

**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 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 June 2020, two 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 2020

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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

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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)					
5001BX (block allocation)  Item No. 2.298  GE/2020/03	<p><b>Landslip Preventive Measures</b></p> <p><b>Landslip prevention and mitigation programme, 2017, package A, landslip prevention and mitigation works</b></p> <p>Landslip prevention and mitigation programme, 2017, package A, landslip prevention and mitigation works/ 19 May 2020</p>	145.04	98.78	81.75	17.03
<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 (\$2.45 million); (b) Geotechnical works (\$7.43 million); and (c) Ancillary works (\$7.15 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>					
B780CL  CV/2017/07	<p data-bbox="320 499 820 640"><b>Site formation and infrastructure works for public housing development at Wang Chau, Yuen Long</b></p> <p data-bbox="384 680 820 822">Site formation and infrastructure works at Wang Chau, Yuen Long—Contract 1/ 11 May 2020</p>	1,800.20	745.80	648.00	97.80
<p data-bbox="863 904 1473 1151">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 data-bbox="863 1196 1473 1413" style="list-style-type: none"> <li>(a) Contract preliminaries (\$35.16 million);</li> <li>(b) Site formation works (\$4.40 million);</li> <li>(c) Roads, drainage, sewerage, landscaping works and waterworks (\$36.35 million); and</li> <li>(d) Ancillary works (\$21.89 million).</li> </ul>					