Ref : WB(W) 276/32/42

WORKS BRANCH
GOVERNMENT SECRETARIAT
MURRAY BUILDING
GARDEN ROAD
HONG KONG

16 June 1993

Works Branch Technical Circular No. 22/93

Estimating Using Risk Analysis

This Circular announces the adoption of Estimating using Risk Analysis (ERA) as an agreed policy for all works departments, other than Electrical & Mechanical Services Department. In the case of ACP projects, the requirements of the ACP Project Control Procedures, issued by NAPCO shall be paramount.

Background

2.   It was recognised by the Works Group Directors in April 1990 that there was a need to improve the quality of estimating.

3.   Following a recommendation from the Project Estimates and Cost Control Committee (PECCC) based on research conducted by the Architectural Services Department, the Works Group Directors concluded that the risk analysis approach to estimating should be used.

Risk Analysis

4.   Risk analysis is a formal decision-making technique that helps identify and measure uncertainty. It is used in this instance to place a dollar value on the uncertainties identified in any construction project.

Further Information

5.   A Practice Note is attached at Appendix A. Video aids are also available from the departmental representative on PECCC.

6.   The Civil Engineering Project Administration Handbook Chapter 4 Section 5 - Estimates - is revised to include reference to ERA. Architectural Services Department will also revise their own procedural instructions to make reference to ERA.

Implementation

7.   With immediate effect the ERA procedures and format shall be used for all Cat C, B and A estimates and whenever an estimate review is required by the resource allocation process as further detailed in the procedures referred to in para 6.

Reporting

8.   Any difficulty in the use of ERA or its effect on any other established procedure shall be reported promptly to the departmental representative on PECCC. If the issue raised is of general concern it will be resolved at PECCC.

                                                    (H B Phillipson)
                                                    Deputy Secretary (Works Policy)

Subsumed

WBTC No. 22/93