

**For information**

**Report on Significant Deviations between Accepted Tender Prices  
and Estimated Provisions in the Approved Project Estimates  
(for Capital Works Contracts Awarded in the First Quarter of 2014)**

On 21 April 2004, the Director of Audit published a report<sup>1</sup> on the value-for-money audit on the Harbour Area Treatment Scheme Stage I project. Among other observations, the Director of Audit took note of significant deviations between the accepted tender prices for some works contracts under this project and those estimated in the Approved Project Estimates (APE). The Public Accounts Committee (PAC) recommended in its June 2004 report that, in order to ensure effective monitoring on the use of funding, works departments should inform the Legislative Council (LegCo) when there is a difference of \$15 million or more between the accepted tender price and the estimated provision in the APE.

2. In response to the recommendation of PAC, the Administration had agreed to submit quarterly reports to LegCo on significant deviations between the accepted tender prices for capital works projects and the estimated provision in the APE when these “equal/exceed \$15 million or 10% of the original estimated provisions in the APE, whichever is the greater”<sup>2</sup>. We submitted the first report covering projects up to end December 2004 to PAC on 4 February 2005 and were directed by the Clerk to the Finance Committee that future reports should be addressed to the Public Works Subcommittee.

3. For the quarter ending March 2014, six capital works contracts meet the stipulated reporting criterion. Relevant details of the contracts are set out at the **Annex** attached.

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Development Bureau  
Works Branch  
June 2014

<sup>1</sup> See Director of Audit’s Report No. 42, Chapter 3

<sup>2</sup> See paragraph 25 of the Government’s Minute in response to Report No. 42 of the Public Accounts Committee tabled at the LegCo on 20 October 2004

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(1) Department: Architectural Services Department

Project Code  Contract No.	Project Title  Contract Title/ Award Date	Approved Project Estimate (APE)	(A) Sum Allowed in APE for the Contract	(B) Accepted Tender Price	(A) – (B) Difference
\$ million (in MOD prices)					
3049RG  SSY302	<p><b>Public library and indoor recreation centre in Area 3, Yuen Long</b></p> <p>The construction of public library and indoor recreation centre in Area 3, Yuen Long / 10 March 2014</p>	704.100	531.000	428.000	103.000
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to keen competition under prevailing market conditions, which resulted in lower rates in the returned tenders. Details of the key items with significant savings are as follows -</p> <p>(a) Removal of underground steel struts and provision of temporary steel working platform (\$33.000 million);</p> <p>(b) Concrete works, woodworks and metal works (\$29.100 million);</p> <p>(c) Contract preliminaries (\$19.000 million);</p> <p>(d) External and drainage works (\$17.500 million); and</p> <p>(e) Building services works (\$4.400 million).</p>					

(2) Department: Civil Engineering and Development Department

Project Code  Contract No.	Project Title  Contract Title/ Award Date	Approved Project Estimate (APE)	(A) Sum Allowed in APE for the Contract	(B) Accepted Tender Price	(A) – (B) Difference
\$ million (in MOD prices)					
5019GB  CV/2012/08	<p data-bbox="296 595 802 734"><b>Liantang/Heung Yuen Wai Boundary Control Point and associated works—site formation and infrastructure works</b></p> <p data-bbox="347 779 802 954">Liantang/Heung Yuen Wai Boundary Control Point site formation and infrastructure works—contract 2/ 13 December 2013</p>	16,253.200	7,112.652	10,244.243	(3,131.591) <sup>[1]</sup>
<p data-bbox="839 860 1469 1111">The accepted tender price is higher than the sum allowed in APE for the contract. This is due to recent surge in construction prices, poor ground condition for tunnelling works, and tenderers' perception on higher risks associated with construction constraints. Details of the key items with significant deviations are as follows -</p> <p data-bbox="839 1151 1406 1223">(a) Tunnel works (\$2,215.820 million); and (b) Other works (\$915.771 million).</p>					

**Note:** [1] The difference will be partly met from project contingencies. Upon a review of the financial position of the project, the Administration will seek approval from the Finance Committee to increase the approved project estimate in the 2014-15 financial year.

(3) Department: Highways Department

Project Code  Contract No.	Project Title  Contract Title/ Award Date	Approved Project Estimate (APE)	(A) Sum Allowed in APE for the Contract	(B) Accepted Tender Price	(A) – (B) Difference
\$ million (in MOD prices)					
6844TH	Hong Kong—Zhuhai—Macao Bridge Hong Kong Link Road	25,047.200			
6845TH	Hong Kong—Zhuhai—Macao Bridge Hong Kong Boundary Crossing Facilities—Reclamation and Superstructures	30,433.900			
6857TH	Tuen Mun—Chek Lap Kok Link—construction works	44,798.400			
	Total:	100,279.500			
HY/2013/05	Hong Kong—Zhuhai—Macao Bridge Hong Kong Boundary Crossing Facilities and Hong Kong Link Road, and Tuen Mun-Chek Lap Kok Link Southern Connection—traffic control and surveillance system/ 14 January 2014		633.420	323.000	310.420
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to keen competition under prevailing market conditions, which resulted in lower rates in the returned tenders. Details of the key items with significant savings are as follows -</p> <p>(a) System construction works (\$189.755 million);</p> <p>(b) Associated works (\$62.201 million);</p> <p>(c) Contract preliminaries (\$54.806 million); and</p> <p>(d) Safety and environmental measures (\$3.658 million).</p>					

Project Code  Contract No.	Project Title  Contract Title/ Award Date	Approved Project Estimate (APE)	(A) Sum Allowed in APE for the Contract	(B) Accepted Tender Price	(A) – (B) Difference
\$ million (in MOD prices)					
6100TX (block Allocation)  08/HY/2013	Highway works, studies and investigations for items in Category D of the Public Works Programme  Highways Department term contract (Management and maintenance of roads in Kowloon East excluding high speed roads 2014-2018)/ 6 February 2014	550.000	550.000	342.530	207.470
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to keen competition under prevailing market conditions, which resulted in lower rates in the returned tenders. Details of the key items with significant savings are as follows -</p> <p>(a) Road works (\$109.673 million);  (b) Management and maintenance of the road networks (\$50.892 million);  (c) Structural works (\$21.505 million); and  (d) Other works (\$25.400 million).</p>					
09/HY/2013	Highways Department term contract (Management and maintenance of roads in Kowloon West excluding high speed roads 2014-2020)/ 6 February 2014	600.000	600.000	371.270	228.730
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to keen competition under prevailing market conditions, which resulted in lower rates in the returned tenders. Details of the key items with significant savings are as follows -</p> <p>(a) Road works (\$68.391 million);  (b) Management and maintenance of the road networks (\$68.013 million);  (c) Structural works (\$49.601 million); and  (d) Other works (\$42.725 million).</p>					

Project Code  Contract No.	Project Title  Contract Title/ Award Date	Approved Project Estimate (APE)	(A) Sum Allowed in APE for the Contract	(B) Accepted Tender Price	(A) – (B) Difference
\$ million (in MOD prices)					
<b>6101TX</b> (block allocation)  <b>Item No. 6YFG059X</b>  <b>Item No. 6YFG060X</b>  <b>Item No. 6YFG061X</b>  <b>Item No. 6YFG062X</b>  <b>Item No. 6YFG063X</b>  <b>Item No. 6YFH190X</b>  <b>Item No. 6YFH191X</b>  <b>Item No. 6YFH192X</b>  <b>Item No. 6YFH193X</b>	<b>Universal Accessibility Programme</b>  <b>Provision of barrier-free access facilities for footbridge No. NF78 in Tai Po District</b>  <b>Provision of barrier-free access facilities for subway No. NS89 in Kwai Tsing District</b>  <b>Provision of barrier-free access facilities for footbridge No. NF185 in Kwai Tsing District</b>  <b>Provision of barrier-free access facilities for footbridge No. NF81 in Tai Po District</b>  <b>Provision of barrier-free access facilities for subway No. NS75 in Tai Po District</b>  <b>Provision of barrier-free access facilities for footbridge No. HF118 in Central and Western District</b>  <b>Provision of barrier-free access facilities for footbridge No. HF118A in Central and Western District</b>  <b>Provision of barrier-free access facilities for footbridge No. HF137 in Central and Western District</b>  <b>Provision of barrier-free access facilities for footbridge No. KF44 in Kwun Tong District</b>	  58.640  64.320  58.260  51.350  54.080  35.200  35.200  33.300  33.230			

Project Code  Contract No.	Project Title  Contract Title/ Award Date	Approved Project Estimate (APE)	(A) Sum Allowed in APE for the Contract	(B) Accepted Tender Price	(A) – (B) Difference
\$ million (in MOD prices)					
Item No. 6YFH194X	Provision of barrier-free access facilities for footbridge No. NF444 in Tai Po District	32.350			
Item No. 6YFH195X	Provision of barrier-free access facilities for footbridge No. NF286 in Kwai Tsing District	36.090			
Item No. 6YFH196X	Provision of barrier-free access facilities for subway No. NS99 in Tuen Mun District	36.580			
Item No. 6YFH197X	Provision of barrier-free access facilities for footbridge No. NF296 in North District	49.420			
Item No. 6YFX008X	Provision of barrier-free access facilities for subway No. NS126 in Kwai Tsing District	26.110			
	Total:	<hr/> 604.130			
HY/2013/15	Provision of barrier-free access facilities for highways structures—phase 3 contract3/ 19 March 2014		483.000	364.911	118.089
<p>The accepted tender price is lower than the sum allowed in APE for the contracts. This is due to keen competition under prevailing market conditions, which resulted in lower rates in the returned tenders. Details of the key items with significant savings are as follows -</p> <p>(a) Contract preliminaries (\$37.744 million);  (b) Superstructures (\$29.689 million);  (c) Road and miscellaneous works (\$26.002 million);  (d) Works to be designed by Contractor (\$12.857 million); and  (e) Ground investigation works (\$11.797 million).</p>					