

香港特別行政區政府  
The Government of the Hong Kong Special Administrative Region

房屋及規劃地政局  
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17 March 2005

Clerk to LegCo Panel on Housing  
Legislative Council Secretariat  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong  
(Attn: Miss Becky Yu)

Dear Miss Yu,

**Legislative Council Panel on Housing**

**Follow-up to meeting on 3 January 2005**

At the Panel meeting on 3 January 2005, during discussion on procurement of services for public rental housing estates, we have undertaken to provide information on the number of service contracts which were not awarded to the lowest bidder.

Under the “Two-envelope System”, tenderers’ past performance and their service proposals are considered before evaluating their fee bids. Tenderers whose past performance records are unsatisfactory or whose proposals cannot meet the stipulated requirements are ruled out and will not be considered further. For those who meet the basic requirements, their past performance and service proposals are allocated a score, while their fees bids are given a separate score. The two scores are then combined. The contract is usually awarded to the tenderer with the highest aggregate scores. With these arrangements, lowest fee bids which receive low scores on service proposals will still be unable to secure the contract. Moreover, if a fee bid is found to be unrealistically low, the tender will also be screened out.

Based on the “Two-envelope System” described above, in the past two years, of the 45 security and cleansing contracts awarded, 13 are not the lowest bidders. Of the 20 property services contracts, nine are not the lowest bidders and one of them had actually been screened out due to unrealistically low bid. These figures do not include tenderers who had been screened out because of unsatisfactory past performance and service proposal, though some of their fee bids might be the lowest.

Yours sincerely,

( Miss Joey Lam )  
for Secretary for Housing, Planning and Lands