

## Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

**Controlling officer:** the Director of Government Logistics will account for expenditure under this Head.

Estimate 2023–24 .....	<b>\$720.6m</b>
Establishment ceiling 2023–24 (notional annual mid-point salary value) representing an estimated 743 non-directorate posts as at 31 March 2023 rising by two posts to 745 posts as at 31 March 2024.....	<b>\$315.5m</b>
In addition, there will be an estimated seven directorate posts as at 31 March 2023 and as at 31 March 2024.	
Commitment balance.....	<b>\$13.5m</b>

### Controlling Officer's Report

#### Programmes

<p><b>Programme (1) Procurement</b>  <b>Programme (2) Supplies Management</b>  <b>Programme (3) Land Transport</b>  <b>Programme (4) Printing Services</b></p>	<p>These programmes contribute to Policy Area 27: Intra-Governmental Services (Secretary for Financial Services and the Treasury).</p>
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#### Detail

##### Programme (1): Procurement

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	68.4	69.9	71.9 (+2.9%)	71.7 (–0.3%)
				(or +2.6% on 2022–23 Original)

#### Aim

- 2 The aim is to purchase for government departments goods and services that represent the best value for money.

#### Brief Description

3 The main activities under this programme include the formulation of tendering strategies, preparation of tender documents, invitation of tenders, evaluation of tenders in conjunction with user departments, award of contracts and monitoring of contractors' performance for tenders arranged by the Procurement Division of the Department. Other activities include providing advice to government departments on tendering procedures, expanding and maintaining suppliers' lists, conducting market research to identify new sources of supply, undertaking negotiations with suppliers to obtain better prices and terms for the Government as well as providing support for development and review of government procurement policy.

4 The Procurement Division also assisted various bureaux / departments during the fifth wave of the COVID-19 epidemic in 2022 to urgently acquire various anti-epidemic supplies items.

- 5 The key performance measures in respect of procurement are:

#### Targets

	Target	2021 (Actual)	2022 (Actual)	2023 (Plan)
issuing tender invitations within 12 working days upon receipt of agreed user specifications (%).....	93	100	100	<b>93</b>
processing and referring tenders received to users for evaluation within four working days (%).....	95	100	100	<b>95</b>
submitting tender recommendations to the approving authority within 12 working days upon receipt of completed evaluation reports (%).....	93	100	100	<b>93</b>

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### Indicators

	2021 (Actual)	2022 (Actual)	2023 (Estimate)
value of contracts (\$m).....	4,560.5	12,051.9	4,016.4 $\phi$
contracts handled.....	192	662	122 $\phi$
overall price change in purchases (%) .....	- 0.0	11.8	N.A.#

$\phi$  The figures for 2023 are estimated on the basis of the forecast returns submitted by other government departments and contract information kept by the Department.

# Not possible to estimate.

### Matters Requiring Special Attention in 2023–24

6 During 2023–24, the Department will continue to:

- adopt a strategic and pro-innovation approach of purchasing to improve the overall value, quality and reliability of goods and services supplied;
- strengthen the advisory services provided to user departments on procurement strategies, particularly those pertaining to the pro-innovation government procurement policy; preparation of tender/quotation documents and marking schemes; and procedures for inviting tenders/quotations; and
- provide support for development and review of the pro-innovation government procurement policy.

### Programme (2): Supplies Management

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	116.7	108.7	111.4 (+2.5%)	108.0 (–3.1%)
				(or –0.6% on 2022–23 Original)

### Aim

7 The aim is to supply common-user items required by government departments through allocated term contracts whereby the items will be delivered by suppliers directly to user departments on an as-and-when-required basis, to supply essential and emergency items to government departments in a cost-effective manner, and to assist government departments to manage their procurement and supplies activities effectively.

### Brief Description

8 The Department is responsible for arranging allocated term contracts and monitoring the draw-off rates for common-user items by government departments. It also carries out an inspection programme to assist departments to manage these items.

9 The Department is also responsible for maintaining, storing and distributing essential and emergency items (particularly personal protective equipment items during the COVID-19 epidemic) to government departments, and inspecting such goods upon delivery by suppliers. The Department supplies additional and replacement items of quarters furniture for government quarters. It also provides various miscellaneous services such as the disposal of confiscated, unserviceable, technically obsolete and unclaimed stores.

10 The Department conducts compliance checks to ensure full compliance with relevant procurement and stores management policy and procedures by government departments.

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11 The key performance measures in respect of supplies management are:

### *Targets*

	Target	2021 (Actual)	2022 (Actual)	2023 (Plan)
responding within seven working days to requests in connection with quarters furniture (excluding orders where delivery is requested on a date more than seven working days ahead) (%).....	95	100	100	95
completing inspection of delivered goods within seven working days (%) .....	90	100	100	90
disposing of confiscated, unserviceable, technically obsolete and unclaimed stores by public auction within 21 working days (%).....	95	100	100	95

### *Indicators*

	2021 (Actual)	2022 (Actual)	2023 (Estimate)
stock turnover rate for essential and emergency items (no. of times the stock flows through in a year) .....	1.6	0.8	1.7
value of purchase of essential and emergency items (\$m).....	30.2	1,592.9	51.2
average stockholding of essential and emergency items (\$m).....	50.4	777.6	427.0
quarters serviced.....	25 723	25 848	25 848

### *Matters Requiring Special Attention in 2023–24*

12 During 2023–24, the Department will continue to:

- arrange allocated term contracts for the supply of common-user items so that user departments may place orders with suppliers for direct delivery as and when required, monitor the draw-off rates by user departments and conduct inspections on departments' management of these items;
- work on ways to automate storage and distribution operations having regard to practices in the private sector, with a view to completing a trial scheme within 2023–24;
- review the specifications for common-user items to promote the purchase of environment-friendly products while ensuring value for money;
- provide logistical support services to government departments in meeting requirements for emergency items during contingencies; and
- conduct compliance checks to ensure that departments follow fully relevant procurement and stores management policy and procedures.

### **Programme (3): Land Transport**

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	162.6	175.1	172.9 (–1.3%)	265.4 (+53.5%)
				(or +51.6% on 2022–23 Original)

### *Aim*

13 The aim is to procure vehicles to meet the operational needs of government departments at the best value for money and to provide them with transport management advice and support services.

### *Brief Description*

14 The Department renders advice to government departments on the efficient operation and management of their vehicle fleets. It vets requests for additional and replacement vehicles to ensure that their procurement is justified. The Department procures vehicles, other than specialised vehicles, for government departments and manages the funding through a block vote.

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15 To contribute to the Government's policy on environmental protection, the Department implements green measures such as continuing to explore the feasibility of using more environment-friendly vehicles in the government fleet. In support of the policy initiative of promoting the wider use of electric vehicles, the Department will continue to keep abreast of the latest technological development of electric vehicles and encourage the use of electric vehicles to replace the retiring ones subject to the availability of suitable models in the market and the performance of the electric vehicles in meeting departments' operational requirements.

16 The Department operates a transport pool which supplements departmental fleets and provides transport services to government departments with no or insufficient departmental vehicles. It also arranges contract hiring of commercial vehicles to provide services that are not available within the Government, or to cope with seasonal peak demand or short-term transportation needs which do not justify the procurement of additional vehicles.

17 The Department is responsible for ensuring that government drivers maintain a high standard of driving and road safety through training and tests.

18 The key performance measures in respect of land transport are:

### *Targets*

	Target	2021 (Actual)	2022 (Actual)	2023 (Plan)
transport pool resources utilisation§				
drivers tasked daily (%) .....	90	99	100	90
pool vehicles utilised daily (%).....	88	91	93	88

§ The utilisation rate is derived on a half-day booking session basis.

### *Indicators*

	2021 (Actual)	2022 (Actual)	2023 (Estimate)
vehicles procured			
additional.....	56	13	16
replacement.....	260	308	327
blameworthy accidents per 1 000 000 km.....	0.9	0.9	0.9
officers who have attended driving related training courses			
during the year .....	952	952	950
trainees on driving courses.....	150	152	150

### *Matters Requiring Special Attention in 2023–24*

19 During 2023–24, the Department will continue to:

- monitor the transport needs of government departments with a view to containing the size of the government fleet and identifying savings opportunities;
- give priority to environment-friendly vehicles when replacing vehicles in the government fleet subject to the availability of suitable models in the market as well as operational and resources considerations;
- adopt a pro-innovation approach to the procurement of vehicles; and
- improve the cost-effectiveness of the pool transport services.

### **Programme (4): Printing Services**

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	2023–24 (Estimate)
Financial provision (\$m)	253.1	268.7	252.7 (–6.0%)	275.5 (+9.0%)

(or +2.5% on  
2022–23 Original)

### *Aim*

20 The aim is to provide cost-effective and quality printing services to government departments.

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### *Brief Description*

21 The Department produces a wide range of printed materials, including publications, government forms and paper stationery. The Department also advises government departments on all matters related to printing, including the use and purchase of printing equipment and accessories.

22 The key performance measures in respect of printing services are:

#### *Targets*

	Target	2021 (Actual)	2022 (Actual)	<b>2023 (Plan)</b>
printing and delivering printed materials within an agreed schedule (%).....	98	100	100	<b>98</b>
providing written technical advice on printing within seven working days (%).....	98	99	100	<b>98</b>

#### *Indicators*

	2021 (Actual)	2022 (Actual)	<b>2023 (Estimate)</b>
use of available production capacity (%).....	91	89	<b>87</b>
share of security printing work (as a proportion of total sales value) (%) .....	15	15	<b>15</b>

### *Matters Requiring Special Attention in 2023–24*

23 During 2023–24, the Department will continue to strive for continuous improvement in its printing services.

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### ANALYSIS OF FINANCIAL PROVISION

	2021–22 (Actual) (\$m)	2022–23 (Original) (\$m)	2022–23 (Revised) (\$m)	2023–24 (Estimate) (\$m)
<b>Programme</b>				
(1) Procurement.....	68.4	69.9	71.9	71.7
(2) Supplies Management.....	116.7	108.7	111.4	108.0
(3) Land Transport.....	162.6	175.1	172.9	265.4
(4) Printing Services.....	253.1	268.7	252.7	275.5
	600.8	622.4	608.9 (-2.2%)	720.6 (+18.3%)
				(or +15.8% on 2022–23 Original)

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2023–24 is \$0.2 million (0.3%) lower than the revised estimate for 2022–23. This is mainly due to the decreased requirement in departmental expenses, partly offset by the increased requirement in personnel related expenses.

##### Programme (2)

Provision for 2023–24 is \$3.4 million (3.1%) lower than the revised estimate for 2022–23. This is mainly due to the decreased provision for replacement of minor plant and equipment, partly offset by the increased requirement in departmental expenses as well as personnel related expenses.

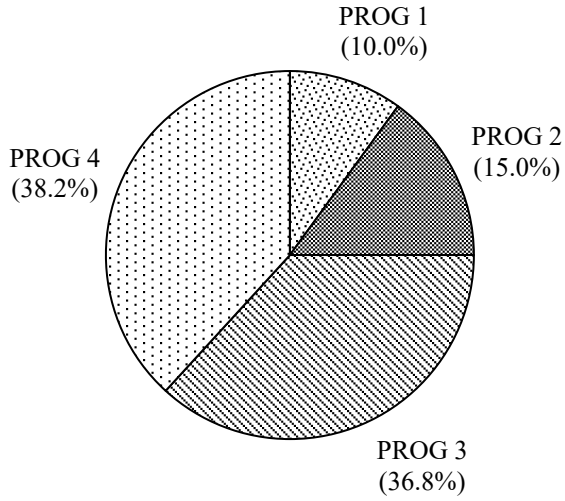
##### Programme (3)

Provision for 2023–24 is \$92.5 million (53.5%) higher than the revised estimate for 2022–23. This is mainly due to the increased requirement in salaries and allowances as well as additional provision for procurement of general purpose vehicles, partly offset by the decreased requirement in departmental expenses. There will be an increase of two posts in 2023–24.

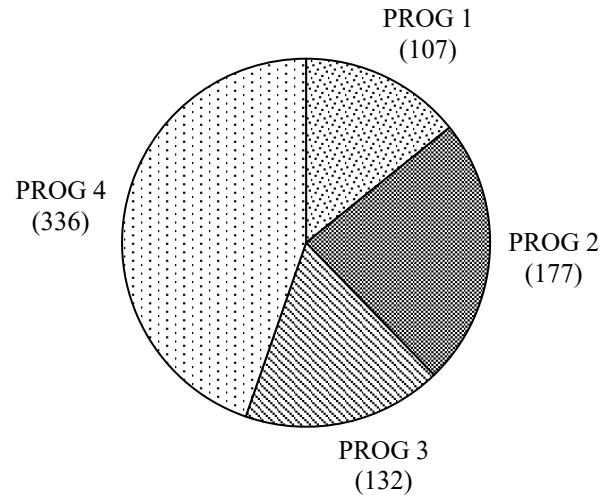
##### Programme (4)

Provision for 2023–24 is \$22.8 million (9.0%) higher than the revised estimate for 2022–23. This is mainly due to the increased requirement in departmental expenses as well as additional provision for replacement of plant and equipment.

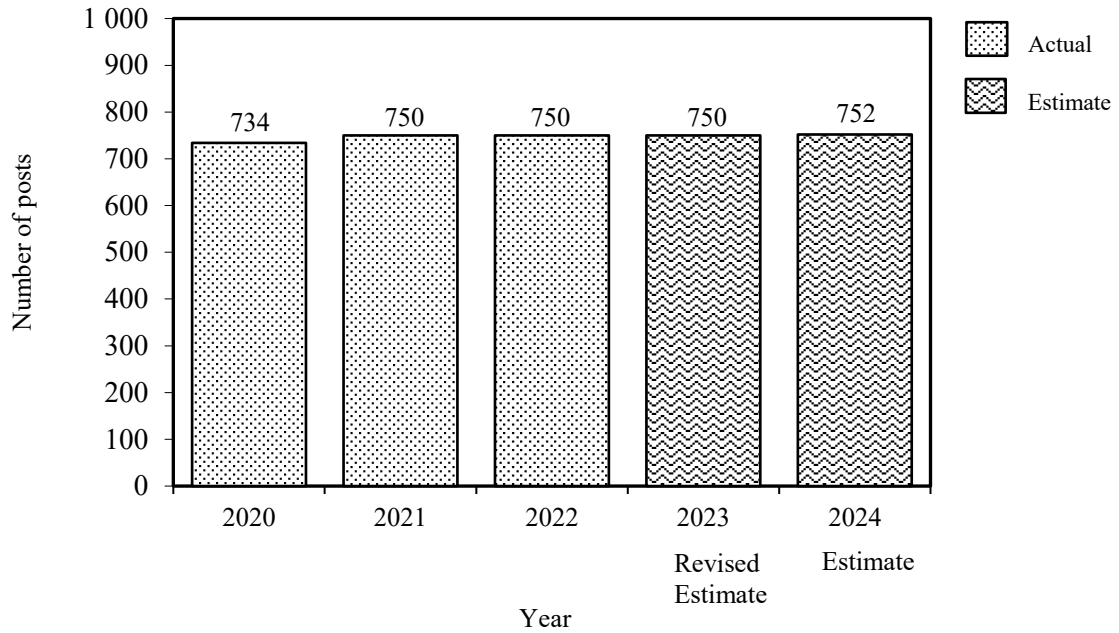
*Allocation of provision to programmes (2023-24)*



*Staff by programme (as at 31 March 2024)*



*Changes in the size of the establishment (as at 31 March)*



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Sub-head (Code)	Actual expenditure 2021-22	Approved estimate 2022-23	Revised estimate 2022-23	Estimate 2023-24
	\$'000	\$'000	\$'000	\$'000
<b>Operating Account</b>				
Recurrent				
000	495,593	505,123	505,117	<b>515,735</b>
003	Recoverable salaries and allowances (General)..... 19,144			
	<i>Deduct</i> reimbursements ..... <i>Cr. 19,144</i>	—	—	—
224	Motor Insurers' Bureau - government contribution .....	—	113	<b>118</b>
225	Traffic Accident Victims Assistance Scheme - levies.....	1,015	1,066	<b>1,125</b>
226	Allocated stores: local landing charges.....	—	10	<b>10</b>
267	Unallocated stores: suspense account adjustment .....	—	1	<b>1</b>
	Total, Recurrent.....	496,608	506,313	<b>516,989</b>
	Total, Operating Account .....	496,608	506,313	<b>516,989</b>
<b>Capital Account</b>				
Plant, Equipment and Works				
603	Plant, vehicles and equipment.....	—	13,500	<b>13,500</b>
661	Minor plant, vehicles and equipment (block vote).....	18,535	15,560	<b>12,133</b>
691	General purpose vehicles (block vote).....	85,697	87,000	<b>178,000</b>
	Total, Plant, Equipment and Works.....	104,232	116,060	<b>203,633</b>
	Total, Capital Account.....	104,232	116,060	<b>203,633</b>
	Total Expenditure .....	600,840	622,373	<b>720,622</b>



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### Details of Expenditure by Subhead

The estimate of the amount required in 2023–24 for the salaries and expenses of the Government Logistics Department is \$720,622,000. This represents an increase of \$111,749,000 over the revised estimate for 2022–23 and \$119,782,000 over the actual expenditure in 2021–22.

#### *Operating Account*

##### Recurrent

**2** Provision of \$515,735,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Government Logistics Department.

**3** The establishment as at 31 March 2023 will be 750 posts. It is expected that there will be a net increase of two posts in 2023–24. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2023–24, but the notional annual mid-point salary value of all such posts must not exceed \$315,459,000.

**4** An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2021–22 (Actual) (\$'000)	2022–23 (Original) (\$'000)	2022–23 (Revised) (\$'000)	<b>2023–24 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	273,634	287,325	295,360	<b>299,706</b>
- Allowances .....	24,503	24,566	22,025	<b>21,527</b>
- Job-related allowances.....	2,027	1,921	1,995	<b>1,955</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	1,829	1,897	1,813	<b>1,733</b>
- Civil Service Provident Fund contribution .....	17,161	24,537	22,085	<b>25,542</b>
Departmental Expenses				
- Specialist supplies and equipment.....	90,855	76,570	71,570	<b>75,570</b>
- Contract maintenance .....	965	1,510	1,510	<b>1,510</b>
- General departmental expenses .....	84,619	86,797	88,759	<b>88,192</b>
	495,593	505,123	505,117	<b>515,735</b>

**5** Provision of \$19,144,000 under *Subhead 003 Recoverable salaries and allowances (General)* is for the salaries and allowances for a team of civil servants providing supplies services to the Hong Kong Housing Authority (the Authority). The gross provision must not be exceeded without the prior approval of the Secretary for Financial Services and the Treasury. Expenditure under this subhead is reimbursed by the Authority.

**6** Provision of \$118,000 under *Subhead 224 Motor Insurers' Bureau - government contribution* is for the Government's contribution towards the Bureau to assist victims of road accidents who are unable to obtain compensation under third-party insurance.

**7** Provision of \$1,125,000 under *Subhead 225 Traffic Accident Victims Assistance Scheme - levies* is for statutory payments under the Traffic Accident Victims (Assistance Fund) Ordinance (Cap. 229).

**8** Provision of \$10,000 under *Subhead 226 Allocated stores: local landing charges* is for the payment of port related charges for shipments from places outside Hong Kong.

**9** Provision of \$1,000 under *Subhead 267 Unallocated stores: suspense account adjustment* is a token sum for the accounting treatment of clearing the stock adjustment accounts of the Unallocated Stores Suspense Account at the end of the financial year.

#### *Capital Account*

##### Plant, Equipment and Works

**10** Provision of \$12,133,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$3,427,000 (22.0%) against the revised estimate for 2022–23. This is mainly due to the decreased cash flow requirement for replacement of minor plant and equipment.

**11** Provision of \$178 million under *Subhead 691 General purpose vehicles (block vote)* represents an increase of \$91 million (104.6%) over the revised estimate for 2022–23. This is mainly due to the increased cash flow requirement for procurement of government vehicles which are designed and used primarily for the carriage of passengers and/or goods with a unit cost not exceeding \$10 million.

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2022	Revised estimated expenditure for 2022–23	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Capital Account</i></b>						
603		<i>Plant, vehicles and equipment</i>				
	801	Replacement of one five-colour convertible sheet-fed offset printing machine in the Printing Division .....	13,500	—	—	13,500
		Total .....	13,500	—	—	13,500