

**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 2016)**

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 December 2016, Ten 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 2017

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<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

**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 2016)**

(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)					
3775CL  SD E516	<p><b>The demolition of existing structures on Sites A and B1 of the Sung Wong Toi Vehicle Repair and Maintenance Workshop</b></p> <p>Demolition of existing structures in Sites A and B1 of the Sung Wong Toi Vehicle Repair and Maintenance Workshop/ 12 December 2016</p>	99.30	77.20	30.94	46.26
<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) Contract preliminaries and others (\$8.41 million);</li> <li>(b) Building demolition works (\$18.96 million);</li> <li>(c) Removal of substructure and filling up existing basement (\$12.65 million); and</li> <li>(d) Site formation and external works (\$6.24 million).</li> </ul>					

(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
7685CL	Site Formation of Areas 34 and 52 in Shui Chuen O and Area 56A in Kau To, Sha Tin	452.30			
7803CL	Development of Anderson Road Quarry Site – site formation and associated infrastructure works	7,693.40			
	<b>Total:</b>	8,145.70			
NE/2016/01	Site formation and infrastructure works for development of Anderson Road Quarry Site/ 13 December 2016 <sup>[1]</sup>		3,584.43	2,668.33	916.10
<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 and the recommended tenderer has readily available plant and equipment and relevant job experience, which resulted in lower rates in the returned tenders. Details of the key items with significant savings are as follows -</p> <p>(a) Site formation and geotechnical works (\$216.85 million);</p> <p>(b) Roads and associated works (\$430.77 million); and</p> <p>(c) Other works (\$268.48 million).</p>					

Note : [2] The contract will be funded by 7685CL and 7803CL.

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/2015/03	<b>Kai Tak development – stages 3B and 5A infrastructure works at former north apron area</b>  Kai Tak development – stage 3B infrastructure at former north apron area / 22 December 2016	2,152.80	933.54	553.00	380.54
<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 (\$134.28 million);            (b) Roadworks (\$25.43 million);            (c) Landscaped elevated walkway (\$119.22 million); and            (d) Pedestrian subway (\$101.61 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)					
B783CL  CV/2016/07	<p data-bbox="296 548 791 651"><b>Infrastructure works for development at Queen’s Hill, Fanling</b></p> <p data-bbox="357 730 791 833">Queen’s Hill Development – road and drainage works/ 22 December 2016</p>	1,459.50	766.68	428.00	338.68
<p data-bbox="842 952 1461 1200">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 data-bbox="842 1245 1461 1384">(a) Contract preliminaries (\$66.37 million); (b) Road and drainage works (\$238.09 million); and (c) Ancillary works (\$34.22 million).</p>					

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\$ million (in MOD prices)					
CV/2016/08	Queen's Hill Development – sewage pumping station works/ 22 December 2016		205.01	145.83	59.18
<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) Sewage pumping station works (\$43.34 million); and</p> <p>(b) Ancillary works (\$15.84 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)						
B800CL          KL/2016/02	<p data-bbox="296 551 801 725"><b>Demolition and ground decontamination works for development at North West Kowloon Reclamation Site 1, Sham Shui Po – Phase 1</b></p> <p data-bbox="360 770 801 981">Demolition and ground decontamination works for development at North West Kowloon Reclamation Site 1, Sham Shui Po – Phase 1/ 28 November 2016</p>	108.40		85.00	55.43	29.57
<p data-bbox="842 1061 1465 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="852 1357 1465 1460">(a) Demolition, decontamination and associated works (\$29.31 million); and (b) Other works (\$0.26 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
4104CD	Drainage improvement in Northern Hong Kong Island –western lower catchment works	373.30			
4143DS	Central, Western and Wan Chai West sewerage, stage 2 phase 2B works	253.40			
4100DX (block allocation)	Drainage works, studies and investigations for items in Category D of the Public Works Programme				
Item No. SZY 1247	Sewerage extension at Tan Kwai Tsuen Road in Yuen Long )				
Item No. DZX 1606	Local drainage improvement works in Wan Chai District )				
Item No. DZX 1607	Minor drainage improvement works at Tong Fong Tsuen in Yuen Long and Fu Tei Au Road and Kam Chui Road in North District )	82.70			
Item No. DZX 1608	Local flood prevention works near Lei Uk and Tai Po Tin adjacent to Section TKL05 of Ping Yuen River in Ta Kwu Ling, North District )				
Item No. DZD1609	Improvement to hydraulic performance of Canal Road box culvert at Gloucester Road, Causeway Bay )				
	<b>Total:</b>	709.40			



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
<b>\$ million (in MOD prices)</b>					
DC/2015/05	Minor drainage improvement works in Northern Hong Kong Island and North District/ 24 October 2016 <sup>[1]</sup>		94.88	78.89	15.99
<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) Drainage pipes and associated manholes (\$13.02 million); and</p> <p>(b) Road improvement (\$2.97 million).</p>					

Note : [1] The contract will be funded by **4104CD**, **4143DS** and **4100DX**.

(4) Department: Education Bureau

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)					
8027EA	<p data-bbox="296 595 801 734"><b>Extension and conversion to St. Paul's Primary Catholic School at Wong Nai Chung Road, Happy Valley</b></p> <p data-bbox="360 813 794 920">Demolition, foundation, ELS and pile caps works/ 18 November 2016</p>	467.80	170.00	121.00	49.00
<p data-bbox="842 1037 1461 1285">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="852 1330 1461 1435">(a) Site formation works (\$22.00 million); and (b) Foundation and other works (\$27.00 million).</p>					

(5) 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
<b>\$ million (in MOD prices)</b>					
6158TB  HY/2016/04	Elevated walkway between Tong Ming Street and Tong Tak Street, Tseung Kwan O  Elevated walkway between Tong Ming Street and Tong Tak Street, Tseung Kwan O/ 9 December 2016	221.60	200.99	124.88	76.11
<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) Elevated walkway and foundation Works (\$71.58 million); and</p> <p>(b) Lift tower and associated road, landscaping, drainage, public lighting works (\$4.53 million).</p>					

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\$ million (in MOD prices)					
6168TB  HY/2016/03	Lift and pedestrian walkway system at Waterloo Hill  Lift and pedestrian walkway system at Waterloo Hill/ 25 November 2016	116.70		105.63	82.86  22.77
<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) Lift tower and E&amp;M works (\$16.48 million); and</p> <p>(b) Elevated walkway, landscaping and associated road works, drainage and public lighting works (\$6.29 million)</p>					