AN OVERVIEW OF CHINA’S CONSTRUCTION PROJECT TENDERING

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Abstract
In order to achieve a fair, probity, transparent and open competition environment in the construction industry, the Chinese government has developed and applied a multi-criteria competitive tendering system for the procurement of construction projects. However in many cases, the system only works on compilation of requirements and problems still frequently occur. The aim of this paper is to review the current construction tendering system and practice and propose strategies for improvement. A number of methods have been used to obtain research data, including focused group workshops and discussions, on-site observations, desk top study of relevant regulations and policies and review of three actual project tendering cases. It was found that China has gone a long way from project assignment to the current competitive tendering practice. However, the current tendering system has prevented bidders from focussing on value for money and construction innovation. Furthermore, the tender evaluation processes were rather formal and compilation of procedures and requirements than in-depth and project-specific. In addition, the time (half a day) given for evaluating tender submissions was insufficient. In some cases, the tender evaluation criteria was set after the bidders had been selected and there was no mechanism in place to review or audit the contract award decisions made by the tender evaluation committees. Based on these findings, it is suggested that as part of the market economic system, the Chinese government should allow bidders to calculate project cost on the basis of market price information and the company’s technical and management capabilities, instead of following quotation books and regulations and guidelines issued by the government. It is also suggested that detailed evaluation criteria be prepared prior to calling for tender and more time be given to evaluate tender submission documents. Finally, it is suggested that random audit of archived cases be conducted to ensure the decisions made were fair, open and probity.

Keywords
China, construction industry, tendering, value for money

INTRODUCTION
Since the 1980s, China has implemented many national economic reform policies aimed at speeding up its economic growth. The government’s strategy to achieve this aim is to change its planned economic system into a market-oriented economy system within a socialist context, which in turn will promote competition among economic sectors. This change, no doubt, has a significant impact on the operation of the construction industry which employs a workforce of approximately 50 million. An obvious impact of such reform is the procurement of construction projects that has been changed from government assignment to competitive tendering. From an external environment perspective, China has been the largest construction site in the world and this situation will last for at least several more years given the boom of the Chinese economy and its needs in the development of infrastructure. Furthermore, China has joined the WTO (World Trade Organization), which means many new opportunities have been presented to the world. Some construction companies have established business in China while many more are looking for opportunities there. This also requires China to further develop its construction tendering system. With the aim of promoting a fair, probity,