| Clause | Remarks/Guidelines |
| --- | --- |
| NTT A15 Net present value analysis | |
| (1) A programme for the purpose of conducting a net present value analysis in accordance with NTT [X]# of these Notes to Tenderers is included in Appendix [X]# of these Notes to Tenderers. This programme is for tender assessment use only and will not form part of this contract.  (2) The cashflow discount \**[*rate/rates*]* to be used for the aforesaid net present value analysis shall be \**[*a% per annum/as follows :  Calendar Year Cashflow  Discount Rate (per annum)  *[Current year] x%*  *[Next 4 years] y%*  *[6th–10th year, if applicable] z% ]*    (3) The cashflow discount \**[*rate/rates*]* provided herein \**[*is/are*]* for tender assessment only and will not form part of this contract. The cashflow discount \**[*rate/rates*]* shall not be taken as the economic forecasts by the Government.  (4) The Government makes no warranties, representations or statements (whether express or implied) of any kind whatsoever in relation to the programme and the cashflow discount \**[*rate/rates*]* provided herein or any part thereof, including any warranties, representations or statements in respect of the accuracy, completeness, appropriateness and/or sufficiency of the same. | This is to be included for tenders with a forecast total of the Prices in conjunction with NTT A11 (1)(ii), NTT A12(1)(ii) and NTT A13 (1)(ii).  Net present value analysis is NOT applicable for NEC target contracts.  The programme should include some guidance notes on the allocation of preliminary costs and the contingencies (including provisional sums and contingency sums) throughout the contract period to be used in net present value (NPV) analysis.  The cashflow discount rate/rates shall be based on the real discount rate (i.e. a%)for contracts with actual paymentsubject to price fluctuation adjustment or the nominal discount rates (i.e. x%, y% and z%) for contracts with actual paymentnot subject to price fluctuation adjustment, applicable on the first publication date of tender invitation or, where the tender invitation is not published+, the date of issuance of the tender invitation, as announced in Secretary for Financial Services and the Treasury’s memo to the departmental STA around March each year.  For cashflow expressed in **constant price** (i.e. actual payment subject to price fluctuation adjustment), the real discount rate (i.e. a%) shall be used.  For cashflow expressed in **money-of-the-day price** (i.e. actual payment not subject to price fluctuation adjustment), nominal discount rates (i.e. x%, y% and z%) shall be used.  *\*[ ] -* Project Offices should include the former for cashflow expressed in constant price and the latter for cashflow expressed in money-of-the-day price , and delete the one which is not applicable accordingly.  + The tender invitation is not published where prequalified tendering or single/restricted tendering is adopted.  Please refer to DEVB memo ref. DEVB(W) 545/17/01 dated 19.4.2010  # Insert appropriate reference. |