#### 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 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 December 2020, 22 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 May 2021

<sup>1</sup> See Director of Audit's Report No. 42, Chapter 3

<sup>&</sup>lt;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 2020)

#### (1) Department: <u>Architectural Services Department</u>

Project Code Contract No.	Project Title  Contract Title/ Award Date	Approved Project Estimate (APE)	(A) Sum Allowed in APE for the	(B) Accepted Tender Price	(A) – (B) Difference
			Contract		
		\$	million (in	MOD prices	s)
3024NB	Provision of columbarium, Garden of Remembrance and related works at On Hing Lane, Shek Mun, Sha Tin	859.50			
SS J510	Construction of columbarium, Garden of Remembrance and related works at On Hing Lane, Shek Mun, Sha Tin/ 21 December 2020		772.25	563.80	208.45
		sum allowed due to keep rates in the key items follows -  (a) Contra (b) Buildir (c) Extern (d) Site weep sum allowed and the sum allowed are sum allowed as a	ed in APE freen competed in APE freen competed in APE freen competed in the co	price is low or the contra tition under hich resulted tenders. De ificant saving ries (\$44.99) 47.56 million 50.06 million mation and galion).	ct. This is prevailing d in lower stails of the ngs are as million);

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
		9	S million (in	MOD price	es)
3441RO SS H513	Hoi Sham Park Extension in Kowloon City District  Construction of Hoi Sham Park Extension, To Kwa Wan/ 3 December 2020	293.20	257.80	207.20	50.60
		sum allow is due to market c rates in th key item follows -  (a) Contr (b) Build instal	wed in APE keen componditions, whe returned s with signaturate prelimination (\$2.4 hage and 6	price is low for the con- petition under which results tenders. Do- nificant savi maries (\$20.54 and building 9 million); are external work	tract. This r prevailing ed in lower etails of the ngs are as 4 million); ng services nd

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 (ir	MOD price	es)
3280RS SS J513	Redevelopment of Kowloon Tsai Swimming Pool Complex  Redevelopment of Kowloon Tsai Swimming Pool Complex/ 22 December 2020	1,120.00	948.77	677.00	271.77
		The accepted tender price is lower than the sum allowed in APE for the contract. The 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 a follows -  (a) Contract preliminaries (\$106.45 million); (b) Building works (\$60.10 million); (c) Mechanical Ventilation & A Conditioning and electrical installation works (\$44.76 million); and (d) External works and site formation work (\$60.46 million).			

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 price	es)
3184TB SS J520	Construction of a footbridge with lift tower to connect the Ap Lei Chau Wind Tower Park and the Ap Lei Chau Estate  Construction of a footbridge with lift tower to connect the Ap Lei Chau Wind Tower Park and Ap Lei Chau Estate/ 16 December 2020	112.40	81.40	62.80	18.60
		sum allowis due to market crates in the key item follows -  (a) Control (b) Build	wed in APE keen componditions, whe returned as with signaturact preliminating works (	price is low for the connectition under which results tenders. Do nificant savi	tract. This r prevailing ed in lower etails of the ngs are as million); a); and

# (2) Department: <u>Civil Engineering and Development Department</u>

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
		\$		MOD prices	s)
5052CG	Greening master plans for the Southwest and Northeast New Territories— priority greening works	367.60			
CV/2020/03	Greening works in Kwai Tsing, Tsuen Wan and Islands District/ 23 December 2020		176.80	98.00	78.80
		sum allowed due to keep market contrates in the key items follows -  (a) Planting shrubs (b) Ground installar million (c) Construction other and	ed in APE freen compenditions, we returned with sign and esta (\$25.47 mild preparation of tree h); uction of a landscape version and scape version in the second state of the second state	price is low or the contra tition under hich resulte tenders. De ifficant saving blishment or lion); n, soil improsupport systems (\$28.5) associated processoriated process	tet. This is prevailing d in lower etails of the etails of the etails are as for trees and every etails (\$13.67) clanters and for etails (\$13.67) clanters and etails (\$13.67) clanters (\$13.67) clanter

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
			•	ı MOD price	es)
CV/2020/04	Greening works in Nor District and Tai Po/ 23 December 2020	The acce sum allow is due to market contacts in the key item follows -  (a) Plant shrub (b) Ground and in (\$5.2) (c) Consorther and	wed in APE keen componditions, whe returned as with signing and est ing and est is (\$16.84 m and preparationstallation 8 million); struction of landscape	price is low for the conceptition under which results tenders. Denificant saving ablishment on the control of tree suppressociated processociated processoci	atract. This or prevailing ed in lower etails of the ings are as of trees and emprovement port systems planters and 60 million);

Project Code	Project Title	Approved Project	(A) Sum	(B) Accepted	(A) – (B) Difference
Contract No.	Contract Title/ Award Date	Estimate (APE)	Allowed in APE for the Contract	Tender Price	
		\$	S million (in	MOD price	es)
5729CL	Disposal of contaminated sediment— dredging, management and capping of sediment disposal facility at Sha Chau	770.90			
CV/2020/06	Management of sediment disposal facility to the East of Sha Chau (2021-2025)/ 17 December 2020		100.00	75.87	24.13
		The accepted tender price is lower than sum allowed in APE for the contract. is due to keen competition under preva market conditions, which resulted in lorates in the returned tenders. Details of key items with significant savings are follows -  (a) Dredging works (\$20.22 million); and (b) Others (\$3.91 million).			

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 (ir	MOD price	es)
5444RO	Lei Yue Mun Waterfront Enhancement Project— construction of a public landing facility	164.90			
CV/2020/09	Construction of Lei Yue Mun public landing facility/ 15 December 2020		152.46	116.69	35.77
		sum allowis due to market c rates in t key item follows -	wed in APE keen componditions, whe returned is with sign truction of lon); and truction of lon);	price is low E for the con- petition under which resulted tenders. De- nificant savi	tract. This r prevailing ed in lower etails of the ngs are as ties (\$32.92

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	s)
7666CL	Formation, roads and drains in Area 54, Tuen Mun—phase 1, stage 2 works	48.20			
7844CL	Formation, roads and drains in Area 54, Tuen Mun—phase 2, stage 4B works	264.30			
	Total:	312.50			
CV/2019/04	Site formation and infrastructure works near Tsz Tin Road and Hing Fu Street in Area 54, Tuen Mun/ 30 November 2020		278.50	213.00	65.50
		sum allowed due to ke market contrates in the key items follows -  (a) Contrate (b) Site for works	ed in APE freen compenditions, we returned with signs of the prelimination we see the prelimination with the prelimination we see the prelimination with the prelimination we see the prelimination with the prelimination will be preliminated by the prelimination with the prelimination will be preliminated by the preliminated b	price is low or the contra tition under hich resulte- tenders. De ificant saving ries (\$3.06 m yorks and g lion); and ancillary we	ct. This is prevailing d in lower stails of the ngs are as million); geotechnical

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
			S million (in	MOD price	es)
B795CL CV/2020/01	Site formation and infrastructure works for public housing developments at Pok Fu Lam South	4,571.30	3,567.26	2,542.24	1,025.02
	works for public housing developments at Pok Fu Lam South/ 11 December 2020				
	11 December 2020		wed in APE keen componditions, whe returned is with signature from the second s	price is low for the convetition under which resulted tenders. Denificant savinaries (\$364.60 orks (\$560.80 erworks, dra (\$87.21 million) million (\$12.39 million)	tract. This r prevailing ed in lower etails of the ngs are as 62 million); million); minage and on); and

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
		9	S million (in	MOD price	es)
B812CL	Site formation and infrastructure works for public housing developments at Pik Wan Road, Yau Tong	1,823.30			
CV/2019/03	Site formation and infrastructure works at Pik Wan Road, Yau Tong/ 23 November 2020		740.91	600.68	140.23
		sum allow is due to market corates in the key item follows -  (a) Control lands (b) Site (\$103	wed in APE keen componditions, whe returned s with signature prelimination and the second preserved in the second preserved prelimination and the second preserved prelimination and the second preserved pres	price is low a for the competition under which resulted tenders. Denificant savinaries, road (\$14.70 milliand retaining); and (\$21.87 milliand for the competition of	tract. This is prevailing and in lower etails of the ings are as alworks and ion);

# (3) Department: <u>Drainage Services Department</u>

Project Code Contract No.	Project Title  Contract Title/ Award Date	Approved Project Estimate (APE)	(A) Sum Allowed in APE for the	(B) Accepted Tender Price	(A) – (B) Difference
		\$	Contract million (in	MOD prices	s)
4185CD	Drainage improvement works at Yuen Long, stage 1	256.20			
DC/2019/05	Drainage improvement works at Yuen Long—stage 1/ 20 October 2020		179.60	123.21	56.39
		sum allowed due to ke market co rates in the key items follows -  (a) Contra (b) Draina millior	ed in APE freen competed in APE freen competed in APE freen competed in the co	price is low or the contra tition under hich resulte tenders. De ifficant saving ries (\$8.79 m ement work)	ct. This is prevailing d in lower etails of the ngs are as million); ks (\$44.76

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)			
4214DS	Tseung Kwan O sewerage for villages	289.50			
4362DS	Sewerage for Ma Yau Tong Village, Tseung Kwan O	179.40			
	Total:	468.90			
DC/2020/06	Tseung Kwan O sewerage for villages/ 22 October 2020		328.70	228.09	100.61
		The accepted tender price is lower than sum allowed in APE for the contract. The due to keen competition under prevair market conditions, which resulted in lower rates in the returned tenders. Details of key items with significant savings are follows -  (a) Contract preliminaries (\$11.25 million) (b) Pipelaying works by open cut met under 4214DS (\$48.44 million); and (c) Pipelaying works by open cut met under 4362DS (\$40.92 million).			

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	s)
4389DS	Upgrading of West Kowloon and Tsuen Wan sewerage—phase 2	2,285.50			
4434DS	Village sewerage in Fanling Wai, So Kwun Po and Leng Pei Tsuen, Fanling	179.70			
4438DS	West Kowloon and Tsuen Wan village sewerage—phase 1	104.10			
	Total:	2,569.30	-		
DC/2020/01	Upgrading of West Kowloon and Tsuen Wan sewerage—Phase 2C and village sewerage in Fanling/ 30 December 2020	sum allowed due to kee market co	ed in APE for een compered and itions, w		ct. This is prevailing d in lower
		market conditions, which resulted in rates in the returned tenders. Details key items with significant savings follows -  (a) Contract preliminaries (\$67.33 million); (b) Pipelaying works by open cut me urban areas (\$79.07 million); (c) Pipelaying works by open cut me rural areas (\$47.97 million); (d) Pipelaying works by trenchless (\$31.06 million); and (e) Dry weather flow inte rehabilitation and miscellaneous million).			

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)			
4389DS	Upgrading of West Kowloon and Tsuen Wan sewerage—phase 2	2,285.50			
4438DS	West Kowloon and Tsuen Wan village sewerage—phase 1	104.10			
	Total:	2,389.60			
DC/2019/12	Upgrading of West Kowloon and Tsuen Wan sewerage—phase 2B/ 29 October 2020		592.80	357.83	234.97
			ed in APE for een competed in APE for een competed in APE for every substitution, which is a competed in the c	price is low or the contratition under hich resulte tenders. Desificant saving ries (\$7.86 m by trenchlow open of flow miscellaneon)	ct. This is prevailing d in lower stails of the ngs are as nillion); ess method cut method interceptor,

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	s)
<b>4437DS</b> DC/2019/07	Outlying Islands sewerage, stage 2—upgrading of Cheung Chau sewage treatment and disposal facilities  Outlying Islands sewerage stage 2—upgrading of Cheung Chau	2,606.90	1,922.00	1,438.24	483.76
	sewage treatment and disposal facilities/ 17 November 2020				
		The accepted tender price is lower than sum allowed in APE for the contract. The due to keen competition under prevair market conditions, which resulted in locates in the returned tenders. Details of key items with significant savings are follows -  (a) Preliminary treatment facilities (\$8 million); (b) Membrane bioreactor facilities (\$23 million);			
		` '	n); and ning upgrac	nt system ding works (\$55.15 mill	_

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	s)
4439DS DC/2019/10	Yuen Long Effluent Polishing Plant—stage 1  Yuen Long Effluent Polishing Plant—main works for stage 1/ 27 October 2020	6,861.40	4,517.60	3,964.21	553.39
		The accepted tender price is lower than sum allowed in APE for the contract. The due to keen competition under prevariant market conditions, which resulted in 1 rates in the returned tenders. Details of key items with significant savings art follows -  (a) Contract preliminaries (\$255.58 millions)			
(b) Sludge (c) Underg million (d) Landso			ground uti a); cape (\$20.52 dewaterii	lities corrice million); an	dor (\$5.39

# (4) Department: <u>Highways Department</u>

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)				
6853TH	Widening of Castle Peak Road—Castle Peak Bay	755.20				
6819TH	Traffic improvements to Tuen Mun Road Town Centre Section	1,967.90				
	Total:	2,723.10				
HY/2020/07	Widening of Castle Peak Road between Kwun Tsing Road and Hoi Wing Road/ 26 November 2020		532.30	424.88	107.42	
		The accepted tender price is lower than sum allowed in APE for the contract. To due to keen competition under prevamarket conditions, which resulted in I rates in the returned tenders. Details of key items with significant savings art follows -  (a) Roadworks (\$48.31 million); (b) Noise semi-enclosures and noise bate (\$8.47 million); (c) Retaining walls (\$44.77 million); and (d) Others (\$5.87 million).				

# (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
		\$ million (in MOD prices)			
9203WC	Relocation of Diamond Hill fresh water and salt water service reservoirs to caverns— investigation study, design and site investigation	127.50			
17/WSD/19	Relocation of Diamond Hill fresh water and salt water service reservoirs to caverns—ground investigation/ 30 December 2020		77.10	43.41	33.69
		sum allowed due to  (i) keet material lowed (ii) adjustication investing are (a) Land million (b) Labora	en competing the condition of the key as follows site investing;	items with	prevailing resulted in enders; and of ground significant

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	s)
9196WC 9/WSD/20	Implementation of Water Intelligent Network  Construction of pressure management and district metering installations in Yuen Long, Sheung Shui and Fanling Major Fresh Water Supply Zones/ 20 October 2020	1,236.00	407.66	332.81	74.85
		sum allowed due to ke market contrates in the key items follows -  (a) Contrates (b) Fee of million (c) Chamber (d) Pipeword and	ed in APE for compete the compete the compete the compete the compensation of compensation and pits (	price is low or the contratition under hich resulte tenders. Desificant saving ries (\$5.53 m sation even (\$19.25 millittings (\$13.50 klion).	ct. This is prevailing d in lower stails of the ngs are as nillion); ts (\$20.83 on);

# (6) Department: Non-governmental organisations

Project Code	Project Title  Contract Title/	Approved Project Estimate	(A) Sum Allowed	(B) Accepted Tender	(A) – (B) Difference	
No.	Award Date	(APE)	in APE for the Contract	Price		
		\$	million (in	MOD prices	s)	
8030EK	Campus expansion at Ho Man Tin Slope	1,418.00				
C456	Piling, site formation and foundation works for an academic and administration building and a student hostel/9 October 2020		296.55	199.54	97.01	
			The accepted tender price is lower than sum allowed in APE for the contract. To due to keen competition under prevamarket conditions, which resulted in large at the returned tenders. Details of key items with significant savings art follows -  (a) Excavation and lateral support and formation works (\$12.66 million); (b) Foundation works (\$59.45 million); art (c) Utilities diversion works (\$24.90 million)			

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	s)
B191GK	Community hall, general outpatient clinic and maternal and child health centre at Ching Hong Road, Tsing Yi	1,033.20			
20190687 <sup>[1]</sup>	Construction of public housing development at Ching Hong Road North, Tsing Yi, Phase 1 and Phase 2 <sup>[1]</sup> / 3 November 2020		181.70	129.50 <sup>[1]</sup>	52.20
		sum allowed due to keep market co rates in the key items follows -  (a) Buildin (b) Draina millior	ed in APE freen compenditions, we returned with signing works (\$2 ge and exp); and	hich resulte tenders. De	tet. This is prevailing d in lower etails of the ngs are as an; ks (\$13.40)

Note: [1] Contract No. 20190687 is the contract under Hong Kong Housing Authority's procurement with portion of works within the work scope of PWP Item No. B191GK. The figure under "(B) Contract Sum" indicates the sum of relevant works for government facilities only.