Your ref.: DEVB(CR)(W) 1-150/150

BY FAX & POST #2905 1181

31 October 2013

Secretary for Development Development Bureau Government Secretariat 2 Tim Mei Avenue, Tamar Hong Kong

Attn: Mr Kelvin Lo

Dear Sir

Proposed Procurement Approach to Enhance Price Proposal Assessment Mechanism for Public Works Tenders Consultation Paper

Thank you for your letter dated 6 September 2013 inviting the Institute to offer views on the captioned.

In the current system as stated in the Special Conditions of Tender ('SCT") for submitting tenders of Public Works, the tenderer is required to hold a tender exercise for each of the specified specialist works (such as piling works, electrical works, MVAC works and fire services works, etc.) inviting only from contractors included in the List of Approved Suppliers of Materials Specialist Contractors for Public Works maintained by the Development Bureau and in the relevant category and group, etc. As stated in the SCT, the tenderer shall not negotiate tender prices with the tenderers for the Specialist Sub-contract after the tender exercise. In other words, there is no control of the pricing by the tenderer for the specified specialist works submitted by the tenderers for the Specialist Sub-contracts (which may involve more than 30% of the overall tender sum). Using piling works as an example, different piling system proposed by different piling Specialist Contractors may have different pricing at all. Bearing in mind that more expensive piling system may cater for shorter construction time. For package BS specified specialist works (including electrical works, MVAC works and fire services works), the tender amount for each of these 3 specified specialist works may be vary greatly for tenders submitted by different package BS Specialist Contractors though the overall price for all these 3 specified specialist works may be similar.



Whether the tender price for each of these 3 specified specialist works is reasonable or not, it may be very much depended on which package BS Specialist Contractor has been selected by most of the tenderers. The Proposed Procurement Approach to enhance the Price Proposal Assessment Mechanism for Public Works Tenders may need to address the aforesaid issues.

Thank you for your attention.

Yours faithfully

Coody Ko

Senior Manager (Administration)