and the average score given was 7.9 while 95.2% respondents were satisfied with the swimming pools managed by the contractors and the average score given was 7.7. In other words, more respondents were satisfied with the lifeguards' performance in swimming pools managed by the contractors but higher scores were given regarding the level of satisfaction with the lifeguards' performance in swimming pools managed by the LCSD.</p>
2.2	<p>The survey found that the service level of</p>	<p>The LCSD explained that the customers' level of satisfaction might have been affected by the</p>

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	<p>contractors is more or less the same with that provided by the LCSD. Members queried whether it was statistically substantiated. In the summary of findings of the customers' opinion survey of sports centres, the satisfaction rate and average score attained by sports centres managed by the LCSD are in general higher than those managed by contractors. Is it a reflection that the sports centres managed by the LCSD are better than those managed by the contractors?</p>	<p>age of individual facilities, year of construction, scale and location, etc and influenced the findings of the customers' opinion survey. Therefore, it is suggested that the findings be used as references only instead of direct comparison for individual types of facilities.</p>
2.3	<p>Since old and new facilities are of different scales, it is not suitable to use the findings of the customers' opinion survey for direct comparison between individual facilities. To make the comparison more effective, it is suggested that the LCSD conduct the survey at the same venue during different periods of time.</p> <p>Different factors, such as the design of</p>	<p>The LCSD supplemented that a similar customers' opinion survey would be conducted in outsourced sports centres annually for the management to adopt measures in response to the findings of the survey.</p>

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	<p>questions in the questionnaire, the age and scale of facilities, the timing of conducting the survey, and the weight carried by different questions, will affect the findings of the customers' opinion survey. In view of the above factors and the findings of the present survey (which indicated that the customers' satisfaction rate and scores given to facilities managed by the LCSD and contractors are very close), Members agreed that the findings should only be used as references instead of for comparison.</p>	
2.4	<p>The service level of outsourced venues has been enhanced, particularly in the working attitude of frontline staff. Yet, there is room for improvement in the polite manner of the staff at the reception counter.</p>	<p>In respect of staff's manner training, the Department has hired a consultancy firm to launch a courtesy campaign (「你我同心、顧客稱心」計劃) for improving staff's politeness in serving customers. Moreover, in order to promote team spirit, all staff will wear standardised uniforms and attend a work briefing session daily, during which the venue manager will brief the staff on the key points of that day's tasks to ensure that all team members have the same working target.</p>
2.5	<p>The service level of sports centres has been enhanced greatly. However, the recent experience of Kowloon Park users indicated</p>	<p>The Department will remind the venue staff to strengthen security.</p>

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	that a relatively large number of theft cases occurred in the venue and therefore more attention should be given to security.	
2.6	Are the existing nine performance indicators sufficient for monitoring the contractors' service level?	In order to further understand whether the existing performance indicators are sufficient to monitor the service level of contractors, the LCSD will review the mechanism and consider adding to the nine existing performance indicators some qualitative elements such as staff's service manner and their responses to complaints.
2.7	As regards the criteria for scoring in the customers' opinion survey questionnaire, the LCSD should consider narrowing the relatively wide range of marks (0 to 4 marks representing "Unsatisfactory" and 6 to 10 marks representing "Satisfactory") so as to avoid misleading the respondents.	The LCSD remarked that explanatory notes would be added in the appropriate parts of the customers' questionnaire to explain clearly to the respondents the actual meaning of different marks so that they would not be unable to express their opinions explicitly due to the relatively wide range of marks.
2.8	The Department can consider collecting different people's opinions on sports centre management through various channels.	As regards the collection of customer's opinions, the LCSD will continue to arrange customers' opinion surveys through consultancy firms. The Department will also send "undercover" customers (staff from the Department's Quality Assurance Section) to visit the venues and find out the contractor's performance level.

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(3)	Others	
3.1	Will the Department consider encouraging venue users or district sports organisations to bid for the management contracts through forming non-profit-making bodies and promote recreation and sports activities to members of the public?	The outsourced management contracts of sports centres include venue cleansing, security, maintenance, horticulture, venue booking service and assistance in organising recreation and sports activities etc. The LCSD has already encouraged contractors to go in line with the Department's policy by making use of the facilities of sports centres to promote recreation and sports activities so as to increase the usage rate of venues. The organisation of various fitness activities in squash rooms is one of the examples. In addition, through the Community Sports Club Project, the LCSD has also encouraged users of sports facilities to organise themselves into non-profit-making bodies to enjoy the priority in hiring relevant sports facilities. This will on the one hand increase the usage rate of venues and, on the other hand, help venue users develop a sense of belonging to the community. As for the proposal of allowing district non-profit-making bodies to bid for the management contracts of sports centres, it is believed that this will only be further considered when the development of community sports clubs has gradually reached maturity.
3.2	Enquiry about the calculation method of the savings on the operating expenditure through outsourcing the management service at sports centres and swimming pools.	The amount of savings on the operating expenditure is calculated on the basis of each management contract of sports centre / swimming pool, with a contract term of three years. The resultant amount is obtained after deducting the tender price of the contract from the relevant internal operating expenditure.
3.3	It was suggested that the LCSD should consider inviting the trade unions concerned	In fact, the LCSD has currently provided various channels for regular communication with representatives from the trade unions and the staff side, and taken appropriate measures in

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	<p>to sit on the Working Group to express the staff side's opinions on outsourcing the management of leisure facilities.</p>	<p>response to the staff's aspirations.</p> <p>The LCSD understands its staff's concern about the principle of outsourcing, and will proactively maintain communication with the trade unions in order to explain to them that the outsourcing of the management of leisure facilities will neither affect the existing staff nor lead to staff redundancy.</p> <p>As the aim of the Working Group is to examine and monitor the performance of LCSD's contractors, which is in principle different from the opinion of trade unions which are against outsourcing, it seems that the arrangement to invite representatives from the trade unions concerned to sit on the Working Group will not be conducive to enhancing the Working Group's effectiveness in examining the monitoring mechanism. Furthermore, quite a number of trade unions are concerned about the outsourcing arrangements. If the Working Group needs to interview many trade unions and deal with their aspirations at the same time, it will be neither an ideal nor effective way of handling the matter.</p>
3.4	<p>The report on customers' opinion survey will be used for internal reference only. It was suggested that the LCSD should consider releasing the report on the opinion survey to the public so that they can know the findings. If it is not convenient to make</p>	<p>The arrangement for the LCSD to award labels of quality services to venues under its own management will not be convincing. It seems that such an arrangement will not win support from members of the public. But we will examine the feasibility of making public the report on the customers' opinion survey.</p>

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	<p>public all the findings of the opinion survey, the Department may consider following the labelling system adopted by the Hong Kong Tourism Board in its Quality Tourism Services Scheme to recognise contractors with outstanding performance.</p>	
3.5	<p>As regards the facilities of sports centres, improvement works should be carried out to improve the non-slip flooring in some changing rooms so as to improve the safety of venue users, especially the elderly. Moreover, as the usage pattern of changing rooms is quite different, the rooms are prone to wear and tear when compared to other facilities. Hence, the LCSD should consider requesting the contractors to carry out renovation works annually.</p>	<p>In view of the situation that the flooring of changing rooms often becomes wet and slippery, the Department will step up its efforts to improve the non-slip flooring in changing rooms, including non-slip treatment on the floor surface, and enhancement of the ventilation design of the floor surface to keep it dry as far as practicable. As for the point that the exterior appearance of the changing rooms is relatively prone to wear and tear, this is not the responsibility of the contractor. The Department will inform the Architectural Services Department to carry out regular maintenance and renovation if necessary.</p>
3.6	<p>Mr FAN Kam-ping raised the point that staff unions of lifeguards had all along objected to the outsourcing of life-saving service and</p>	<p>The LCSD replied that the Department and the trade unions were in principle holding different opinions on the subject of service outsourcing. The Department has made all-out efforts to explain to them that outsourcing the services will not affect the existing staff. It is a pity that this</p>

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	<p>initiated a number of industrial actions over the previous years. Although matters relating to the lifeguards have not been included in the Working Group's terms of reference, he would like to know what plans the LCSD had put in place to handle such matters.</p>	<p>still cannot clear up the doubts of the trade unions about service outsourcing. To clear up staff's doubts about their job security, last winter the Department invested a great deal of resources in strengthening the professional training of lifeguards and encouraged them to obtain professional qualifications through training. Staff possessing relevant qualifications and experience can take up the duties of a tutor in the Department's internal training courses. This can also build up their sense of job security. In fact, our lifeguard colleagues have all given positive response to the above arrangement.</p> <p>On the issue of remuneration, the Department has, in response to the market trend, raised the monthly salary of temporary contract lifeguards by more than 10%. This year, the response to the recruitment of temporary contract lifeguards has been good, with 1 200 applications received as at early March.</p> <p>The Department understands that all long-term contract lifeguards have the wish of becoming pensionable lifeguards whereas temporary contract lifeguards also have the wish of becoming long-term contract lifeguards. Owing to the current policy of freezing the staffing establishment, the Department will proactively consider the feasibility of employing long-term contract lifeguards. Based on the principle of fairness underpinning civil service appointments, recruitment of all contract staff by the LCSD is required to be open to all eligible candidates. However, it is believed that those seasonal lifeguards currently working in the Department will have the edge over other competitors in applying for long-term contract lifeguard posts because they possess relevant working experience.</p>

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		<p>In respect of the staffing level of swimming pools, the Department has also sent its staff (including our lifeguard colleagues) to countries such as Singapore, Japan and Australia for study visits. It is considered that relatively speaking the staffing level of lifeguards in Hong Kong is sufficient and safe. Hence, there is no plan to raise or lower the existing staffing level. The above departmental measures for ensuring the job security of lifeguards, such as the enhancement of professional training, the upward adjustment of temporary contract lifeguards' remuneration and the consideration of recruiting more long-term contract lifeguards, are believed to be conducive to the alleviation of lifeguards' doubts about job security.</p>