

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

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

Estimate 2026–27 **\$649.2m**

Establishment ceiling 2026–27 (notional annual mid-point salary value) representing an estimated 736 non-directorate posts as at 31 March 2026 reducing by 15 posts to 721 posts as at 31 March 2027..... **\$331.4m**

In addition, there will be an estimated seven directorate posts as at 31 March 2026 and 31 March 2027.

Controlling Officer's Report

Programmes

<p>Programme (1) Procurement Programme (2) Supplies Management Programme (3) Land Transport Programme (4) Printing Services</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

	2024–25 (Actual)	2025–26 (Original)	2025–26 (Revised)	2026–27 (Estimate)
Financial provision (\$m)	78.8	80.9	81.7 (+1.0%)	86.4 (+5.8%)
				(or +6.8% on 2025–26 Original)

Aim

2 The aim is to purchase goods and services for government departments 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 notification lists to interested suppliers, 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 the review and enhancement of government procurement policy.

4 The key performance measures in respect of procurement are:

Targets

	Target	2024 (Actual)	2025 (Actual)	2026 (Plan)
issuing tender invitations within 12 working days upon receipt of agreed user specifications (%).....	93	100	100	93
processing and referring tenders received to users for evaluation within four working days (%).....	95	100	100	95
submitting tender recommendations to the approving authority within 12 working days upon receipt of completed evaluation reports (%).....	93	100	100	93

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Indicators

	2024 (Actual)	2025 (Actual)	2026 (Estimate)
value of contracts (\$m).....	4,569.3	3,027.4	3,303.5 ϕ
contracts handled.....	175	116	82 ϕ
overall price change in purchases (%)	1.4	-19.9	N.A.#

ϕ The figures for 2026 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 2026–27

5 During 2026–27, 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;
- enhance professionalism and due diligence in procurement along four broad directions of institutional change, reshaping work culture, enhancement in cross-departmental information exchange and application of technologies and artificial intelligence;
- 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; procedures for inviting tenders/quotations; and due diligence in procurement and contract management; and
- provide support for the review and enhancement of the government procurement policy having regard to the latest market practices and technological developments.

Programme (2): Supplies Management

	2024–25 (Actual)	2025–26 (Original)	2025–26 (Revised)	2026–27 (Estimate)
Financial provision (\$m)	117.3	116.5	111.0 (-4.7%)	117.7 (+6.0%)
				(or +1.0% on 2025–26 Original)

Aim

6 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 efficiently.

Brief Description

7 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.

8 The Department is also responsible for maintaining, storing and distributing essential and emergency items to government departments, and inspecting such goods upon delivery by suppliers. The Department supplies additional and replacement items of furniture for government quarters. It also provides various miscellaneous services such as the disposal of confiscated, unserviceable, technically obsolete and unclaimed stores.

9 The Department conducts procurement and stores management audits on government departments to check their compliance with relevant regulations, instructions and guidelines (including on due diligence checks).

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

Targets

	Target	2024 (Actual)	2025 (Actual)	2026 (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

	2024 (Actual)	2025 (Actual)	2026 (Estimate)
stock turnover rate for essential and emergency items (no. of times the stock flows through in a year)	1.8	1.3	1.3
value of purchase of essential and emergency items (\$m).....	26.9	18.5	21.8
average stockholding of essential and emergency items (\$m).....	28.1	20.0	17.7
quarter units serviced	25 721	25 923	25 923

Matters Requiring Special Attention in 2026–27

11 During 2026–27, 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 enhance storage and distribution operations having regard to best practices in the private sector;
- 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 procurement and stores management audits on government departments to check their compliance with relevant regulations, instructions and guidelines (including on due diligence checks).

Programme (3): Land Transport

	2024–25 (Actual)	2025–26 (Original)	2025–26 (Revised)	2026–27 (Estimate)
Financial provision (\$m)	215.3	273.6	271.8 (–0.7%)	189.3 (–30.4%)
				(or –30.8% on 2025–26 Original)

Aim

12 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

13 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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14 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.

15 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 contracts for 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.

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

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

Targets

	Target	2024 (Actual)	2025 (Actual)	2026 (Plan)
transport pool resources utilisation§				
drivers tasked daily (%)	90	95	97	90
pool vehicles utilised daily (%).....	88	92	94	88

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

Indicators

	2024 (Actual)	2025 (Actual)	2026 (Estimate)
vehicles procured			
additional.....	3	6	10
replacement.....	370	342	312
blameworthy accidents per 1 000 000 km.....	0.9	0.9	0.9
officers who attended driving related training courses during the year	952	953	950
trainees on driving courses.....	152	150	150

Matters Requiring Special Attention in 2026–27

18 During 2026–27, 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 saving opportunities;
- give priority to environment-friendly and electric vehicles when procuring vehicles for the government fleet subject to the availability of suitable models in the market as well as operational and resources considerations; and
- improve the cost-effectiveness of the pool transport services.

Programme (4): Printing Services

	2024–25 (Actual)	2025–26 (Original)	2025–26 (Revised)	2026–27 (Estimate)
Financial provision (\$m)	267.0	273.9	287.0 (+4.8%)	255.8 (–10.9%)

(or –6.6% on
2025–26 Original)

Aim

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

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Brief Description

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

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

Targets

	Target	2024 (Actual)	2025 (Actual)	2026 (Plan)
printing and delivering printed materials within an agreed schedule (%).....	98	100	100	98
providing written technical advice on printing within seven working days (%).....	98	100	100	98

Indicators

	2024 (Actual)	2025 (Actual)	2026 (Estimate)
use of available production capacity (%).....	85	85	84
share of security printing work (as a proportion of total sales value) (%)	16	18	16

Matters Requiring Special Attention in 2026–27

22 During 2026–27, the Department will continue to strive for continuous improvement in its printing services.

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ANALYSIS OF FINANCIAL PROVISION

	2024–25 (Actual) (\$m)	2025–26 (Original) (\$m)	2025–26 (Revised) (\$m)	2026–27 (Estimate) (\$m)
Programme				
(1) Procurement	78.8	80.9	81.7	86.4
(2) Supplies Management	117.3	116.5	111.0	117.7
(3) Land Transport	215.3	273.6	271.8	189.3
(4) Printing Services	267.0	273.9	287.0	255.8
	678.4	744.9	751.5 (+0.9%)	649.2 (-13.6%)
				(or -12.8% on 2025–26 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2026–27 is \$4.7 million (5.8%) higher than the revised estimate for 2025–26. This is mainly due to the increased requirement in departmental expenses as well as salaries and personnel related expenses. There will be a decrease of four posts in 2026–27.

Programme (2)

Provision for 2026–27 is \$6.7 million (6.0%) higher than the revised estimate for 2025–26. This is mainly due to the increased requirement in departmental expenses and increased provision for replacement of minor plant and equipment, as well as increased requirement in salaries and personnel related expenses. There will be a decrease of two posts in 2026–27.

Programme (3)

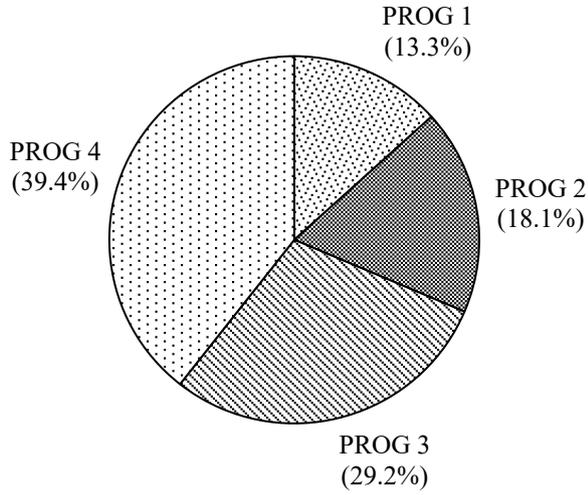
Provision for 2026–27 is \$82.5 million (30.4%) lower than the revised estimate for 2025–26. This is mainly due to the decreased provision for procurement of general purpose vehicles. There will be a decrease of three posts in 2026–27.

Programme (4)

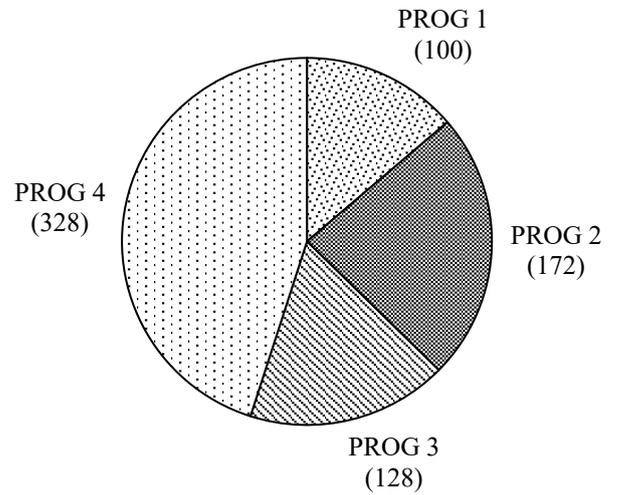
Provision for 2026–27 is \$31.2 million (10.9%) lower than the revised estimate for 2025–26. This is mainly due to the decreased requirement in departmental expenses as well as decreased provision for replacement of plant and equipment. There will be a decrease of six posts in 2026–27.

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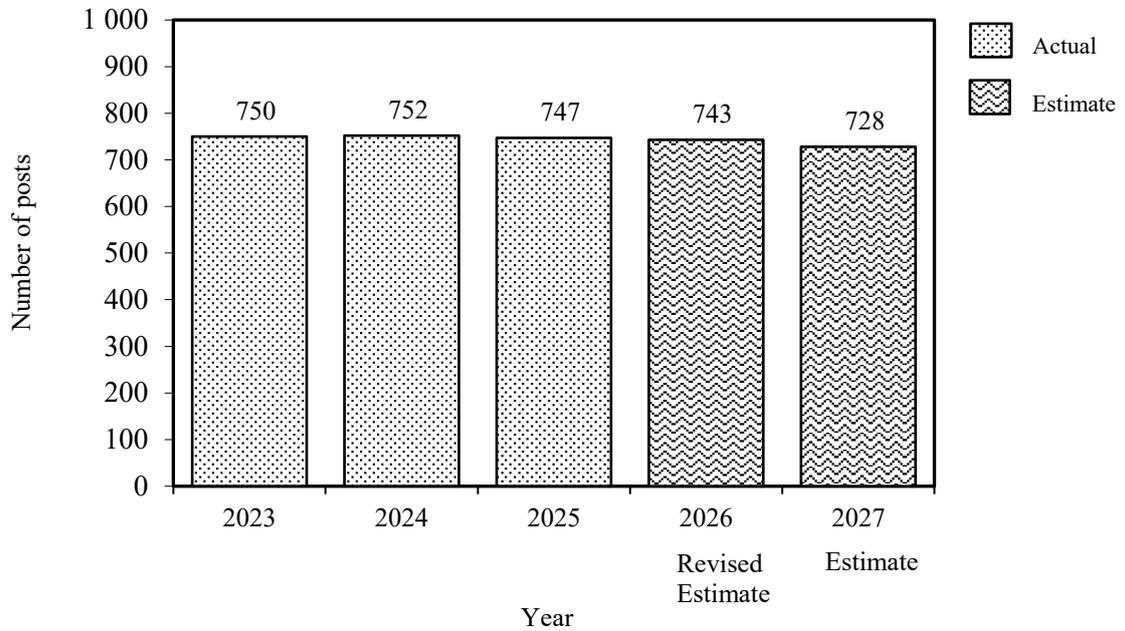
Allocation of provision to programmes (2026-27)



Staff by programme (as at 31 March 2027)



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



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Sub-head (Code)	Actual expenditure 2024–25	Approved estimate 2025–26	Revised estimate 2025–26	Estimate 2026–27	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	532,352	542,667	540,950	537,015
003	Recoverable salaries and allowances (General)..... 20,073				
	<i>Deduct</i> reimbursements <i>Cr. 20,073</i>	—	—	—	—
224	Motor Insurers' Bureau - government contribution	103	130	113	119
225	Traffic Accident Victims Assistance Scheme - levies.....	1,101	1,155	1,059	1,112
226	Allocated stores: local landing charges.....	—	10	10	10
267	Unallocated stores: suspense account adjustment	—	1	1	1
	Total, Recurrent.....	533,556	543,963	542,133	538,257
	Total, Operating Account	533,556	543,963	542,133	538,257
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	12,821	5,000	6,600	9,976
691	General purpose vehicles (block vote).....	131,998	186,000	186,000	101,000
	Plant, vehicles and equipment.....	—	9,900	16,730	—
	Total, Plant, Equipment and Works.....	144,819	200,900	209,330	110,976
	Total, Capital Account.....	144,819	200,900	209,330	110,976
	Total Expenditure	678,375	744,863	751,463	649,233

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Details of Expenditure by Subhead

The estimate of the amount required in 2026–27 for the salaries and expenses of the Government Logistics Department is \$649,233,000. This represents a decrease of \$102,230,000 against the revised estimate for 2025–26 and \$29,142,000 against the actual expenditure in 2024–25.

Operating Account

Recurrent

2 Provision of \$537,015,000 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 2026 will be 743 posts. It is expected that there will be a decrease of 15 posts in 2026–27. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2026–27, but the notional annual mid-point salary value of all such posts must not exceed \$331,379,000.

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

	2024–25 (Actual) (\$'000)	2025–26 (Original) (\$'000)	2025–26 (Revised) (\$'000)	2026–27 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	311,160	319,417	318,916	323,017
- Allowances.....	16,870	21,729	17,096	16,143
- Job-related allowances.....	1,973	2,178	2,245	2,195
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	1,328	1,361	1,226	1,106
- Civil Service Provident Fund contribution.....	27,480	34,756	31,881	36,964
Departmental Expenses				
- Specialist supplies and equipment.....	72,649	62,353	66,094	52,665
- Contract maintenance	996	700	200	210
- General departmental expenses	99,896	100,173	103,292	104,715
	532,352	542,667	540,950	537,015

5 Provision of \$20,073,000 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 \$119,000 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 \$1,112,000 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 \$9,976,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$3,376,000 (51.2%) over the revised estimate for 2025–26. This is mainly due to the increased cash flow requirement for replacement of minor plant and equipment.

11 Provision of \$101 million under *Subhead 691 General purpose vehicles (block vote)* represents a decrease of \$85 million (45.7%) against the revised estimate for 2025–26. This is mainly due to the decreased 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.