

LCQ7: Tender exercise for Site 3 of the New Central Harbourfront

Following is a question by the Hon Chan Hak-kan and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (January 26):

Question:

In December 2020, the Government launched an open tender exercise for disposal of Site 3 of the New Central Harbourfront. It has been reported that one of the six bidding consortia is a partnership formed between the MTR Corporation Limited (MTRCL) and two real estate developers. The fact that the Government is the majority shareholder of MTRCL has once aroused concern of the community about how the Government ensures the fair conduct of the tender exercise. In this connection, will the Government inform this Council:

(1) whether the four government officials who are members of the Board of MTRCL have participated in the Board's discussion and voting on matters relating to the submission of the bid; if so, how the Government allays the community's concern over any conflict of interest;

(2) as the tender document specifies that the successful bidder will be required to build an underground connection from the site to MTR Central Station, whether the Government approached MTRCL in this regard in the course of preparing the tender document; if so, how the Government ensures that the non-public information involved in any such approach will not let the consortium in which MTRCL has participated gain an advantage in the bidding process; and

(3) whether the Government will comprehensively review this tendering incident and avoid allowing companies in which the Government holds a majority of shares to participate in bidding for contracts awarded by the Government in the future?

Reply:

President,

Site 3 of the New Central Harbourfront (Site 3) is a sizeable premier commercial site in the core business district in Central. Coupled with its prime harbourfront location, the integrated development will benefit Hong Kong both economically and socially. The Government's vision is for Site 3 to become a new landmark for Hong Kong, setting a benchmark for people-centric design with emphases on sustainable and urban design considerations as well as integration with the surroundings. In this connection, the Government adopted a two-envelope tender process for Site 3 whereby tenderers' proposals were evaluated on the basis of design merits and premium offers so that the

proposal achieving the best combination of both could be selected. Equal weighting for premium and non-premium proposals, i.e. 50:50, was adopted in this two-envelope approach. Site 3's tender period ran from December 18, 2020 to June 18, 2021. The Development Bureau (DEVB) announced the tender result on November 3, 2021, and disclosed further tender information on December 8, 2021.

My reply to the question raised by the Hon Chan Hak-kan is as follows:

(1) According to the information provided by the Transport and Housing Bureau, neither the four government members of the MTR Corporation Limited (MTRCL) Board (namely the Secretary for Financial Services and the Treasury, the Secretary for Transport and Housing, the Permanent Secretary for Development (Works) and the Commissioner for Transport) nor their alternate directors have participated in the discussion or voting of the MTRCL Board on tendering for Site 3.

(2) The Government attaches great importance to the fair and impartial conduct of the tender exercise. The Planning and Lands Branch of the DEVB was responsible for tender invitation and tender assessment. A Tender Assessment Panel (TAP) was formed comprising designated public officers, who were subject to rigorous declaration of interests requirements. They were prohibited from disclosing any confidential information they came across in the TAP to any party outside the TAP. None of the four government members of the MTRCL Board mentioned above or their alternate directors was a member of the TAP.

As the development of Site 3 has to complement with the land use for railways and public utilities facilities in the vicinity, when preparing the design requirements of Site 3 in the early years, the Government had to communicate with the MTRCL and relevant public utilities on the technical issues involved, including the relevant underground connection. In the report for the "Urban Design Study for the New Central Harbourfront" issued in 2011, the Government had already recommended providing an underground connection at Site 3 to MTR Central Station. A gazette under the Roads (Works, Use and Compensation) Ordinance was published in November 2017 accordingly to announce the arrangement about the connection. During the tendering process, all tender requirements and site details (including the underground connection and other issues related to railway and public utilities facilities) were also set out in the tender documents, and made known to the public. Besides, in case any potential tenderers requested further information from the Government, and where the Government agreed to provide such information, the information would be announced publicly so that they would be known to other tenderers. We consider that the relevant tender arrangements could effectively ensure that no individual tenderer has unfair advantage over the others.

(3) As mentioned in the previous paragraphs, an internal mechanism has been put in place to guard against conflict of interests and to effectively ensure the transparency and fairness in the provision of information to all tenderers participating in Government land sale. There is no impropriety in

the tender exercise for Site 3.