

**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 2020)**

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 2020, five 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 2020

---

<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 First Quarter of 2020)**

(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
<b>\$ million (in MOD prices)</b>					
7747CL	Advance site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area	17,320.10			
7759CL	First stage of site formation and engineering infrastructure at Kwu Tung North new development area and Fanling North new development area	896.40			
ND/2019/02	<b>Total :</b>	18,216.50	684.76	597.80	86.96
	Kwu Tung North new development area, phase 1: roads and drains between Kwu Tung North new development area and Shek Wu Hui/ 24 January 2020	<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 (\$22.10 million);</li> <li>(b) Road works (\$28.20 million);</li> <li>(c) Sewage pumping station and visitor centre (\$22.90 million); and</li> <li>(d) Others (\$13.76 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
<b>\$ million (in MOD prices)</b>					
7747CL  ND/2019/05	<p><b>Advance site formation and engineering infrastructure works at Kwu Tung North new development area and Fanling North new development area</b></p> <p>Fanling North new development area, phase 1: Fanling Bypass Eastern Section (Shung Him Tong to Kau Lung Hang)/ 21 February 2020</p>	17,320.10	3,236.38	2,267.95	968.43
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to</p> <ul style="list-style-type: none"> <li>i) keen competition under prevailing market conditions, which resulted in lower rates in the returned tenders; and</li> <li>ii) adopting contractor's alternative design, which would bring in new construction technologies for higher construction efficiency and hence resulted in significant savings.</li> </ul> <p>Details of the key items with significant savings are as follows -</p> <ul style="list-style-type: none"> <li>(a) Contract preliminaries (\$253.33 million);</li> <li>(b) Viaduct (\$548.67 million); and</li> <li>(c) Noise barrier and other structures (\$166.43 million).</li> </ul>					

(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)					
4368DS	Yuen Long South sewerage and expansion of Ha Tsuen sewage pumping station	550.80			
4372DS	Rehabilitation and construction of trunk sewers underneath Shing Mun River Channel	140.00			
4378DS	North District sewerage, stage 2 part 2A—Pak Hok Lam trunk sewer and Sha Tau Kok village sewerage	272.10			
4395DS	Tolo Harbour sewerage of unsewered areas, stage 2 phase 1	364.70			
4100DX (block allocation)	Drainage works, studies and investigations for items in Category D of the Public Works Programme				
Item SZY1102	Sewerage extension at Che Ping Street, Market Street and San Lau Street in Sha Tau Kok	10.20			
Item DZX1957	Revitalisation works of Jordan Valley nullah	28.00			
Item DZX1958	Minor drainage improvement works in Lam Tsuen San Tsuen	7.45			
Item DZX1959	Minor drainage improvement works in Lung Mei	7.64			
Item DZX1960	Minor drainage improvement works in Shau Kei Wan	9.50			
Item DZX1961	Minor drainage improvement works at Chai Wan Road Roundabout	8.80			

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 DZX1962	Provision of a continuous flood wall along Shing Mun River East	11.50			
Item SZY1963	Village sewerage at Kam Tin Shi, Kam Tin	11.80			
Item SZY1964	Minor drainage improvement works at Canton Road near Saigon Street	3.44			
Item SZY1965	Minor drainage improvement works at Waterloo Road near Hereford Road	1.11			
Item SZY1966	Minor drainage improvement works in Po Sam Pai	1.70			
Item SZY1967	Provision of trunk sewers to Ta Tit Yan, Yuen Tun Ha and Lo Lau Uk in Tai Po	16.50			
Item SZY1968	Minor drainage improvement works at Castle Peak Road—San Tin near Tun Yu School	13.00			
Item SZY1970	Construction of trunk sewers at Chun Kwong Street, Chun Ying Street and Chun Choi Street, Tseung Kwan O	12.00			
Item SZF1974	Construction of trunk sewers at Chun Yat Street and Chun Cheong Street, Tseung Kwan O	19.80			
	<b>Total :</b>	1,490.04			

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/2019/03	Revitalisation works of Jordan Valley Nullah and minor drainage and sewerage works in Urban Area and New Territories/ 17 February 2020		186.82	167.00 <sup>[1]</sup>	19.82
<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) Sewerage improvement works (\$10.21 million);</p> <p>(b) Drainage improvement works (\$8.72 million); and</p> <p>(c) Revitalisation of nullah (\$0.89 million).</p>					

Note : [1] The total contract sum awarded is \$177.64 million which includes \$167.00 million and \$10.64 million to be funded under the Capital Works Reserve Fund and the General Revenue Account 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
\$ million (in MOD prices)					
6845TH  HY/2019/09	<p data-bbox="296 595 794 734"><b>HongKong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities—Reclamation and Superstructures</b></p> <p data-bbox="360 779 794 918">The Brothers Marine Park—deployment of artificial reef/ 24 January 2020</p>	35,895.00	140.00	120.43	19.57
<p data-bbox="842 1037 1461 1283">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 item with significant savings are as follows -</p> <p data-bbox="852 1328 1374 1361">(a) Artificial reef units (\$19.57 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>					
6863TH  HY/2019/04	<b>Widening of western section of Lin Ma Hang Road between Ping Yuen River and Ping Che Road</b>  Widening of western section of Lin Ma Hang Road between Ping Yuen River and Ping Che Road/ 7 February 2020	432.30	300.82	224.06	76.76
<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 (\$37.32 million);  (b) Roadworks (\$18.40 million);  (c) Reprovision of affected public facilities (\$13.26 million);  (d) Drainage works (\$5.33 million); and  (e) Others (\$2.45 million).</p>					