

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 2018)**

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 2018, nine 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 2019

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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(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)					
3352EP SS F516	<p>A 30-classroom primary school at Tonkin Street, Cheung Sha Wan</p> <p>Construction of a 30-classroom primary school at Tonkin Street, Cheung Sha Wan/ 16 August 2018</p>	345.50	324.10	269.30	54.80
<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) Site works and piling (\$11.40 million); (b) Building and building services (\$25.00 million); and (c) Drainage and external works (\$18.40 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
\$ million (in MOD prices)					
5001BX (block allocation) Item No. 2.290 GE/2017/20	Landslip preventive measures Landslip prevention and mitigation programme, 2014, package H, landslip prevention and mitigation works Landslip prevention and mitigation programme, 2014, package H, landslip prevention and mitigation works/ 7 August 2018	189.56	162.83	115.57	47.26
<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> <p>(a) Contract preliminaries (\$14.85 million); (b) Geotechnical works (\$19.64 million); and (c) Ancillary works (\$12.77 million).</p>					

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\$ million (in MOD prices)					
6804TH	Retrofitting of Noise Barriers on Tai Po Road (Sha Tin Section)	851.80			
7861TH	Widening of Tai Po Road (Sha Tin Section)	2,739.70			
NE/2017/05	Total :	3,591.50			
	Road widening and retrofitting noise barriers on Tai Po Road (Sha Tin Section)/ 18 July 2018		2,886.60	1,566.28	1,320.32
<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 tender. Details of the key items with significant savings are as follows -</p> <ul style="list-style-type: none"> (a) Contract preliminaries (\$303.23 million); (b) Road widening and modification works (\$143.95 million); (c) Noise mitigation measures and retrofitting noise barriers (\$841.10 million); and (d) Others (\$32.04 million). 					

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\$ million (in MOD prices)					
7804CL YL/2017/01	<p data-bbox="296 551 788 685">Site formation and infrastructure works for development at Kam Tin South, Yuen Long—advance works</p> <p data-bbox="360 730 788 909">Site formation and infrastructure works for development at Kam Tin South, Yuen Long—advance works/ 13 July 2018</p>	697.00	570.10	409.00	161.10
<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 tender. Details of the key items with significant savings are as follows -</p> <ul data-bbox="839 1245 1461 1491" style="list-style-type: none"> (a) Contract preliminaries and others (\$55.90 million); (b) Drainage, sewerage and water works (\$47.77 million); (c) Geotechnical works (\$26.29 million); (d) Roadworks (\$23.33 million); and (e) Noise barrier works (\$7.81 million). 					

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\$ million (in MOD prices)					
7293RS TW/2017/01	Cycle Track between Tsuen Wan and Tuen Mun—Advance Works Cycle Track between Tsuen Wan and Tuen Mun—Advance Works/ 14 September 2018	140.90	110.35	79.74	30.61
<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 (\$6.18 million); (b) Cycle track, footpath and associated structures (\$14.67 million); (c) Entry / exit hub, resting stations and public toilet (\$4.28 million); and (d) Modification of an existing footbridge (\$5.48 million). 					

(3) 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
\$ million (in MOD prices)					
3093MM 8110059548	Redevelopment of Prince of Wales Hospital, phase 2 (stage 1)— preparatory works Tender for main contract of Shatin Decanting Building at Shatin Hospital for redevelopment of Prince of Wales Hospital, phase 2 (stage 1)/ 26 July 2018	1,231.10	285.00	255.10	29.90
<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 (\$13.80 million); (b) Piled foundation (\$5.80 million); (c) Building services works (\$6.40 million); and (d) Building works and others (\$3.90 million).</p>					

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\$ million (in MOD prices)					
3094MM	New Acute Hospital a Kai Tak Development Area — foundation, excavation and lateral support and basement excavation works	5,356.80			
8110059224	Tender for foundation, excavation & lateral support (ELS) and basement excavation works for the New Acute Hospital at Kai Tak Development Area (Site A)/ 4 September 2018		3,395.00	2,248.00	1,147.00
8110059225	Tender for foundation, excavation & lateral support (ELS) and basement excavation works for the New Acute Hospital at Kai Tak Development Area (Site B)/ 4 September 2018		1,715.00	1,283.00	432.00
<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 (\$543.00 million); (b) Piling (\$865.00 million); (c) Excavation & lateral support (ELS) and basement excavation works (\$145.00 million); and (d) Site works and others (\$26.00 million). 					

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\$ million (in MOD prices)					
8091MM 8110057260	Redevelopment of Our Lady of Maryknoll Hospital—preparatory works Tender for architectural and associated consultancy services for redevelopment of Our Lady of Maryknoll Hospital/ 11 September 2018	197.00	115.08	56.79	58.29
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.					