

LCQ3: Value for money in respect of engaging consultants

Following is a question by the Hon Paul Tse and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (September 8):

Question:

Some members of the public are concerned about the Government's practice over the years of spending huge sums of money on engaging consultants for purposes such as publicising Hong Kong and taking forward public works projects. For example, in 2001 and 2010, without extensive consultation, a total of \$30 million was spent on designing and promoting the "flying dragon" icon logo to publicise "Brand Hong Kong", which was criticised as a black box operation; in 2015, nearly \$70 million was spent on commissioning a consultancy study on the Environmentally Friendly Linkage System for Kowloon East, but eventually the system was not adopted; in June last year, \$49 million was spent on engaging a consultancy firm to formulate a strategy to publicise Hong Kong overseas; and in December last year, \$550 million was allocated for conducting consultancy studies related to artificial islands in the Central Waters. A senior engineer has described the situation as "a chaotic situation of consultants administering Hong Kong". In this connection, will the Government inform this Council:

(1) whether it has drawn up guidelines on engaging consultants; if not, whether it will do so; if it has, of the relevant procedure and criteria, as well as the method for determining the level of consultancy fees; whether it has reviewed if the practice of engaging consultants in the aforesaid cases was cost-effective;

(2) whether it will, in conducting recruitment exercises for the relevant civil service posts, accord priority to applicants with experience in consultancy work, so that the research work for similar projects can be entrusted to civil servants in future; and

(3) of the respective total amounts of expenditure incurred by the Government in each of the past five financial years on engaging consultants to publicise Hong Kong and take forward public works projects; whether it has reviewed if such a practice is necessary and in line with the principle of fiscal prudence?

Reply:

President,

Having consulted the Development Bureau, the Home Affairs Bureau and the Civil Service Bureau, my reply to the three parts of the question is as

follows:

(1) If the expertise and qualified staff required for an assignment is not available in the Government or within the timeframe required, and the recruitment of such qualified staff is not appropriate, procuring departments may appoint a consultant for assistance upon obtaining policy support of their respective bureaux. As the consultancy services provided by consultants appointed by each department involve different portfolios, departments would determine whether to procure consultancy services, as well as the selection criteria, the assessment methodology and weighting pursuant to their practical needs. Nevertheless, to procure consultancy services in support of the Government's programme and activities, departments should follow the Government's established procurement policy and regulations, and acquire value-for-money services through bidding means and procedures along the principles of fairness, competitiveness, openness, transparency and integrity. The Government would keep lists of consultancy firms of different categories for portfolios that frequently require consultancy services for departments' reference when preparing their invitation lists of consultancy firms.

Consultancy services employed by the Government could be divided into three categories according to their relevant professional fields, including the engineering and associated sector, the architectural and associated sector, and the others. For a consultancy agreement of value above the quotation limit in general procurement regulations (i.e. \$3 million) but not exceeding \$10 million, the selection and appointment of consultant should be agreed and approved by the relevant departmental consultants selection committee (DCSC). As for consultancy agreements of value above \$10 million, depending on which of the three abovementioned sectors it belongs to, the appointment would need to be agreed and approved by the relevant consultants selection board, including the Engineering and Associated Consultants Selection Board (EACSB), the Architectural and Associated Consultants Selection Board (AACSB), or the Central Consultants Selection Board. Moreover, the Civil Engineering and Development Department and the Architectural Services Department have separately promulgated selection handbooks and technical circulars to set out the relevant regulations and guidelines for engineering and architectural consultancies, which have been uploaded to the websites of the two departments.

Prior to inviting consultancy firms to submit proposals, procuring departments should formulate the assessment methodology for consultancy proposals and obtain approval from the relevant consultants selection board. The method to assess consultancy proposals includes the weightings assigned to the assessment of technical and price proposals and the assessment criteria. Technical weighting should normally account for 60 per cent to 70 per cent of the overall score, while the price weighting should account for 30 per cent to 40 per cent. The procuring department should set up an assessment panel to assess the consultancy proposals using the assessment method. The procuring department would recommend the appointment of the consultancy firm with the highest combined score in technical and price assessments for approval by the relevant consultants selection board.

Works departments should follow the procedures prescribed by the EACSB or the AACSB when procuring engineering or architectural consultancy services. In general, all consultancy firms on the abovementioned consultants selection boards' lists of consultants which fulfil the qualification requirements are eligible to participate in biddings. The assessment panel would assess the technical proposal and price proposal submitted by the bidders in two stages, during which the manpower resources proposals and bidding prices submitted by the consultants will be compared with the relevant estimates by the departments, so as to assess the reasonableness of the consultancy proposals.

The works departments and the Information Services Department (ISD) have reviewed the cost-effectiveness of the consultancy services under their purview as referred to in this question upon their completion.

(2) Appointments to the civil service are based on the principle of open and fair competition in order to select the most suitable candidate to fill a civil service vacancy. As Heads of Department/ Grade are best placed to know the work and operational needs of the grades under their charge, they are responsible for stipulating the entry requirements for such grades, in respect of academic or professional qualification, technical skills, working experience, language proficiency, etc. Heads of Department/ Grade should ensure that these entry requirements are relevant to and commensurate with the satisfactory performance of the relevant duties.

(3) In the past five financial years, the total value of consultancy agreements awarded by the EACSB, AACSB and DCSCs of works departments were \$1.16 billion, \$1.24 billion, \$2.46 billion, \$1.46 billion and \$1.31 billion respectively.

Works departments would regularly review the in-house manpower resources and the requirements of each particular project in order to decide whether there is any need to employ consultancy firms. Employment of consultancy firms for carrying out parts of the projects could speed up project implementation and introduce innovative technologies and specialist expertise. It could also avoid employing a large amount of manpower during peak construction seasons and expanding departmental establishment excessively. On the whole, the employment of consultants could facilitate the implementation of public works projects.

In respect of promoting Hong Kong, the ISD has only awarded one public relations (PR) service contract relevant to promoting Hong Kong, i.e. the one with the theme "Relaunch Hong Kong", in the past five financial years. The contract value was about US\$5.7 million. In light of the massive disruptions to Hong Kong's society and economy caused by rioters in 2019, followed by the repercussions brought about by the COVID-19 pandemic, the ISD decided to appoint a PR firm with expertise in areas such as crisis management, city branding, data analysis and global marketing to help the Government to devise a global marketing and PR strategy targeting key overseas markets to help Hong Kong reconnect with the world and relaunch as soon as possible. This

special task could not be completed by mere re-deployment of existing manpower. The relevant agreement was procured through open bidding, and is in compliance with the guidelines on appointment of consultancy firms.

Thank you, President.