

**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 Fourth 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 December 2018, thirteen 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  
September 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  
and Estimated Provisions in the Approved Project Estimates  
(for Capital Works Contracts Awarded in the Fourth 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
<b>\$ million (in MOD prices)</b>					
3026NB  AL G513	<b>Expansion of Wo Hop Shek Crematorium</b>  Expansion of Wo Hop Shek Crematorium/ 4 December 2018	174.20	169.60	140.45	29.15
<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 (\$9.84 million);            (b) Building (\$7.78 million); and            (c) Building services (\$11.53 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>					
3467RO  SS G506	Station Square at Kai Tak  Construction of Station Square at Kai Tak (Phase 1)/ 28 December 2018	1,651.50	377.50	283.60	93.90
<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> <ul style="list-style-type: none"> <li>(a) Contract preliminaries (\$6.49 million);</li> <li>(b) External works (\$60.41 million);</li> <li>(c) Building services installations (\$16.46 million); and</li> <li>(d) Drainage and ancillary facilities (\$10.54 million).</li> </ul>					

(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. 1.111  GE/2018/20	Landslip preventive measures  Landslip prevention and mitigation programme, 2018, package K, landslip prevention and mitigation works  Landslip prevention and mitigation programme, 2018, package K, landslip prevention and mitigation works in Hong Kong Island, Kowloon, the New Territories and Outlying Islands/ 18 October 2018	131.83	107.41	84.84	22.57
<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 (\$6.29 million);            (b) Geotechnical works (\$10.26 million); and            (c) Ancillary works (\$6.02 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)					
7188GK  ED/2018/03	Government Flying Service Kai Tak Division  Construction of Government Flying Service Kai Tak Division/ 20 November 2018	469.10	391.37	323.73	67.64
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to the recommended tenderer who has ample experience in construction of helipad and hangar who could readily deploy existing resources with competitive tender price for the Contract, 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"> <li>(a) Air Command and Control Centre and Helicopter Hanger (\$53.91 million);</li> <li>(b) Apron (\$12.47 million); and</li> <li>(c) Aviation, Operation Equipment and System (\$1.26 million).</li> </ul>					

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\$ million (in MOD prices)					
7195TB  SD/2018/01	<p data-bbox="296 551 794 763"><b>Kwun Tong Town Centre redevelopment—provision of grade-separated pedestrian linkages (footbridge across Hip Wo Street near the junction of Hip Wo Street/Mut Wah Street)</b></p> <p data-bbox="360 801 794 943">Footbridge across Hip Wo Street near the Junction of Hip Wo Street/Mut Wah Street/ 5 November 2018</p>	153.50	118.50	73.88	44.62
<p data-bbox="842 1025 1461 1272">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="852 1317 1461 1429">(a) Contract preliminaries (\$34.21 million); (b) Footbridge foundation (\$5.14 million); and (c) Ancillary works (\$5.27 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)					
7822TH  NE/2017/08	<b>Cross Bay Link, Tseung Kwan O—construction</b>  Cross Bay Link, Tseung Kwan O—Road D9 and associated works/ 26 October 2018	5,625.70	1,383.08	756.94	626.14
<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 condition, which resulted in lower rates in the returned tenders. Details of the key items with significant savings are as follows -</p> <p>(a) Roadworks and drainage works (\$339.68 million); and</p> <p>(b) Noise mitigation measures and associated works (\$286.46 million).</p>					

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<b>\$ million (in MOD prices)</b>					
7822TH	<b>Cross Bay Link, Tseung Kwan O—construction</b>	5,625.70			
7872TH	<b>Tseung Kwan O-Lam Tin Tunnel—main tunnel and associated works</b>	15,093.50			
NE/2017/06	<b>Total :</b>	20,719.20			
	Traffic Control Surveillance System (TCSS) and associated works/ 29 October 2018		271.06	188.00 <sup>[1]</sup>	83.06
<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 (\$17.59 million);</li> <li>(b) Traffic control devices (\$10.77 million);</li> <li>(c) Communication system (\$3.23 million);</li> <li>(d) Closed circuit television system (\$12.3 million);</li> <li>(e) Emergency telephone system (\$6.88 million);</li> <li>(f) Radio system (\$18.18 million);</li> <li>(g) Speed enforcement system (\$8.78 million); and</li> <li>(h) Other works (\$5.33 million).</li> </ul>					

Note : [1] The total contract sum awarded is \$188.00 million which includes \$167.50 million and \$20.50 million to be funded under 7872TH and 7822TH respectively



(3) 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)					
3067JA	Construction of Departmental Quarters for Customs and Excise Department at Tseung Kwan O Area 123 (Po Lam Road)	1,035.20			
4222DS	Tai Po sewage treatment works, stage 5 phase 1	463.30			
4236DS	Tai Po sewage treatment works, stage 5 phase 2B	659.00			
4422DS	Outlying Islands Sewerage Stage 2—Peng Chau Village Sewerage Phase 2 package 1	133.70			
4100DX (block allocation) Item DZX1366	Ecological enhancement works in drainage channels at Kau Lung Hang, Tai Po	3.70			
4100DX (block allocation) Item DZX1368	Ecological enhancement works in drainage channels at Man Uk Pin, North District	2.90			
4100DX (block allocation) Item DZX1578	Drainage improvement works at Leighton Road and Wong Nai Chung Road in Happy Valley	26.00			
4100DX (block allocation) Item DZX1812	Drainage improvement works to downpipes of Wong Nai Chung Road Flyover Structure in Happy Valley	3.80			

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\$ million (in MOD prices)					
4100DX (block allocation) Item DZX1813	Nullah decking at Lai Po Road, Sham Shui Po	18.80			
4100DX (block allocation) Item DZX1814	Minor drainage improvement works at Castle Peak Road—San Tin near Shek Wu Wai Road and Yeung Hau Temple	6.50			
4100DX (block allocation) Item DZX1815	Drainage improvement works at Fei Tsui Road, Chai Wan	27.00			
4100DX (block allocation) Item DZX1816	Drainage improvement works at Homantin	12.00			
4100DX (block allocation) Item SZL0742	Village sewerage to Tung Wan Tau, Chung Hau, Tai Tei Tong and Pak Ngan Heung in Mui Wo, Lantau Island	28.00			
4100DX (block allocation) Item SZY1811	Provision of covers and deodourisation facilities to primary sedimentation tank no. 3 at Siu Ho Wan sewage treatment works	19.40			
	<b>Total :</b>	2,439.30			

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>					
DC/2018/01	Construction of village sewerage at Peng Chau and Mui Wo, modification works at Tai Po and Siu Ho Wan Sewage Treatment Works and minor drainage and sewerage works in Urban Area and New Territories/ 7 November 2018		271.24	206.14	65.10
<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 returned tender price. Details of the key items with significant savings are as follows -</p> <ul style="list-style-type: none"> <li>(a) Contract preliminaries and others (\$35.90 million);</li> <li>(b) Village sewerage in Peng Chau (\$19.40 million); and</li> <li>(c) Sewer construction by trenchless method (\$9.80 million).</li> </ul>					

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<b>\$ million (in MOD prices)</b>					
4390DS  DC/2018/09	<b>Rehabilitation of Trunk Sewers in Tuen Mun</b>  Rehabilitation of Trunk Sewers in Tuen Mun/ 14 December 2018	806.60	470.88	360.58	110.30
<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 returned tender price. Details of the key items with significant savings are as follows -</p> <ul style="list-style-type: none"> <li>(a) Contract preliminaries and others (\$6.72 million);</li> <li>(b) Rehabilitation of existing box culvert (\$98.26 million); and</li> <li>(c) Sewers laying by pipe jacking method (\$5.32 million).</li> </ul>					

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\$ million (in MOD prices)					
4392DS	Expansion of Sha Tau Kok sewage treatment works—phase 1	2,040.90			
4423DS	North District sewerage stage 2 part 2A—village sewerage for Tong To	34.00			
DC/2018/03	<b>Total :</b>	2,074.90			
	Expansion of Sha Tau Kok Sewage Treatment Works Phase 1 and Village Sewerage in Tong To/ 14 November 2018		1,382.86	1,122.41	260.45
<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 others (\$88.65 million);</p> <p>(b) Submarine outfall (\$98.45 million); and</p> <p>(c) Expansion of Sha Tau Kok Sewage Treatment Works (\$73.35 million).</p>					

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<b>\$ million (in MOD prices)</b>					
4398DS  DC/2018/04	Sewerage to Lei Yue Mun Village  Lei Yue Mun Village Sewerage/ 25 October 2018	260.20	172.15	122.55	49.60
<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 and others (\$11.40 million);  (b) Civil works (\$29.14 million); and  (c) E&amp;M works (\$9.06 million).</p>					

(4) Department: Education Bureau

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>					
8012EE	<b>Redevelopment of Island School at 20 Borrett Road, Mid-Levels</b>  Main contract works/ 13 December 2018	536.30	532.10	401.29	130.81
<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> <ul style="list-style-type: none"> <li>(a) Contract preliminaries (\$18.77 million);</li> <li>(b) Site Formation (\$12.9 million);</li> <li>(c) Piling (\$4.18 million)</li> <li>(d) Building (including concrete works, plastering works and others) (\$41.1 million);</li> <li>(e) Drainage (\$3.82 million);</li> <li>(f) External Works (\$22.73 million); and</li> <li>(g) Others (\$27.31 million).</li> </ul>					

(5) 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>					
9202WC  2/WSD/18	<b>Implementation of Water Intelligent Network, Stage 2</b>  Construction of Pressure Management and District Metering Installations under Water Intelligent Network/ 31 October 2018	655.40	436.00	346.92	89.08
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to keen price 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 (8.62 million);</li> <li>(b) Chambers and pits (34.61 million);</li> <li>(c) Pipework and fittings (22.09 million);</li> <li>(d) Testing (14.64 million);</li> <li>(e) Concrete (1.71 million);</li> <li>(f) Landscape softworks and establishment works (1.71 million); and</li> <li>(g) Others (5.7 million).</li> </ul>					