

CSO/ADM CR 16/3231/97 (01) Pt. 4

Tel No : 2810 3503

Fax No : 2524 7103

9 May 2001

Clerk to the Panel on Administration
of Justice and Legal Services Panel
Legislative Council
3rd Floor, Citibank Tower
3 Garden Road
Hong Kong

(Attn: Mrs Percy Ma)

Dear Mrs Ma,

**Delinking of the Office of The Ombudsman from the Administration
Purchase of Permanent Office Accommodation**

At the LegCo Panel on Administration of Justice and Legal Services meeting on 26 April 2001, the Administration undertook to provide supplementary information on the cost-effectiveness of The Ombudsman's proposal to purchase permanent office accommodation in the long run. The information is set out in the ensuing paragraphs.

In the current market conditions, we anticipate the payback period (i.e. purchase price/current annual market rent) for the purchase of permanent office for The Ombudsman will be in the region of 18 years. The current market unit prices for Grade A offices in convenient urban areas (e.g. Central District, Wanchai and Tsimshatsui) range from \$60,000 to \$100,000 per square metre and the funding being sought for the proposed purchase is \$75,000 per square metre. The equivalent monthly market rent for the office accommodation to be purchased would therefore be in the range from \$278 per square metre (if the unit price is \$60,000 per square metre) to \$347 per square metre (if the unit price is \$75,000 per square metre). This compares favourably with the monthly unit rent of the existing premises of The Ombudsman at \$409 per square metre.

Although the market rent for the existing leased offices of The Ombudsman will likely be lower if the current leases are renewed in October, the market rent for office premises is expected to be on an upward trend in the long run, as evidenced by the movement of the Rental Index of Grade A offices from 1981 to February 2001. A copy of the Rental Index is at the Annex.

In view of the above, we believe the proposed purchase of permanent office accommodation for The Ombudsman is more cost-effective in the long run. In addition, the proposal has the added benefits of enabling The Ombudsman to enjoy security of tenure and protection from rent increase upon lease renewal.

I would be grateful if you could copy this letter to Members of the Public Works Subcommittee (PSWC) as the said item will be discussed at the PWSC meeting scheduled for 16 May 2001.

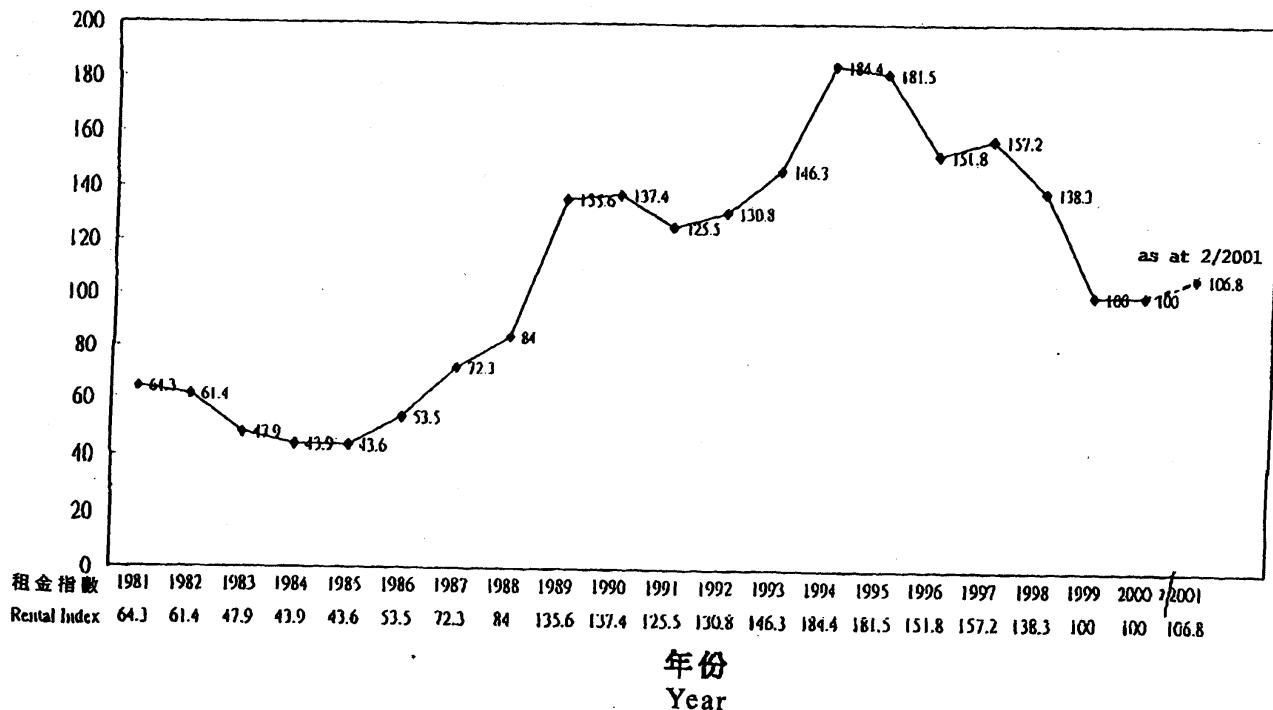
Yours sincerely,

(Ms Maggie Wong)
for Director of Administration

Encl.

甲級寫字樓租金指數 Rental Index of Grade A Offices 1999=100

TOTAL P.05



(資料來源：差餉物業估價署備存的統計數字)
 (Source: Statistics kept by Rating & Valuation Department)