

**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 First Quarter of 2018)**

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 March 2018, five 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  
May 2019

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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  
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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
\$ million (in MOD prices)					
<b>5001BX</b> (block allocation)  <b>Item No.</b> 2.271  GE/2016/10	<b>Landslip preventive measures</b>  <b>Landslip prevention and mitigation programme, 2012, package D, landslip prevention and mitigation works in Lantau Island</b>  Landslip prevention and mitigation programme, 2012, package D, landslip prevention and mitigation works in Lantau Island/ 2 January 2018	171.35	147.02	98.00	49.02
<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) Geotechnical works (\$43.50 million);            (b) Ancillary works (\$20.53 million); and            (c) Contract preliminaries (-\$15.01 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
<b>\$ million (in MOD prices)</b>					
5001BX (block allocation)  Item No. 2.284  GE/2018/04	Landslip preventive measures  Landslip prevention and mitigation programme, 2013, package F, landslip prevention and mitigation works (batch 2)  Landslip prevention and mitigation programme, 2013, package F, landslip prevention and mitigation works (batch 2)/ 2 March 2018	99.55	65.59	42.78	22.81
<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 (\$5.14 million);  (b) Geotechnical works (\$7.23 million); and  (c) Ancillary works (\$10.44 million).</p>					

(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
<b>\$ million (in MOD prices)</b>					
4393DS  DC/2017/02	<b>Rehabilitation of trunk sewers in Kowloon, Sha Tin and Sai Kung</b>  Rehabilitation of trunk sewers in Kowloon, Sha Tin and Sai Kung/ 23 January 2018	678.50	505.40	320.00	. 185.40
<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 prices in returned tenders. Details of the key items with significant savings are as follows -</p> <p>(a) Sewerage works (\$185.14M); and (b) Contract preliminaries and others (\$0.26M).</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)					
6461TH  HY/2014/08	Central Kowloon Route – Main Works  Central Kowloon Route – Yau Ma Tei East/ 8 January 2018	42,363.90	6,047.87	5,015.15	1,032.72
<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) Noise barrier works (\$230.75 million);  (b) Cut and cover tunnel (\$786.73 million);  and  (c) Others (\$15.24 million).</p>					

(4) Department: Water Supplies 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>					
9356WF  4/WSD/17	<b>Uprating of Tung Chung Fresh Water Supply System</b>  Uprating of Tung Chung Fresh Water Supply System – construction of Tung Chung No.2 fresh water service reservoir/ 31 January 2018	300.20	247.79	139.93	107.86
<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 (\$9.95 million); and            (b) Construction of service reservoir (\$97.91 million).</p>					