

LCQ17: Public works projects on public hospitals

Following is a question by Dr the Hon Kwok Ka-ki and a written reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (October 24):

Question:

Regarding public works projects for the construction, expansion and redevelopment of public hospitals, will the Government inform this Council of:

(1) the following information on each of the projects completed in the past five years (set out in a table according to the date on which funding approval was granted by the Finance Committee ("FC") of this Council):

- (i) the name of the project,
- (ii) the date on which funding approval was granted,
- (iii) the amount of approved funding for the advance works,
- (iv) the consultancy fees for conducting advance works study,
- (v) the name(s) of the consultant(s) responsible for carrying out the advance works study,
- (vi) the commencement date of the works,
- (vii) the completion date of the works,
- (viii) the name(s) of the works consultant(s),
- (ix) the name(s) of the works contractor(s),
- (x) the initial cost estimate, and
- (xi) the actual cost;

(2) the following information on each of the projects intended to be submitted to FC in the coming year (set out in a table according to the date on which funding application is intended to be submitted):

- (i) the name of the project,
- (ii) the date on which funding application is intended to be submitted,
- (iii) the amount of funding to be sought for the advance works,
- (iv) the name(s) of the consultant(s) responsible for carrying out the advance works study,
- (v) the anticipated commencement date of the works,
- (vi) the anticipated completion date of the works, and
- (vii) the cost estimate; and

(3) the tendering procedures for such type of works projects; the specific criteria adopted for selecting consultants and contractors, and whether such criteria include the past performance of the relevant companies (e.g. whether the projects in which they participated experienced cost overruns or delay); whether it will consider drawing up a blacklist of consultants and contractors or setting up a demerit point system in this respect; if so, of the details; if not, the reasons for that?

Reply:

President,

My reply to the various parts of the question raised by Dr the Hon Kwok Ka-ki is as follows:

(1) Projects with construction works completed from the financial years of 2013-14 to 2017-18 are listed in the Annex.

(2) The hospital works projects, which are anticipated to be submitted to the Finance Committee (FC) of the Legislative Council (LegCo) for approval in the 2018-19 LegCo session include the redevelopment of Kwai Chung Hospital (phases 2 & 3), the preparatory works for the expansion of Lai King Building in Princess Margaret Hospital, the preparatory works for the expansion of North District Hospital and the demolition and foundation works for the redevelopment of Prince of Wales Hospital, phase 2 (stage 1). These projects are still under planning. Upon completion of the planning work, we will submit the funding applications for the works projects to the Panel on Health Services, Public Works Subcommittee and the FC of LegCo and provide the anticipated commencement and completion dates, as well as the cost estimates of the works projects to the LegCo members.

(3) The Hospital Authority (HA) and Architectural Services Department (ArchSD) select consultants and contractors for their works projects based on the Government's procurement mechanism for public works projects and in accordance with the principles of openness, fairness and impartiality, conforming to the Agreement on Government Procurement of the World Trade Organization and the procurement regulations promulgated by the Government.

For consultancy agreements, the HA and ArchSD publish tender notices on their websites and invite relevant consultants in the market to make expression of interest submissions. After a shortlisting process, suitable consultants will be invited to submit detailed proposals to bid for consultancy agreements. In the process of assessment, the HA and ArchSD will consider their technical approach, expertise, manpower input, past performance and bid prices for the contracts to ensure that the most cost-effective tender is selected.

For works contracts, the HA and ArchSD normally only invite contractors who are on the List of Approved Contractors for Public Works or the List of Approved Suppliers of Materials and Specialist Contractors for Public Works to submit tenders, and publish tender notices on their websites.

To select the best value-for-money tender, the HA and ArchSD adopt the Development Bureau (DEVB)'s "Formula Approach" or "Marking Scheme" in tender evaluation. The tender evaluation takes into account the tender prices, returned tender proposals and the past performance of the tenderers in the works contracts to calculate an overall score for each tender according to the established criteria.

Normally, the tender with the highest overall score will be recommended for acceptance. However, the tenderer is subject to financial checking to ensure that the tenderer is financially capable of fulfilling the contract requirements. Besides, tenders with unreasonably low prices will not be recommended.

After tender evaluation, the HA and ArchSD will submit a tender report to the relevant tender board for consideration of acceptance of tenders.

For details of the procedures for tender invitation and evaluation for works contracts and consultancy agreements, please refer to the following documents which have been uploaded to the websites of DEVB and the relevant government departments:

- (1) Development Bureau Technical Circular (Works) No. 4/2014 and 4/2014A "Tender Evaluation Methods for Works Contracts";
- (2) Engineering and Associated Consultants Selection Board Handbook; and
- (3) Architectural and Associated Consultants Selection Board Handbook.

The HA and ArchSD will monitor and evaluate the contractors' performance throughout the construction period. The performance reports cover various aspects, including works progress and whether there are works delays or claims from the contractors. Should the contractor perform unsatisfactorily, regulating actions (such as mandatory suspension from tendering, downgrading or even removal of the contractor from the relevant Approved Lists) may be considered. In addition, the ratings given to a contractor in his performance report will affect his performance rating, and directly affect his chance of securing tenders in future.

As for consultancy agreements, the HA will evaluate the performance of consultants at quarterly intervals, having regard to considerations including whether the agreements concerned have involved additional expenditures and whether the consultants have failed to meet target completion dates. Under the current system, a consultant's past performance is also a selection criteria.