

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 Third Quarter of 2016)**

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 September 2016, five capital works contracts meet the stipulated reporting criterion. Relevant details of the contracts are set out at the **Annex** attached.

Development Bureau
Works Branch
March 2017

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: 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
6001BX (block allocation)	Universal Accessibility Programme				
Item No. 6A54	Provision of universal access facilities for footbridge no. KF69 in Sham Shui Po District	54.60			
Item No. 6A55	Provision of universal access facilities for footbridge no. KF76 in Wong Tai Sin District	47.94			
Item No. 6A56	Provision of universal access facilities for footbridge no. KF97 in Sham Shui Po District	43.96			
Item No. 6A57	Provision of universal access facilities for footbridge no. KF56 in Wong Tai Sin District	42.42			
Item No. 6A58	Provision of universal access facilities for footbridge no. KF109 in Kwun Tong District	41.76			
Item No. 6A59	Provision of universal access facilities for footbridge no. HF104 in Southern District	42.70			
Item No. 6A60	Provision of universal access facilities for footbridge no. KF106 in Kowloon City District	31.77			
	Total:	305.15			

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)					
CV/2015/08	Provision of universal access facilities for highway structures – package 1 contract 3/ 22 July 2016		252.97	188.10	64.87
		<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 (\$25.55 million); (b) Structural, E&M and ancillary works (\$18.66 million); and (c) Foundation works (\$20.66 million). 			

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)					
7797CL KL/2015/02	Kai Tak development – stages 3B and 5A infrastructure works at former north apron area Kai Tak Development—stage 5A infrastructure works at former north apron area/ 15 September 2016	2,152.80	878.97	586.00	292.97
<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 (\$107.40 million); (b) Pedestrian subway (\$128.44 million); (c) Box culvert, roads and associated works (\$41.55 million); and (d) District cooling system works entrusted by Electrical and Mechanical Services Department (\$15.58 million). 					

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)					
7801CL KL/2016/01	<p data-bbox="296 551 786 723">West Kowloon reclamation—main works (remainder)—footbridge at the junction of Sham Mong Road and Tonkin Street West in Sham Shui Po</p> <p data-bbox="360 801 762 1021">West Kowloon Reclamation — main works (remainder) — footbridge at junction of Sham Mong Road and Tonkin Street West in Sham Shui Po/ 15 September 2016</p>	368.90	281.00	222.18	58.82
<p data-bbox="839 1099 1469 1312">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="839 1357 1398 1424">(a) Footbridge works (\$57.81million); and (b) Other works (\$1.01 million).</p>					

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\$ million (in MOD prices)					
7469RO IS/2015/01	Improvement works at Tai O, phase 2 stage 1 Improvement works at Tai O, phase 2 stage 1/ 30 August 2016	124.00	110.05	74.67	35.38
<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 (\$17.72 million); (b) Site formation works (\$9.15 million); (c) Road works (\$6.31 million); and (d) Other works (\$2.20 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)					
B777CL CV/2016/02	<p data-bbox="296 551 788 651">Road and infrastructure works for development at Lin Cheung Road, Sham Shui Po</p> <p data-bbox="357 730 788 875">Road and infrastructure works for development at Lin Cheung Road, Sham Shui Po/ 8 September 2016</p>	114.80	97.69	68.77	28.92
<p data-bbox="831 987 1461 1200">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 data-bbox="839 1245 1461 1458" style="list-style-type: none"> (a) Contract Preliminaries (\$8.75 million); (b) Waterworks, drainage and sewerage system (\$7.85 million); (c) Road works and covered walkway (\$10.20 million); and (d) Other works (\$2.12 million). 					