

**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 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 June 2018, eleven 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 2019

<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 Second Quarter of 2018)**

(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)					
3183GK  SS E511	<p><b>Reprovisioning of Shanghai Street refuse collection point and street sleepers' services units to the site on Hau Cheung Street, Yau Ma Tei for the phase II development of the Yau Ma Tei Theatre project</b></p> <p>Reprovisioning of Shanghai Street refuse collection point and street sleepers' services units to the site on Hau Cheung Street, Yau Ma Tei/ 13 April 2018</p>	223.30	168.70	136.00	32.70
<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 (\$6.7 million);</p> <p>(b) Building works (including concrete works, plastering works and others) (\$10.5 million);</p> <p>(c) Piled foundation and drainage works (\$9.6 million); and</p> <p>(d) Lump sum price adjustment (\$5.9 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>					
3436RO  SS F513	Avenue Park at Kai Tak  Construction of Avenue Park at Kai Tak/ 18 May 2018	321.90	294.00	247.97	46.03
<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 (\$12.23 million);  (b) External works (\$23.16 million);  (c) Landscaping softworks (\$4.84 million);  (d) Underground drainage (\$2.73 million); and  (e) Other works and items (\$3.07 million).</p>					

(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
<b>\$ million (in MOD prices)</b>					
<b>5001BX</b> (block allocation)  Item No. <b>2.270</b>  GE/2018/03	<b>Landslip preventive measures</b>  <b>Landslip prevention and mitigation programme, 2012, package C, landslip prevention and mitigation works in Lantau and Hong Kong Island</b>  Landslip prevention and mitigation programme, 2012, package C, landslip prevention and mitigation works in Lantau and Hong Kong Island/ 14 June 2018	162.06	137.24	113.90	23.34
<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 (\$0.73 million);            (b) Geotechnical works (\$16.88 million); and            (c) Ancillary works (\$5.73 million).</p>					

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<b>\$ million (in MOD prices)</b>					
5816CL  CV/2017/02	<p data-bbox="296 551 788 689"><b>Site formation and associated infrastructural works for development of columbarium at Sandy Ridge Cemetery</b></p> <p data-bbox="360 730 788 943">Development of columbarium at Sandy Ridge Cemetery – infrastructural works at Man Kam To Road and Lin Ma Hang Road/ 23 May 2018</p>	1,849.60	471.60	308.07	163.53
<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 tender. Details of the key items with significant savings are as follows -</p> <ul data-bbox="839 1279 1461 1570" style="list-style-type: none"> <li>(a) Slopeworks (\$39.57 million);</li> <li>(b) Earthworks (\$39.24 million);</li> <li>(c) Retaining structures (\$24.35 million);</li> <li>(d) Establishment works (\$21.72 million);</li> <li>(e) Drainage sewerage and waterworks (\$19.68 million); and</li> <li>(f) Contract preliminaries and others (\$18.97 million).</li> </ul>					

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\$ million (in MOD prices)					
7748CL  YL/2017/03	<p data-bbox="296 551 788 651"><b>Development of Lok Ma Chau Loop – land decontamination and advance engineering works</b></p> <p data-bbox="360 696 788 831">Development of Lok Ma Chau Loop: Land decontamination and advance engineering works/ 12 June 2018</p>	517.60	416.64	313.03	103.61
<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 style="list-style-type: none"> <li data-bbox="839 1245 1406 1279">(a) Contract preliminaries (\$42.68 million);</li> <li data-bbox="839 1283 1461 1317">(b) Temporary vehicular bridge (\$9.53 million);</li> <li data-bbox="839 1321 1461 1355">(c) Ground treatment works (\$18.94 million);</li> <li data-bbox="887 1359 935 1393">and</li> <li data-bbox="839 1397 1461 1464">(d) Establishment of ecological area and others (\$32.46 million).</li> </ul>					

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)					
7818CL	Development of Anderson Road Quarry site – road improvement and infrastructure works	2,654.40			
7803CL	Development of Anderson Road Quarry site – site formation and associated infrastructure works	7,693.40			
NE/2017/03	<b>Total :</b>	10,347.80			
	Development of Anderson Road Quarry site – road improvement works and pedestrian connectivity facilities works phase 2A/ 18 May 2018		1,933.68	1,328.00 <sup>[1]</sup>	605.68
<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 (\$34.17 million);</li> <li>(b) Road improvement works (\$399.31 million);</li> <li>(c) Pedestrian connectivity facilities works (\$90.04 million); and</li> <li>(d) Others (\$82.16 million).</li> </ul>					

Note : [1] The total contract sum awarded is \$1,328.00 million which includes \$1,023.62 million and \$304.38 million to be funded under 7818CL and 7803CL respectively.

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)					
7822TH	Cross Bay Link, Tseung Kwan O – construction	5,625.70			
7872TH	Tseung Kwan O – Lam Tin Tunnel – main tunnel and associated works	15,093.50			
	<b>Total :</b>	20,719.20			
NE/2017/07	Cross Bay Link, Tseung Kwan O – main bridge and associated works/ 29 June 2018		3,474.82	2,585.84 <sup>[2]</sup>	888.98
<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 (\$230.86 million);  (b) Marine piling works (\$267.41 million); and  (c) Bridge and associated works (\$390.71 million).</p>					

Note : [2] The total contract sum awarded is \$2,585.84 million which includes \$2,265.84 million and \$320.00 million to be funded under 7822TH and 7872TH respectively.



(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
<b>\$ million (in MOD prices)</b>					
6857TH  HY/2014/10	<b>Tuen Mun – Chek Lap Kok Link – construction works</b>  Tuen Mun – Chek Lap Kok Link – northern connection traffic control and surveillance system/ 14 May 2018	44,798.40	313.30	158.00	155.30
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to most of the costs for TCSS and associated works are for the supply of system software and field equipment which are to be procured worldwide, the fluctuation of foreign currencies, global economy and countries of origin are factors that have bearings on the tender prices. Details of the key items with significant savings are as follows -</p> <ul style="list-style-type: none"> <li>(a) Contract preliminaries (\$39.69 million);</li> <li>(b) Central system (\$10.54 million);</li> <li>(c) Traffic control devices (\$50.46 million);</li> <li>(d) Closed circuit television system (\$14.95 million);</li> <li>(e) Emergency telephone system (\$6.58 million);</li> <li>(f) Radio system (\$11.22 million);</li> <li>(g) Other traffic control and surveillance systems (\$17.95 million); and</li> <li>(h) Others (\$3.91 million).</li> </ul>					

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<b>\$ million (in MOD prices)</b>					
6857TH  HY/2017/10	<b>Tuen Mun – Chek Lap Kok Link – construction works</b>  Tuen Mun – Chek Lap Kok Link – northern connection tunnel buildings, electrical and mechanical works/ 24 April 2018	44,798.40	3,205.60	2,589.99	615.61
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to the supply of plant and equipment is procured worldwide, fluctuation of foreign currencies and global economy and countries of origin are factors that might have bearings on the tender prices. Also, contractor's established commercial partnerships with relevant suppliers and sub-contractors can be another factor. Details of the key items with significant savings are as follows -</p> <ul style="list-style-type: none"> <li>(a) Contract preliminaries (\$109.02 million);</li> <li>(b) Plumbing and drainage system in tunnel, vehicular underpass, toll collector subway and approach road (\$74.09 million);</li> <li>(c) Tunnel and road lighting system (\$121.11 million);</li> <li>(d) Building services works at north ventilation building (\$62.46 million);</li> <li>(e) Building services works at south ventilation building (\$50.67 million);</li> <li>(f) Landscape works and establishment works (\$86.69 million); and</li> <li>(g) Others (\$111.57 million).</li> </ul>					

(4) Department: Non-governmental organisations

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>					
8004MP	<b>Redevelopment of Grantham Hospital, phase 1 – preparatory works</b>	422.50			
8110058316	Tender for Architectural Consultancy Services for Redevelopment of Grantham Hospital, phase 1/ 6 June 2018		187.90	116.65	71.25
8110058317	Tender for Building Services Engineering Consultancy Services for Redevelopment of Grantham Hospital, phase 1/ 6 June 2018		57.30	34.39	22.91
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 returned tender price.					