

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 2015)**

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 June 2015, three capital works contracts meet the stipulated reporting criterion. Relevant details of the contracts are set out at the **Annex** attached.

Development Bureau
Works Branch
October 2015

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)					
3354EP SS C511	<p>A 36-classroom primary school in Area 36, Fanling</p> <p>Construction of a 36-classroom primary school in Area 36, Fanling/ 15 May 2015</p>	417.20	351.50	302.30	49.20
<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) Contract preliminaries (\$10.650 million); (b) Contractor's designed piled foundation works (\$15.300 million); (c) Reinforced concrete structural works (\$16.600 million); and (d) Building services installation (\$6.650 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)					
3065JA SS C512	<p data-bbox="296 551 794 689">Construction of rank and file quarters for Customs and Excise Department at Yau Yue Wan Village Road, Tseung Kwan O</p> <p data-bbox="347 730 794 904">Construction of rank and file quarters for Customs and Excise Department at Yau Yue Wan Village Road, Tseung Kwan O/ 11 June 2015</p>	604.80	440.20	375.91	64.29
<p data-bbox="836 954 1473 1167">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 1211 1473 1279">(a) Geotechnical works (\$40.200 million); and (b) Piling works (\$24.090 million).</p>					

(2) Department: Highways Department

Project Code Contract No.	Project Title Contract Title/ Award Date	Approved Project Estimate (APE)	(A)	(B)	(A) – (B)
			Sum Allowed in APE for the Contract	Accepted Tender Price	Difference
\$ million (in MOD prices)					
6100TX (block allocation)	Highway works, studies and investigations for items in Category D of the Public Works Programme				
Item No. 63FG068X	Provision of barrier-free access facilities for footbridge no. NF(SLKR) in Tsuen Wan District	24.41			
6101TX (block allocation)	Universal Accessibility Programme				
Item No. 6YFG058X	Provision of barrier-free access facilities for footbridge no. NF167 in Tsuen Wan District	73.79 ^[1]			
Item No. 6YFG067X	Provision of barrier-free access facilities for footbridge no. HF142 in Central and Western District	53.37			
Item No. 6YFH184X	Provision of barrier-free access facilities for footbridge no. NF266 in Tai Po District	53.79 ^[2]			
Item No. 6YFH185X	Provision of barrier-free access facilities for footbridge no. NF108 in Tsuen Wan District	53.74 ^[2]			
Item No. 6YFH188X	Provision of barrier-free access facilities for footbridge no. NF31 in Tuen Mun District	53.84 ^[2]			
Item No. 6YFH209X	Provision of barrier-free access facilities for elevated walkway no. K50 in Kwun Tong District	40.94			

Note: [1] There are three lifts at the footbridge, two of them are constructed under another works contract.

[2] There are two lifts at the footbridge, one of them is constructed under another works contract.

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. 6YFH210X	Provision of barrier-free access facilities for subway no. KS25 in Sham Shui Po District	37.01			
Item No. 6YFH211X	Provision of barrier-free access facilities for footbridge no. NF127 in Tuen Mun District	32.77			
Item No. 6YFH212X	Provision of barrier-free access facilities for footbridge no. NS206 in Tuen Mun District	33.22			
Item No. 6YFX021X	Provision of barrier-free access facilities and universal access facilities for footbridge no. HF78 in Eastern District	26.29			
Item No. 6YFX022X	Provision of barrier-free access facilities and universal access facilities for footbridge no. NF247 in North District	25.82			
Item No. 6YFX023X	Provision of barrier-free access facilities for footbridge no. KF82 in Yau Tsim Mong District	25.31			
Item No. 6YFX24X	Provision of barrier-free access facilities for footbridge no. KF57 in Wong Tai Sin District	24.30			
Item No. 6YFX025X	Provision of barrier-free access facilities for footbridge no. KF83 in Kwun Tong District	24.68			
Item No. 6YFX026X	Provision of barrier-free access facilities for footbridge no. KF3 in Yau Tsim Mong District	21.73			
Item No. 6YFX027X	Provision of barrier-free access facilities for footbridge no. NF83 in North District	21.38			

Project Code	Project Title	Approved Project Estimate (APE)	(A) Sum Allowed in APE for the Contract	(B) Accepted Tender Price	(A) – (B) Difference
Contract No.	Contract Title/ Award Date	\$ million (in MOD prices)			
Item No. 6YFX028X	Provision of barrier-free access facilities for footbridge no. NF227 in North District	20.83			
Item No. 6YFX029X	Provision of barrier-free access facilities for footbridge no. NF96 in North District	20.61			
Item No. 6YFX030X	Provision of barrier-free access facilities for footbridge no. NF248 in Tsuen Wan District	20.55			
HY/2014/06	Total:	688.38			
	Provision of barrier-free access facilities for highways structures — phase 3 contract 5/ 15 May 2015		438.42	369.00	69.42
<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) Contract preliminaries (\$18.524 million); (b) Piling works (\$6.300 million); (c) Superstructure works (\$22.710 million); (d) Lift installation and electrical & mechanical works (\$14.000 million); and (e) Ancillary works (\$7.886 million). 					