

**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 Second 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 June 2014, three 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  
September 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: 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)					
5001BX (block allocation) Item 2.252  GE/2013/18	<p><b>Landslip preventive measures</b></p> <p><b>Landslip prevention and mitigation programme, 2008, package A and 2009, package D, landslip prevention and mitigation works in Hong Kong Island</b></p> <p>Landslip prevention and mitigation programme, 2008, package A and 2009, package D, landslip prevention and mitigation works in Hong Kong Island/ 20 June 2014</p>	233.660	213.720	168.801	44.919
		<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) Geotechnical works (\$49.028 million); (b) Ancillary works (\$28.802 million); and (c) Contract preliminaries (-\$32.911 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)					
5480CL	Disposal of contaminated mud—management and capping of contaminated mud pit IV	570.100			
5729CL	Disposal of contaminated sediment—dredging, management and capping of sediment disposal facility at Sha Chau	770.900			
5737CL	Dredging, management and capping of contaminated sediment disposal facility to the south of The Brothers	617.700			
CV2013/12	Total:	1,958.700			
	Sediment disposal facilities to the south of The Brothers, east of Sha Chau and east of Tung Lung Chau—testing/ 11 April 2014		95.600	32.535	63.065
<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> <ul style="list-style-type: none"> <li>(a) Laboratory tests on sediment samples (\$30.815 million);</li> <li>(b) Laboratory tests on biota samples (\$21.234 million);</li> <li>(c) Biological tests on sampled sediments (\$6.893 million); and</li> <li>(d) Laboratory tests on water samples (\$4.123 million).</li> </ul>					

(2) 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)					
<b>6101TX</b> (block allocation)  <b>Item No. 6YFG064X</b>  <b>Item No. 6YFH198X</b>  <b>Item No. 6YFH199X</b>  <b>Item No. 6YFH200X</b>  <b>Item No. 6YFH201X</b>	<b>Universal Accessibility Programme</b>  <b>Provision of barrier-free access facilities for subway No. HS10 in Wan Chai District</b>  <b>Provision of barrier-free access facilities for footbridge No. NF84 in North District</b>  <b>Provision of barrier-free access facilities for footbridge No. NF295 in North District</b>  <b>Provision of barrier-free access facilities for footbridge No. HF2A in Wan Chai District</b>  <b>Provision of barrier-free access facilities for footbridge No. HF2 in Wan Chai District</b>  <div style="text-align: right;">Total:</div>	  57.490  49.070  41.980  40.260  38.580  227.380	          170.000	          114.265	          55.735
HY/2013/16	Provision of barrier-free access facilities for highways structures—phase 2 contract 2/ 20 June 2014	<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 (\$24.460 million);</p> <p>(b) Foundation, structural steel and miscellaneous works (\$21.275 million); and</p> <p>(c) Demolition and structural modification works (\$10.000 million).</p>			