

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

Development Bureau
Works Branch
January 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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(for Capital Works Contracts Awarded in the Second 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)					
3019NB SS D513	Provision of Columbarium and Garden of Remembrance at Tsang Tsui, Tuen Mun Construction of Columbarium and Garden of Remembrance at Tsang Tsui, Tuen Mun/ 24 June 2016	2,874.30	2,695.90	1,818.78	877.12
<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 and others (\$520.69 million); (b) Site formation and piling works (\$121.82 million); (c) Building works (including reinforced concrete structural works, timber, steel and metal works, plastering and painting finishing works) (\$104.46 million); and (d) External works, drainage, access roads and other works (\$130.15 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)					
5001BX (block allocation) Item No. 1.105 Item No. 1.108 Item No. 2.209 GE/2015/01	Landslip preventive measures Landslip prevention and mitigation programme, 2012, package K, landslip prevention and mitigation works Landslip prevention and mitigation programme, 2015, package K, landslip prevention and mitigation works Landslip prevention and mitigation programme, 2008, package H, landslip prevention and mitigation works Total : Landslip prevention and mitigation programme, 2015, package K, landslip prevention and mitigation works in Hong Kong Island, Kowloon, the New Territories and Outlying Islands/ 7 April 2016	 101.47 109.40 141.35 352.22	 110.96	 61.04	 49.92
<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 (\$9.58 million); (b) Geotechnical works (\$32.38 million); and (c) Ancillary works (\$7.96 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)					
5001BX (block allocation) Item No. 2.259 GE/2015/07	Landslip preventive measures Landslip prevention and mitigation programme, 2011, package G, landslip prevention and mitigation works Landslip prevention and mitigation programme, 2011, package G, landslip prevention and mitigation works/ 11 April 2016	100.03	85.99	46.99	39.00
<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 (\$5.27 million); (b) Geotechnical works (\$28.00 million); and (c) Ancillary works (\$5.73 million).</p>					

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\$ million (in MOD prices)					
5001BX (block allocation) Item No. 2.261 GE/2015/04	<p data-bbox="296 551 794 584">Landslip preventive measures</p> <p data-bbox="296 696 794 835">Landslip prevention and mitigation programme 2012, package F, landslip prevention and mitigation works</p> <p data-bbox="360 880 794 1126">Landslip prevention and mitigation programme 2012, Package F, landslip prevention and mitigation works in Hong Kong Island, Kowloon and the New Territories/ 7 April 2016</p>	168.94	152.05	119.67	32.38
<p data-bbox="839 1066 1473 1279">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="839 1323 1437 1424">(a) Contract preliminaries (\$6.62 million); (b) Geotechnical works (\$24.51 million); and (c) Ancillary works (\$1.25 million).</p>					

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\$ million (in MOD prices)					
5001BX (block allocation) Item No. 2.265 GE/2015/06	Landslip preventive measures Landslip prevention and mitigation programme, 2013, package D, landslip prevention and mitigation works Landslip prevention and mitigation programme, 2013, package D, landslip prevention and mitigation works/ 1 April 2016	106.57	87.49	62.76	24.73
<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 (\$6.00 million); (b) Geotechnical works (\$10.65 million); and (c) Ancillary works (\$8.08 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)					
5019GB NE/2014/02	<p data-bbox="296 499 788 640">Liantang/Heung Yuen Wai Boundary Control Point and associated works – site formation and infrastructure works</p> <p data-bbox="355 680 788 860">Liantang/Heung Yuen Wai Boundary Control Point site formation and infrastructure works – contract 4/18 April 2016</p>	24,973.10	563.79	337.39	226.40
<p data-bbox="831 904 1461 1122">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 1160 1461 1301" style="list-style-type: none"> (a) Contract preliminaries (\$49.32 million); (b) Traffic control and surveillance system works (\$125.97 million); and (c) Other works (\$51.11 million). 					

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\$ million (in MOD prices)					
7772CL	Advance site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area – detailed design and site investigation	340.80			
7100CX (block allocation)	New towns and urban area works, studies and investigations for items in Category D of the Public Works Programme				
Item No. 7E15CL	First stage of site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area – detailed design and site investigation	28.96			
	Total :	369.76			
NE/2015/08	Development of Kwu Tung North and Fanling North new development areas – advance works and first stage works – stage 2 ground investigation works/ 24 June 2016		63.21	44.38	18.83
<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 (\$2.57 million); (b) Land ground investigation works and laboratory testing (\$12.86 million); (c) Preservation and protection of trees (\$2.04 million); and (d) Ancillary works (\$1.36 million).</p>					

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\$ million (in MOD prices)					
7259RS YL/2015/01	<p data-bbox="296 551 788 725">Cycle tracks connecting North West New Territories with North East New Territories – Tuen Mun to Sheung Shui section (Remaining)</p> <p data-bbox="357 770 788 904">Cycle Tracks from Tuen Mun to Sheung Shui – remaining works/ 20 June 2016</p>	890.90	721.10	509.30	211.80
<p data-bbox="831 954 1461 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="839 1211 1422 1279">(a) Cycle track works (\$175.22 million); and (b) Landscaping works (\$36.58 million).</p>					