

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 2017)**

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 2017, six capital works contracts meet the stipulated reporting criterion. Relevant details of the contracts are set out at the **Annex** attached.

Development Bureau
Works Branch
August 2018

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

**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 2017)**

(1) Department: Civil Engineering and Development Department

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)					
5001BX (block allocation)	Landslip preventive measures				
Items No. 2.213	Landslip prevention and mitigation programme, 2009, package A, landslip prevention and mitigation works in Hong Kong Island	161.84			
Item No. 2.275	Landslip prevention and mitigation programme, 2013, package F, landslip prevention and mitigation works	113.53			
	Total:	275.37			
GE/2017/05	Landslip prevention and mitigation programme, 2013, package F, landslip prevention and mitigation works/ 18 July 2017		83.71	59.28	24.43
<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 (\$5.66 million); (b) Geotechnical works (\$16.11 million); and (c) Ancillary works (\$2.66 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. 2.267 GE/2016/07	Landslip preventive measures Landslip prevention and mitigation programme, 2014, package B, landslip prevention and mitigation works Landslip prevention and mitigation programme, 2014, package B, landslip prevention and mitigation works/ 15 August 2017	117.35		89.85	74.26 15.59
<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 (\$4.14 million); (b) Geotechnical works (\$4.26 million); and (c) Ancillary works (\$7.19 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)					
B813CL CV/2017/01	<p data-bbox="296 551 767 689">Site formation and infrastructure works for public housing developments at Chung Nga Road and Area 9, Tai Po—Phase 1</p> <p data-bbox="360 768 783 907">Infrastructural works for public housing development at Chung Nga Road and Area 9, Tai Po/ 28 August 2017</p>	1,146.80	138.16	92.78	45.38
<p data-bbox="831 1025 1461 1238">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 1283 1461 1417" style="list-style-type: none"> (a) Contract Preliminaries (\$7.88 million); (b) Roads, Drainage and Sewerage Works (\$30.07 million); (c) Ancillary works (\$7.43 million) 					

(2) 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)					
4418DS DC/2017/03	<p data-bbox="296 595 788 663">Upgrading of West Kowloon and Tsuen Wan sewerage—Phase 1</p> <p data-bbox="360 775 788 920">Upgrading of West Kowloon and Tsuen Wan sewerage—Phase 1/ 15 September 2017</p>	277.40		140.57	65.63
<p data-bbox="831 1032 1461 1245">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 1290 1461 1503">(a) Preliminaries and others (including site safety and environmental management and site investigation and site clearance) (\$6.63M); (b) Construction of dry weather flow interceptors (\$59.00M)</p>					

(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)					
6101TX (block allocation)	Universal Accessibility Programme				
Item No. 6YFG055X	Provision of barrier-free access facilities for footbridge no. HF119 in Central and Western District	53.43	29.09		
Item No. 6YFG058X	Provision of barrier-free access facilities for footbridge no. NF167 in Tsuen Wan District	73.79	41.47		
Item No. 6YFG059X	Provision of barrier-free access facilities for footbridge no. NF78 in Tai Po District	58.64	19.31		
Item No. 6YFG073X	Provision of barrier-free access facilities for footbridge no. HF145 in Wan Chai District	57.50	57.50		
Item No. 6YFG074X	Provision of barrier-free access facilities for footbridge no. KF29 in Kowloon City District	56.90	56.90		
Item No. 6YFG075X	Provision of barrier-free access facilities for elevated walkway no. N546 in Kwai Tsing District	53.40	53.40		
Item No. 6YFH183X	Provision of barrier-free access facilities for subway no. NS28A in Sha Tin District	38.18	27.59		

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. 6YFH204X	Provision of barrier-free access facilities for subway no. KS7 in Wong Tai Sin District	32.53	24.21		
Item No. 6YFH227X	Provision of barrier-free access facilities for footbridge no. HF81 in Central and Western District	30.60	30.60		
Item No. 6YFH228X	Provision of barrier-free access facilities for footbridge no. NF40 in Sha Tin District	39.70	39.70		
Item No. 6YFH229X	Provision of barrier-free access facilities for elevated walkway no. K8 in Wong Tai Sin District	32.60	32.60		
Item No. 6YFH230X	Provision of barrier-free access facilities for footbridge no. KF13 in Sham Shui Po District	42.50	42.50		
Item No. 6YFH231X	Provision of barrier-free access facilities for subway no. KS12 in Wong Tai Sin District	31.40	31.40		
Item No. 6YFX052X	Provision of barrier-free access facilities for elevated walkway no. K36 in Wong Tai Sin District	20.20	20.20		
Item No. 6YFX053X	Provision of barrier-free access facilities for subway no. KS35 in Wong Tai Sin District	21.70	21.70		

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. 6YFX054X	Provision of barrier-free access facilities for footbridge no. HF116 in Wan Chai District	27.20	27.20		
	Total:	670.27			
HY/2016/02	Provision of barrier-free access facilities for highway structures — phase 3 contract 9/9 August 2017		555.37	340.10	215.27
<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> <ul style="list-style-type: none"> (a) Contract preliminaries (\$42.20M); (b) Site clearance works (\$10.40M); (c) Construction of piling works (\$31.40M); (d) Superstructure (\$36.30M); (e) Contractor’s design works (\$16.70M); and (f) Miscellaneous works (\$78.27M). 					

(4) Department: Home Affairs 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)					
7069RE SPS/TP/01/16C	Signature Project Scheme (Tai Po District)—Establishment of an Arts Centre by Retrofitting Tai Po Government Secondary School/ Signature Project Scheme (Tai Po District)—Establishment of an Arts Centre by Retrofitting Tai Po Government Secondary School/ 3 August 2017	68.00	56.90	41.50	15.40
<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> <ul style="list-style-type: none"> (a) Preliminaries (\$2.71M) (b) Building works (\$6.15M) (c) Building services installations (\$4.49M) (d) External works (\$1.97M) 					