

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 2021)**

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 March 2021, three capital works contracts meet the stipulated reporting criterion. Relevant details of the contracts are set out at the **Annex** attached.

Development Bureau
Works Branch
July 2021

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

**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 2021)**

(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)					
5193TB CV/2020/02	<p>Construction of subway in support of the provision of columbarium at On Hing Lane, Shek Mun, Sha Tin</p> <p>Construction of subway in support of the provision of columbarium at Shek Mun/ 6 January 2021</p>	227.40	171.71	149.15	22.56
<p>The accepted tender price is lower than the sum allowed in APE for the contract. This is due to the recommended tenderer has readily available plant and equipment and relevant job experience, which resulted in lower rates in the returned tenders. Details of the key items with significant savings are as follows -</p> <p>(a) Subway construction and geotechnical works (\$20.92 million); and</p> <p>(b) Landscaping works and road works (\$1.64 million).</p>					

(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)					
4433DS DC/2020/02	Construction of San Shek Wan Sewage Treatment Works and Pui O village sewerage Construction of San Shek Wan Sewage Treatment Works, associated submarine outfall and Pui O sewerage works/ 19 March 2021	1,688.80	1,162.70	838.00	324.70
<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 (\$40.30 million); (b) Sewage treatment works (\$214.00 million); (c) Sewage pumping station (\$22.00 million); and (d) Sewers and rising mains (\$48.40 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)					
4435DS DC/2020/07	Village Sewerage in Northern Tuen Mun Village Sewerage in Northern Tuen Mun/ 8 January 2021	431.20	372.17	233.34	138.83
<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 (\$28.51 million); (b) Village sewerage works (\$104.87 million); and (c) Sewage pumping station (\$5.45 million).</p>					