

LCQ7: Expenditure on consultancy fees for public works projects

Following is a question by the Hon Tony Tse Wai-chuen and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (May 16):

Question:

Regarding the expenditure on consultancy fees involved in the delivery of public works projects, will the Government inform this Council of:

1. the following information in respect of the public works projects with an approved estimated cost exceeding \$15 million implemented by each works department in the past three years:

- (i) the title of the construction project;
- (ii) the approved estimated project expenditure;
- (iii) the comparison between the original estimated expenditure on consultancy fees at the design stage and the approved estimated project expenditure;
- (iv) the awarded price of the contract for the construction works;
- (v) the comparison between the original estimated expenditure on consultancy fees at the design stage and the awarded price of the consultancy contract (design stage); and
- (vi) the reasons for the discrepancy between the original estimated expenditure on consultancy fees at the design stage and the awarded price of the consultancy contract (design stage) (set out in a table).

(2) the criteria and methods adopted for calculating the expenditure on consultancy fees for public works projects at the design stage, and whether a limit has been imposed on the expenditure concerned?

Reply:

President,

To continuously improve people's quality of life, enhance Hong Kong's long-term competitiveness and promote our economic development, the Government has been implementing all types of public works projects in an orderly manner. The implementation of public works projects involves efforts on various fronts including project study, investigation, design, construction supervision and contract management, and requires the participation of a large number of professional and qualified persons as well as support of other technical personnel. In general, government departments will procure architectural or engineering consultancy services when the Government does not have sufficient in-house manpower resources to implement public works projects within a reasonable period of time.

My reply to Hon Tony Tse Wai-chuen's question is as follows:

(1) For public works projects implemented by the works departments (involving project design undertaken by consultants) with funding approved in the past three years, the information including the title of the construction project, the approved project estimate (APE), the awarded prices of works contract(s) as well as the comparison between the original estimated consultancy fees for the design stage and the APE of the construction project is set out at Annex 1 (Note 1).

The comparison between the original estimated consultancy fees for the design stage and the awarded prices of consultancy agreements (design stage) is provided at Annex 2 (Note 2).

As indicated in Annex 2, the awarded prices of about 71 per cent of the architectural or engineering consultancy agreements concerned are lower than the works departments' pre-tender estimates.

In general, the differences between the original estimated consultancy fees for the design stage and the awarded prices of consultancy agreements (design stage) are attributable to a number of factors, which can broadly be classified as follows:

- * competition and price fluctuations in the consultancy services market;
- * changes in the job market and wage fluctuations for professionals and technical personnel;
- * different working strategies proposed by consultants based on the complexity and risks of individual projects;
- * Innovative and creative proposals of different consultants to meet the needs of individual projects; and
- * Previous experience, knowledge and expertise of different consultants and their employees.

(2) At present, the procurement of architectural or engineering consultancy services undertaken by works departments shall follow the Stores and Procurement Regulations, the Architectural and Associated Consultants Selection Board Handbook or the Engineering and Associated Consultants Selection Board Handbook, and the relevant Development Bureau Technical Circulars (Works) (DEVB TC(W)).

During the procurement of architectural or engineering consultancy services, works departments will follow the above guidelines to compile the estimated consultancy fees taking into account the required manpower input of various categories of professional and technical personnel and the associated market rates based on the degree of complexity of and efforts required for various disciplines in taking forward individual public works projects. Therefore, there may not be a fixed relationship between the estimated consultancy fees for the design stage and the APE of a construction project.

All along, the works departments have attached great importance to the quality and cost-effectiveness of professional services provided by architectural or engineering consultants. Therefore, both the professional

technical proposals and tender prices are key considerations in the selection of consultants. According to DEVB TC(W) No. 2/2016 and the related Consultants Selection Board Handbooks, the works departments will generally adopt a "two-envelope" bidding system in the selection of consultants, in which consultants' technical proposals and tender price proposals are assessed separately and then the overall best performing tender will be selected. The competitiveness of a tender is subject to the quality of its technical proposal and how high or low its price is. Moreover, to prevent consultants from bidding at an unreasonable price level, the works departments would compare consultants' tender prices with the estimated prices as well as the market prices. The above assessment criteria, which help establish an appropriate and fair bidding system, have been included in the said technical circular and adopted in tender documents for architectural or engineering consultancy agreements.

At present, if the estimated expenditure on the design, preparation of tender documents and other related work carried out by a consultant prior to commencement of the construction works does not exceed \$30 million, the consultancy fees at the design stage will normally be charged against the funding of a Category D item. If the estimated expenditure exceeds \$30 million, the works department will need to make application to the Finance Committee of the Legislative Council for upgrading part of the public works project to Category A to fund the consultancy fees at the design stage. The works department should ensure that the estimated expenditure at the design stage for any awarded architectural or engineering consultancy agreement will not exceed the APE of the Category D or A item concerned.

Note 1: The construction projects in Annex 1 do not cover the block vote projects, projects entrusted to other organisations, projects designed and built by contractors, and those designed by in-house staff of works departments.

Note 2: To avoid over disclosure of information which would affect the competitive position(s) of the Government and/or consultants, the information is presented in a consolidated form.

[Credit card lending survey results for first quarter 2018](#)

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority published today (May 16) the credit card lending survey results for the first quarter of 2018.

Total card receivables decreased by 8.1% in the first quarter to HK\$120.7 billion at end-March 2018, after an increase of 10.8% in the

previous quarter that was mainly contributed by festive spending and the payment of salaries tax using credit cards.

The combined delinquent and rescheduled ratio edged up to 0.33% at end-March 2018 from 0.31% at the previous quarter-end.

The charge-off amount increased slightly by HK\$5 million during the quarter to HK\$517 million, while the quarterly charge-off ratio remained stable at 0.41%.

[Extra shows for six International Arts Carnival programmes \(with photos\)](#)

Additional performances of six programmes at the International Arts Carnival (IAC) have been scheduled in response to overwhelming public demand. The programmes are the ballet "Hansel & Gretel", the physical theatre show "Air Play", the multimedia circus theatre production "Bedtime Stories", the magic theatre work "SNAP", the circus and music theatre show "Carrousel des Moutons" and the multimedia shadow puppet theatre production "Mulan". Details of the extra shows are as follows:

1. "Hansel & Gretel" by the Scottish Ballet (UK)

Date and time: July 7 (Saturday), 3pm

Venue: Hong Kong Cultural Centre Grand Theatre

Prices: \$160, \$220, \$280, \$380, \$480

2. "Air Play" by Acrobuffos (US)

Date and time: July 22 (Sunday), 11am

Venue: Kwai Tsing Theatre Auditorium

Prices: \$140, \$200, \$260

3. "SNAP" by Gruejarm Production (Korea)

Date and time: July 28 (Saturday), 3pm

Venue: Sha Tin Town Hall Auditorium

Prices: \$160, \$240, \$320

4. "Bedtime Stories" by Upswing (UK)

Dates and times: July 31 to August 2 (Tuesday to Thursday), 7.30pm
August 3 (Friday), 3pm

Venue: Hong Kong Cultural Centre Studio Theatre

Prices: \$200, \$280, \$680 (family package)

5. "Carrousel des Moutons" by d'irque & fien (Belgium)

Date and time: August 11 (Saturday), 5pm

Venue: Hong Kong City Hall Theatre

Prices: \$140, \$200, \$260

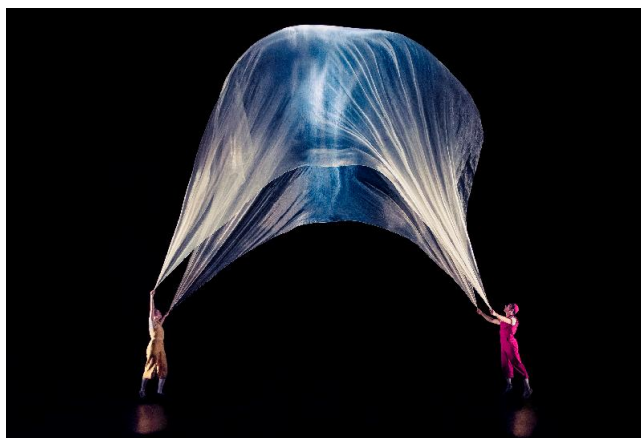
Date and time: August 12 (Sunday), 8pm
Venue: Kwai Tsing Theatre Auditorium
Prices: \$140, \$200, \$260

6. "Mulan" by Shanghai Puppet Theatre
Date and time: August 12 (Sunday), 8pm
Venue: North District Town Hall Auditorium
Prices: \$140, \$200

Tickets for these additional performances will be available at URB TIX (www.urbtix.hk) from May 18 onwards. For credit card telephone bookings, please call 2111 5999.

For programme enquiries and concessionary schemes, please call 2370 1044, or refer to the IAC programme brochure or visit www.hkiac.gov.hk.

The IAC, organised by the Leisure and Cultural Services Department, will run from July 6 to August 12 and feature a variety of events for family entertainment.





Government welcomes passage of amendment bill to implement concessionary tax measures

The Secretary for Financial Services and the Treasury, Mr James Lau, welcomed the passage of the Inland Revenue (Amendment) Bill 2018 by the Legislative Council today (May 16).

The new Ordinance gives effect to the concessionary tax measures proposed in the 2018-19 Budget. These include one-off measures to reduce salaries tax, tax under personal assessment and profits tax for the year of assessment 2017/18 by 75 per cent, subject to a ceiling of \$30,000 per case. The new Ordinance also gives effect to the concessionary tax measures relating to salaries tax and tax under personal assessment, starting from the year of assessment 2018/19. Details are as follows:

Salaries Tax and Tax under Personal Assessment	(Adjusted) Level
Tax bands (increased from 4 to 5) Marginal tax rates	\$50,000 2%/6%/10%/14%/17%
Child allowance	\$120,000
Dependent Parent/Grandparent Allowance Parent/Grandparent aged 60 or above Parent/Grandparent aged between 55 and 59	\$50,000 \$25,000
Deduction ceiling for elderly residential care expenses	\$100,000
Personal disability allowance (New)	\$75,000

Mr Lau said, "We believe the concessionary tax measures can relieve the tax burden of taxpayers, allowing them to share the fruits of our economic success. With the passage of the Bill by the Legislative Council today, the

Inland Revenue Department (IRD) will implement the one-off tax reduction in this year's tax bills."

The one-off tax reduction will be reflected in taxpayers' final tax payable for the year of assessment 2017/18. Application is not required for the one-off tax reduction. Moreover, the IRD will apply the concessionary tax measures when calculating the provisional tax for the year of assessment 2018/19.

SFH to attend 71st World Health Assembly in Geneva

The Secretary for Food and Health, Professor Sophia Chan, will depart for London, the United Kingdom (UK), tonight (May 16) to meet healthcare professionals there and attend the 71st World Health Assembly (WHA) of the World Health Organization (WHO) in Geneva, Switzerland.

Professor Chan will attend the 71st WHA on May 21 (Geneva time) as a member of the People's Republic of China delegation. The agenda of this year's assembly will cover a wide range of issues with public health importance requiring global attention and concerted efforts from all member states. Among others, a number of strategic priority matters will be discussed in the meeting, including public health preparedness and response, health and environment and climate change, prevention and control of non-communicable disease, ending tuberculosis and global shortage of, and access to, medicines and vaccines.

Professor Chan will also take the opportunity to exchange views on healthcare-related issues with top health officials of other member states.

The WHA is the decision-making body of the WHO. It is attended by delegations from all WHO member states and focuses on a specific health agenda. The main functions of the WHA are to determine the policies of the Organization, supervise financial policies, and review and approve the proposed programme budget.

Before attending the WHA, Professor Chan will visit London on May 17 and 18 to learn more about the latest developments in genomics and mental health services there.

During her two-day visit in London, Professor Chan will visit Rethink Mental Illness and Mind UK – two charities focused on mental health that have been promoting destigmatisation under the large-scale Time to Change programme in recent years. In addition, she will meet professionals of Genomics England, which is a company wholly owned by the UK Department of Health and Social Care and was set up to deliver the 100,000 Genomes Project.

Professor Chan will also attend a round table discussion at Chatham House.

Before leaving London, she will host a reception for Hong Kong students studying in the UK and Hong Kong young professionals working in the UK. She will introduce to the young people job opportunities and career prospects of the healthcare sector in Hong Kong.

The Director of Health, Dr Constance Chan, will accompany Professor Chan on the visit.

Professor Chan will depart Geneva in the morning on May 23 and arrive in Hong Kong on May 24. The Under Secretary for Food and Health, Dr Chui Tak-yi, will be the Acting Secretary for Food and Health during her absence.