APPENDIX 16





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本函檔號 Our ref.: FEHD CFS/1-125/55/3 C 來函檔號 Your ref.: CB4/PAC/R71

21 December 2018

Mr Anthony CHU Clerk to Public Accounts Committee Legislative Council Secretariat Legislative Council Complex 1 Legislative Council Road Central, Hong Kong (Fax: 2543 9197)

Dear Mr Chu,

LegCo Public Accounts Committee Consideration of Chapter 1 of the Director of Audit's Report No. 71 <u>Centre for Food Safety: Management of Food Safety</u>

I refer to your letter dated 13 December 2018, requesting this Department to provide supplementary information on Chapter 1 "Centre for Food Safety: Management of Food Safety" of the Director of Audit's Report No. 71. The relevant information is set out below :

- (a) Clauses 1.2 and 1.3 (page 45) of the General Conditions of Contract in Part 2 of the BD-TERMS-2 of the tender document contain information related to contract variations, for example, the Government is entitled to instruct the Contractor direct to vary the services and/or the contract period as specified in the contract by notice in writing and the Contractor shall carry out such variation. Government departments follow the relevant procurement regulations of the Government when handling contract variation issues.
- (b) The second population-based food consumption survey is still in progress and the Contractor is currently conducting the fieldwork. To improve the survey progress, new measures have been implemented by the Contractor and some preliminary improvements have been observed. Relevant rights of the Government granted by the service contract are set out in the tender document. For

example, according to the service contract, the Government shall pay the contract price to the Contractor in four instalments. According to Clause 24.3 of the Special Conditions of Contract, the Government is entitled to suspend payment of the contract price if the Contractor fails to observe or perform any provision of the contract to the Government's satisfaction. In addition, according to Clause 14.1 of the General Conditions of Contract in Part 2 of the BD-TERMS-2, the Government shall be entitled to terminate the contract by giving a written notice to the Contractor if the Contractor fails to meet the contract requirements. Depending on the actual circumstances and needs, the Centre for Food Safety will exercise the rights granted by the contract after obtaining legal advice.

In addition, outside the scope of the service contract, if a contract is terminated, the contractor concerned may be de-listed from the list of contractors for conducting statistical surveys for the Government. This list serves as a reference for Government bureaux/departments in inviting prospective contractors to submit tender proposals for projects relating to the conduct of statistical surveys. As such, if the contract is terminated, the chance of the contractor in participating in other Government tendering exercises in future may be affected.

Yours sincerely,

Christinekon

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