

Press Release

LCQ13: Use of marking schemes for tender evaluation in respect of government outsourced service contracts

Wednesday, July 12, 2017

Following is a question by the Dr Hon Fernando Cheung and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (July 12):

Question:

In May 2016, the Government revised the guidelines on the use of marking schemes for tender evaluation in respect of government contracts that relied heavily on deployment of non-skilled workers. Under the guidelines, if departments opt to use a marking scheme for tender evaluation, the part on technical evaluation should by default include, for consideration, the tenderers' proposed wage rates and working hours for non-skilled workers. However, there are views that as the technical aspect only carries a weighting of 30 per cent to 40 per cent in the overall score, "wage rates" and "working hours" have minimal effects on the tendering result. At present, the four major procuring departments of service contracts in the Government are Food and Environmental Hygiene Department, Government Property Agency, Leisure and Cultural Services Department and Housing Department. In this connection, will the Government inform this Council:

(1) of the respective weightings for the technical aspect and the price aspect in the overall score in the marking scheme currently adopted by each of the aforesaid departments, and the respective weightings for "wage rates", "working hours" and other criteria (please specify) in the technical aspect in the overall score (set out the information in the table below); and

Government department	Technical aspect (%)				Price aspect (%)
	Wage rates	Working hours	Other criteria	Total	
Food and Environmental Hygiene Department					
Government Property Agency					

Leisure and Cultural Services Department					
Housing Department					

(2) in respect of the two criteria of "wage rates" and "working hours" respectively, of (i) the score conversion table adopted, and (ii) the minimum score that must be obtained by the successful tenderer as set, by each of the aforesaid departments?

Reply:

President,

The Government revised the guidelines on the use of marking schemes (revised guidelines) for contracts that rely heavily on deployment of non-skilled workers in May 2016. If departments opt to adopt a marking scheme for tender evaluation, the technical evaluation should by default include assessment criteria on both the proposed wage rates and working hours for non-skilled workers, unless otherwise agreed by the relevant tender board/committee.

Since procuring departments have to take into account operational needs and actual circumstances when making procurement, in line with the original guidelines, the revised guidelines will not impose any fixed weighting on individual assessment criteria, so as to provide flexibility for departments to cater for their actual needs when making procurement.

Based on the information provided by the four major procuring departments (namely the Food and Environmental Hygiene Department (FEHD), Government Property Agency (GPA), Housing Department (HD) and Leisure and Cultural Services Department (LCSD)), our reply to each part of the question is as follows:

(1) The marking schemes adopted for different procurement items may vary. Generally speaking, in respect of the marking schemes adopted by the above four major procuring departments for contracts that rely heavily on deployment of non-skilled workers, the information on the mid-point of the maximum marks for various technical assessment criteria and the technical to price

weighting is tabulated below:

Government department	Technical marks (full marks: 100)			Technical to price weighting (%)
	Wage rates	Working hours	Other assessment criteria (Note)	
FEHD	7.5	4.5	88	30:70
GPA	12	6	82	40:60
LCSD	10	3	87	30:70
HD	10.6	10	80	45:55 to 30:70

Note: Other assessment criteria are determined by procuring departments having regard to their operational needs, which normally include tenderers' past performance records, operational/management plans, contingency plans, etc.

The existing procurement system allows flexibility for procuring departments to draw up technical assessment criteria and their maximum marks having regard to the procuring departments' operational needs for approval by the relevant tender board/committee. Procuring departments may also propose to the relevant tender board/committee a weighting exceeding 40 per cent for the technical score. On the other hand, departments will also review from time to time the marking schemes adopted to duly reflect the prevailing market conditions and actual operational needs. For example, FEHD is reviewing its marking scheme for relevant contracts with a view to progressively adjusting the weighting of wage rates in the overall score to encourage tenderers to provide better benefits to their non-skilled workers.

(2) Please refer to the Annex for the information required in part (2) of the question.

Ends