

For information
on 3 July 2001

Legislative Council Panel on Financial Affairs

PROCUREMENT AND USE OF LARGE SALOON CARS

Introduction

This paper outlines Government's policy on the procurement and use of large saloon cars and summarises the measures taken to address the concerns previously expressed by Public Accounts Committee (PAC) Members.

Policy on procurement and use

2. Government's policy on the procurement of all types of vehicles is to provide cost-effective logistical and transport support for the efficient operation of departments^(Note). This applies equally to large, medium and small saloon cars.

3. There are 155 large saloon cars in the government fleet, made up of 55 grade A cars and 100 grade B cars. As a general rule, grade A cars are allocated as departmental vehicles for use by departments headed by officers on the Directorate Pay Scale (DPS) points D7 to D8 or equivalent, while grade B cars are allocated to departments headed by officers on DPS points D4 to D6 or equivalent. These vehicles are provided for transportation of officers to official duty outside their normal place of work, including conveyance to meetings, official functions and site visits. Some are used for transportation of non-officials (e.g. non-official Justices of Peace) and visiting VIPs and ministers on official business with Government. Where vehicles are available, they may also be used for other prescribed purposes (e.g. home-to-office journeys) by specified officers. In all circumstances,

^(Note) In this paper, reference to "department" includes policy bureaux, departments, Judiciary and other government organisations and offices.

the General Regulations clearly stipulates that these saloon cars are not allocated for the exclusive use of individual officers. Operational requirements take precedence.

4. Large saloon cars are procured through open tenders. The tender specifications are prepared by the Government Land Transport Agency (GLTA) taking into account the transportation requirements of departments, economy and cost-effectiveness in catering for such needs and market availability of different types of vehicle. To encourage competition, the specifications are designed to permit a wide range of vehicles to be offered in tender.

Previous concerns of Members and GLTA's response

5. In PAC Report No. 30 published in February 1999, Members expressed concern over the way in which the tender exercise for the procurement of large saloon cars was conducted in 1996. They also recommended specific measures to remedy the pitfalls and to improve the procurement arrangements.

6. GLTA has taken on board the PAC's recommendations in the current tender exercise for the procurement of large saloon cars. In summary, it has --

- (a) revised the tender specifications, clearly distinguishing mandatory requirements and desirable features;
- (b) removed non-critical requirements from the tender specifications and would, in evaluation of tenders, disqualify only those tenders which cannot meet the mandatory requirements;
- (c) introduced a new marking scheme based solely on objective quantifiable criteria for evaluation of tenders and done away with the previous practice of using user-feedback as a yardstick for tender evaluation;

- (d) changed the weighting for price and quality assessment from 50:50 to 80:20; and
- (e) extended the scope of price assessment to encompass fuel consumption, costs of spare parts and period of warranty offered.

Present tender for large saloon cars

7. GLTA invited tenders for the supply of grade A and grade B large saloon cars in May 2001. These tenders are solely for replacement of existing large saloon cars which are expected to reach the end of their economic life. When concluded, the contracts will bind the successful bidders to supply the vehicles at the agreed unit prices for three years. However, Government is not committed to purchase any specific number of vehicles under the contracts. The replacement of individual existing large saloon cars, hence purchase of new ones, is subject to further detailed examination of roadworthiness and assessment of cost-benefits for replacement.

8. Receipt of tenders closed on 15 June 2001. GLTA is now verifying the tenders against the tender specifications and evaluating the offers in accordance with the marking scheme published with the tender specifications (relevant extract reproduced at Annex). GLTA's tender assessment, likely to be completed by August/September, will be submitted to the Central Tender Board for consideration.

Finance Bureau
22 June 2001

**Extract from tender invitation document
for supply of grade A and grade B large saloon cars**

Tender Evaluation Procedures, Criteria and Marking Scheme

Stage I – Assessment of Mandatory Requirements

The offers will be assessed against the mandatory requirements. Those offers which fully meet the mandatory requirements will be shortlisted for further evaluation.

Stage II – Assessment of Quality and Desirable Features (20%)

The shortlisted offers will undergo an assessment of quality and desirable features in accordance with a marking scheme as follows:-

A. Extended Warranty Package Score (5%)

While the mandatory requirement is a 3-year warranty package, an offer will score 0.25 mark for each additional year of free warranty package up to a maximum of 1 mark for 4 additional years of free warranty package.

B. Safety Features Score (10%)

Does the offer have the following features? Score 1 for Yes, 0 for No:

- a) Front distance sensor*
- b) Curtain shield airbag on front and rear seat*
- c) Side protection bar fitted in doors to protect driver and passengers*
- d) Traction control*
- e) Impact absorbing steering column*

C. Comfort Features Score (5%)

(i) Does the offer have the following features? Score 1 for Yes, 0 for No:

- a) Power adjustable rear seat*
- b) Independent control for air conditioning system in the rear compartment*
- c) Power sunblind on rear window*
- d) Manual sunblind on rear door windows*

(ii) *The offer scores 0 to 1 marks in each of the following features:-*

e) *Rear side passenger leg room*

Score = An offer's leg room divided by the highest leg room.

f) *Rear side passenger head room*

Score = An offer's head room divided by the highest head room.

g) *Rear side passenger hip room*

Score = An offer's hip room divided by the highest hip room.

h) *Angle of opening of the rear door*

Score = An offer's angle of opening divided by the highest angle of opening.

i) *Noise level*

Score = The lowest noise level divided by an offer's noise level inside the compartment.

D. *Calculation of the Stage II Assessment Index*

*Stage II Assessment Score = Extended Warranty Package Score x 5% +
Total Safety Features Score/5 x 10% +
Total Comfort Features Score/9 x 5%*

Stage II Assessment Index = $\frac{\text{Offer's Stage II Assessment Score}}{\text{Highest Stage II Assessment Score}}$

Stage III – Assessment of Whole Life Cost (80%)

A. *Vehicle Purchase Price Score (65%)*

The lowest shortlisted offer scores 1 mark. The other offers score 0 to 1 mark according to a normalization formula: -

Vehicle Purchase Price Score = Lowest vehicle purchase price / offer's vehicle purchase price

B. Spare Parts Cost Score (10%)

Total spare parts cost = sum of individual item prices x respective replacement factors

The replacement factors of respective spare parts are as follows: -

<u>Parts Description</u>	<u>Replacement Factor</u>
Air Filter Element	7
Fuel Filter	7
Oil Filter	14
Drive Belt	3
Full Set of Spark Plugs	7
Air-conditioner Drive Belt	3

<u>Parts Description</u>	<u>Replacement Factor</u>
Engine Assembly	0.1
Gearbox Assembly	0.1
Differential Assembly	0.05
Full Set of Brake Pads/Shoes	10
Full Set of Brake Discs/Drums	3
Brake Master Cylinder	0.05
Starter Assembly	1.5
Alternator Assembly	1.5
Power Steering Pump Assembly	1
A/C Condenser Assembly	1.5
A/C Compressor Assembly	1
A/C Receiver Assembly	3
Radiator Assembly	1
Full Set of Shock Absorbers	1
Muffler and Exhaust Pipe	1
Front Bumper Assembly	0.025
Rear Bumper Assembly	0.025
Hood	0.025
Windscreen	0.05
Both Side Front Lamp Assembly	0.025
Both Side Rear Lamp Assembly	0.025

Spare Parts Cost Score = Lowest total spare parts cost / offer's total spare parts cost

C. Assessment of Fuel Consumption (5%)

The shortlisted offer with the lowest fuel consumption scores 1 mark. The other offers score 0 to 1 mark according to a normalization formula:-

Fuel Consumption Score = Lowest fuel consumption / offer's fuel consumption.

D. Calculation of the Stage III Assessment Index

*Stage III Assessment Score = Vehicle Purchase Price Score x 65% +
Spare Parts Cost Score x 10% +
Fuel Consumption Score x 5%*

Stage III Assessment Index = $\frac{\text{Offer's Stage III Assessment Score}}{\text{Highest Stage III Assessment Score}}$

Stage IV – Calculation of Final Scores

The result of quality & desirable features assessment and whole life cost assessment of individual shortlisted offer will be added together for a final score according to the following formula: -

*Final Score = 80% x Stage III Assessment Index +
20% x Stage II Assessment Index*