

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 Fourth Quarter of 2013)**

On 21 April 2004, the Director of Audit published a report¹ 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”². 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 December 2013, ten capital works contracts meet the stipulated reporting criterion. Relevant details of the contracts are set out at the **Annex** attached.

Development Bureau
Works Branch
April 2014

¹ See Director of Audit’s Report No. 42, Chapter 3

² 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)					
3068GI RFB505	<p>Relocation of the printing workshop of Government Logistics Department</p> <p>Re-provisioning of Government Logistics Department's printing workshop to Government Logistics Centre, Chai Wan/ 1 November 2013</p>	365.100	316.500	266.287	50.213
<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) Wood, steel and metal works (\$25.313 million);</p> <p>(b) Plastering, paving and painting works (\$13.100 million);</p> <p>(c) Demolition and site works (\$6.600 million);</p> <p>(d) Brickwork and blockwork (\$4.100 million); and</p> <p>(e) Plumbing and drainage works (\$1.100 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)					
3269RS SSB506	Sports centre in Area 4, Tsing Yi Construction of sports centre in Area 4, Tsing Yi/ 6 November 2013	774.800	711.100	585.570	125.530
<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"> (a) Building services (\$47.500 million); (b) Risk allowance for the existing site conditions and design development in tender stage (\$35.920 million); (c) Other builder's works (\$30.770 million); and (d) Concretor (\$11.340 million). 					

(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)					
7279RS	Cycle tracks connecting North West New Territories with North East New Territories—Tuen Mun to Sheung Shui section (stage 1)	295.400			
YL/2013/01	Cycle tracks from Tuen Mun to Sheung Shui—stage 1/ 25 November 2013		222.600	193.852	28.748
<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 (\$12.116 million); (b) Ancillary works (\$7.492 million); (c) Landscaping works (\$5.154 million); and (d) Contract preliminaries (\$3.986 million).</p>					

(3) Department: Drainage 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)					
4169CD DC/2013/03	<p data-bbox="296 595 802 734">Reconstruction and rehabilitation of Kai Tak Nullah from Tung Kwong Road to Prince Edward Road East—main works</p> <p data-bbox="347 779 802 954">Reconstruction and rehabilitation of Kai Tak River from Tung Kwong Road to Prince Edward Road East / 24 December 2013</p>	1,244.300			
			799.400	508.800	290.600
		<p data-bbox="836 853 1461 1066">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 data-bbox="836 1111 1461 1323">(a) Reconstruction and rehabilitation of nullah (\$235.600 million); (b) Contract preliminaries (\$45.900 million); and (c) Environmental mitigation measures (\$9.100 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)					
4397DS DC/2013/04	<p data-bbox="296 551 794 651">Outlying Islands sewerage, stage 2—Lamma village sewerage phase 2, package 1</p> <p data-bbox="347 689 794 831">Outlying Islands sewerage, stage 2—Lamma village sewerage phase 2, package 1/ 16 December 2013</p>	340.200	257.700	199.738	57.962
<p data-bbox="836 779 1461 999">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 data-bbox="836 1039 1385 1072">(a) Sewer laying works (\$45.222 million); <li data-bbox="836 1072 1461 1144">(b) Sewage pumping station construction works (\$7.583 million); and <li data-bbox="836 1144 1342 1178">(c) Associated works (\$5.157 million). 					

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\$ million (in MOD prices)					
5168CD SZRIV-B	Liantang/Heung Yuen Wai Boundary Control Point and associated works—regulation of Shenzhen River stage IV Regulation of Shenzhen River stage IV contract B/ 30 December 2013	595.100	458.740	311.000	147.740
<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"> (a) Construction of river bank (\$80.800 million); (b) Temporary and miscellaneous works (\$31.779 million); (c) Road works (\$24.015 million); and (d) Environmental and mitigation measures (\$11.146 million). 					

(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)					
6167TB	Provision of barrier-free access facilities at public footbridges, elevated walkways and subways—design works and phase 1 construction works	292.100			
6101TX (block allocation)	Universal Accessibility Programme				
Item No. 6YFG055X	Provision of barrier-free access facilities for footbridge no. HF119 in Central and Western District	53.430			
Item No. 6YFG056X	Provision of barrier-free access facilities for footbridge no. NF97 in Tai Po District	72.840			
Item No. 6YFG057X	Provision of barrier-free access facilities for subway no. NS49A in North District	51.420			
Item No. 6YFG058X	Provision of barrier-free access facilities for footbridge no. NF167 in Tsuen Wan District	53.460			
Item No. 6YFH179X	Provision of barrier-free access facilities for footbridge no. HF37 in Central and Western District	31.830			
Item No. 6YFH180X	Provision of barrier-free access facilities for footbridge no. HF91 in Central and Western District	31.540			
Item No. 6YFH181X	Provision of barrier-free access facilities for footbridge no. HF152 in Central and Western District	31.170			

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\$ million (in MOD prices)					
Item No. 6YFH182X	Provision of barrier-free access facilities for footbridge no. HF93 (formerly HF156) in Central and Western District	32.030			
Item No. 6YFH183X	Provision of barrier-free access facilities for subway no. NS28A in Sha Tin District	38.180			
Item No. 6YFH184X	Provision of barrier-free access facilities for footbridge no. NF266 in Tai Po District	32.030			
Item No. 6YFH185X	Provision of barrier-free access facilities for footbridge no. NF108 in Tsuen Wan District	31.190			
Item No. 6YFH186X	Provision of barrier-free access facilities for footbridge no. NF311 in Tsuen Wan District	31.340			
Item No. 6YFH187X	Provision of barrier-free access facilities for footbridge no. NF245 in Yuen Long District	47.380			
Item No. 6YFH188X	Provision of barrier-free access facilities for footbridge no. NF31 in Tuen Mun District	31.960			

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\$ million (in MOD prices)					
Item No. 6YFH005X	Provision of barrier-free access facilities for subway no. HS3 in Central and Western District	26.400			
Item No. 6YFX006X	Provision of barrier-free access facilities for subway no. NS199 in Yuen Long District	23.210			
	Total:	911.510			
HY/2013/11	Provision of barrier-free access facilities for highways structures—phase 3 contract 2/ 13 December 2013		487.000	329.600	157.400
<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 (\$66.700 million); (b) Construction of piling works (\$37.200 million); (c) Superstructure (\$36.500 million); and (d) Miscellaneous works (\$17.000 million).</p>					

(5) Department: Water Supplies 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)					
9096WC 9/WSD/13	<p data-bbox="296 595 783 696">Water supply to Pak Shek Kok reclamation area, Tai Po—stage 2 phase 2</p> <p data-bbox="357 741 783 875">Water supply to Pak Shek Kok reclamation area, Tai Po—stage 2 phase 2/ 18 December 2013</p>	162.700		78.445	67.555
<p data-bbox="826 819 1461 1021">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 data-bbox="826 1077 1461 1211">(a) Laying of water mains (\$52.871 million); (b) Contract preliminaries (\$10.409 million); and (c) Miscellaneous works (\$4.275 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)					
9189WC	Replacement and rehabilitation of water mains, stage 4 phase 2	4,510.300			
9191WC	Replacement and rehabilitation of water mains, stage 4 phase 1	6,262.400			
	Total:	10,772.700			
5/WSD/13	Replacement and rehabilitation of water mains, stage 4 phase 1 and stage 4 phase 2—mains in Northern and Eastern New Territories/ 13 November 2013		617.500	433.276	184.224
<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"> (a) Replacement and rehabilitation works in Northern New Territories (\$103.336 million); (b) Replacement and rehabilitation works in Shatin and Sai Kung (\$35.074 million); (c) Landscape softworks and establishment works (\$23.445 million); (d) Contract preliminaries (\$17.781 million); and (e) Miscellaneous works (\$4.588 million). 					

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\$ million (in MOD prices)					
9191WC 6/WSD/13	<p data-bbox="296 551 783 618">Replacement and rehabilitation of water mains, stage 4 phase 1</p> <p data-bbox="357 658 783 837">Replacement and rehabilitation of water mains, stage 4 phase 1—mains in Kwai Tsing, Tsuen Wan and Tuen Mun/ 15 October 2013</p>	6,262.400	195.000	126.869	68.131
<p data-bbox="826 734 1461 958">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 data-bbox="826 994 1461 1173">(a) Condition survey of water mains (\$55.395 million); (b) Contract preliminaries (\$8.000 million); (c) Miscellaneous works (\$2.797 million); and (d) Water mains replacement (\$1.939 million).</p>					