

## **Press Release**

### **LCQ2: Procurement of furniture by government departments**

Wednesday, December 11, 2013

Following is a question by the Hon Chan Chi-chuen and a reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (December 11):

Question:

It has been reported that the Air Traffic Control Centre of the Civil Aviation Department and the 999 reporting centres (reporting centres) of the Hong Kong Police Force had separately procured more than 100 office chairs of well-known brands, and the retail prices of the chairs ranged between \$8,000 and \$10,000 each, with a total value exceeding \$1 million. The authorities explained that the procurement of expensive chairs was for the purpose of allowing their staff to concentrate on work. However, notwithstanding the need of the counter staff of the Immigration Department at the immigration control points (control points) to sit for long hours at work as well, the prices of their chairs are less than \$900 each. Regarding the criteria and requirements governing the procurement of office furniture and other stores by government departments, will the Government inform this Council:

(a) of the details of the chairs currently used by the staff of reporting centres and counter staff of control points respectively (including brand names, model numbers, quantities and unit prices); and the reasons for the departments concerned to procure chairs that vary greatly in price;

(b) apart from the requirement to comply with the Stores and Procurement Regulations (the Regulations), of the relevant factors that government departments may consider in procuring stores, and how the question of whether staff members are concentrated on their work is related to the prices of chairs; and

(c) given that the Regulations stipulate that procurement of stores and services exceeding \$1.43 million in value by policy bureaux and government departments must be done by the use of open and competitive tendering procedures so as to obtain the best value for money tenders, whether the

Government has formulated procurement rules for stores of total value less than \$1.43 million but with high unit prices; if it has, of the details; if not, how it regulates government departments' procurement of stores with unit prices which are beyond a reasonable level; whether the Government has put in place practicable measures to guard against government departments' circumventing the procurement requirement of open and competitive tendering procedures for stores and services with total value exceeding \$1.43 million by procuring them in batches?

Reply:

President,

First of all, I will give a brief account of the government procurement policy and the established procedures for the procurement of furniture. At present, standard furniture of bureaux/departments (hereafter referred to as "departments") is normally supplied by the Government Logistics Department (GLD) and the Correctional Services Industries (CSI). GLD arranges various bulk procurement contracts for departments. Items procured include office chairs and steel filing cabinets etc. The CSI is responsible for the supply of standard wooden office furniture, such as desks and computer tables.

If departments have to use non-standard furniture due to operational needs, they are required to follow the Government's Stores and Procurement Regulations (SPR). Generally speaking, goods with a total value of over \$1.43 million must be procured through open tender. Departments should invite at least five written quotations for purchases with a value over \$50,000 but not exceeding \$1.43 million, and at least two quotations for purchases with a value not exceeding \$50,000. In all cases, departments must conduct procurement exercises in accordance with the principles of open and fair competition to ensure that the goods purchased are reasonably priced and value-for-money. Departments should normally accept the lowest conforming offer and can only accept a higher conforming offer under exceptional circumstances with full justifications.

My reply to the three-part question raised by the Hon Mr Chan, is as follows:

(a) According to the information provided by the departments concerned, there are a total of about 240 chairs for use by Police Communications Officers in the three 999 reporting centres of the Hong Kong Police Force (HKPF). All of the chairs are model "AERON" of the brand "Herman Miller". Each chair costs about HK\$4,300 on average.

In the case of the Immigration Department (ImmD), there are now 12 control points provided with a total of about 600 chairs (excluding those at the Hong Kong International Airport control point which are provided by the Airport Authority Hong Kong) for use by the counter staff. Since the counter chairs at the control points were procured at different points in time, they are of different brands and models. At present, the most common ones in use are the "U273" model of the "Elegant" brand, the unit price of which does not exceed HK\$1,000.

Procurement of general office furniture by the departments concerned must conform to the guidelines set out in the User Guide on Standard Office Furniture issued by the Government Property Agency. Given the fact that the actual operational needs of the police reporting centres and control points are different from those of general offices, departments may procure chairs with specifications and functions different from those for use in general offices to meet their operational needs in accordance with the procedures laid down in SPR.

The HKPF's 999 reporting centres operate round the clock. It is often the case that each duty officer has to operate more than one computer terminal at a time. The chairs must be safe, durable and ergonomically-designed so as to minimise occupational safety and health risks that may arise from long hours of work that demand intense concentration and to maintain efficiency and quality of service. ImmD has also provided its counter staff with chairs tailor-made to fit counters of various sizes at different control points, suit actual operational needs and comply with the requirements on occupational safety and health.

As the actual operational needs vary from department to department, different factors have been taken into account in the procurement of chairs.

(b) In arranging for procurement of stores, government departments have to consider factors such as operational needs, functions of goods, maintenance

requirements, green and legal requirements, cost-effectiveness and market competition with a view to drawing up specifications for goods to be purchased and ensuring that the goods purchased are value-for-money and public funds are well spent.

(c) Under the government procurement policy, irrespective of the amount involved, all Controlling Officers (COs) have to ensure that stores and services procured are value-for-money and public funds are well spent. Approving officers for such procurement have to ensure that the procurement requirements are reasonable and meet the actual operational needs of their departments.

All procurement decisions made by a department must be properly justified and documented for future checking. Departments should also ensure officers responsible for procurement matters observe the financial limits set out in the SPR strictly and do not evade the financial limits by dividing procurement requirements into instalments.

As and when necessary, COs will assign an internal audit team to check the procurement records of their respective sections/units to ensure their procurements are in compliance with the SPR. The Audit Commission and GLD have also put in place monitoring mechanisms for checking procurement records of all departments.

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