

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 703 – BUILDINGS

Government Offices – Intra-governmental services

71KA – Purchase and fitting out of office accommodation for the Equal Opportunities Commission

Members are invited to recommend to Finance Committee the upgrading of **71KA** to Category A at an estimated cost of \$111.7 million in money-of-the-day prices for the purchase and fitting out of office accommodation for the Equal Opportunities Commission.

PROBLEM

The Equal Opportunities Commission (EOC) requires additional space now and in the medium term.

PROPOSAL

2. The Secretary for Home Affairs proposes to purchase and fit out for EOC some 1 608 square metres of general office accommodation in net floor area (NFA), or 2 144 square metres in gross floor area (GFA)¹, at an estimated cost of \$111.7 million in money-of-the-day (MOD) prices.

/PROJECT

¹ NFA refers to usable area. GFA refers to all constructed area, including lifts, stairs, lobbies, passages and toilets, etc.

PROJECT SCOPE AND NATURE

3. The scope of 71KA comprises the purchase of office accommodation of about 1 608 square metres in NFA, and the relevant fitting out works.

JUSTIFICATION

4. As an independent statutory body established under the Sex Discrimination Ordinance (Cap. 480), EOC is tasked to oversee the implementation of the Sex Discrimination Ordinance, the Disability Discrimination Ordinance (Cap. 487) and the Family Status Discrimination Ordinance (Cap. 527).

5. Since the commencement of its operation in September 1996, EOC has seen an immense increase in the volume and complexity of work. The number of specific enquiries and complaints received in 1997 was 1 568 and 495 respectively. In 2001, the corresponding numbers soared to 5 454 and 1 651, more than three-fold. The number of staff currently stands at 88, compared to 67 at the start of EOC's operation².

6. EOC has been housed in leased premises. To cope with increasing workload, EOC has adopted makeshift arrangements, such as office-sharing and repartitioning, to accommodate staff increases since 1996. Overall, the existing office accommodation for staff is very cramped and is under-provided by 125 square metres in NFA by government standard. An extra conciliation room (compared with the current provision of six) is also needed to cope with the increased caseload.

7. In addition, EOC is actively establishing its training and consultancy function to assist the Government, public organisations and private companies in the development and application of equal opportunities policies and procedures. Revenues from the training courses shall be used to offset part of its expenditures, thus alleviating the financial pressure on the annual government subvention to EOC. In order to effectively deliver this service, a new training room of 60 square metres in NFA would be required. EOC also needs to turn its internal mini-library (41 square metres in NFA) into a resource centre-cum-library (80 square metres in NFA) for use by the public, particularly students, as another important channel to promote and provide education on equal opportunities.

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² The EOC now has 73 permanent staff (including the Chairperson) and 15 temporary staff.

8. Consideration has been given to leasing more space to meet the aforesaid operational needs and new initiatives of EOC. However, the problem of the internal layout of their existing office, being no longer suitable for their current and efficient operational needs, will not be resolved. In future, there may also be uncertainty on the security of tenure for all the leased accommodation. Office relocation to other leased premises upon expiry of the tenancy agreement, often associated with lengthy fitting out and reinstatement process, will disrupt EOC's services and cause inconvenience to the public.

9. Ownership of premises will provide security of tenure, thus allowing EOC to concentrate its resources and efforts on its statutory duties and functions. The purchase of EOC's own premises can eliminate lease renewal uncertainties and avoid costs arising from repeated office relocation and incidental expenses such as reinstatement and fitting out. It also removes rental instability every time a new lease is taken or an old one renewed. Apart from long term savings in rental expenditure, Government would also acquire an asset. It will be cost-effective for EOC to purchase office premises when the current property market is soft and favourable from the buyer's point of view.

10. EOC's current and medium term space requirement for the acquired premises will include adequate office space for staff, more meeting and conciliation rooms, a proper training area and a resource centre-cum-library. A summary of the total space requirement is at the Enclosure. The schedule of accommodation is drawn up according to the current and medium term operational requirements, taking into account the barrier-free criteria for persons with disabilities (PWDs). Reference has also been made to the government space requirements for office accommodation.

11. Apart from the organised visits by complainants and respondents for conciliation purpose, many individuals visit the EOC office in person for enquiries and complaints. EOC also hosts regular visits for students, rehabilitation and women concern groups, overseas delegations and other community groups. Hence, the EOC office should be conveniently-located, easily-identifiable and well-served by public transport.

12. We propose to purchase office premises for EOC's use on the basis of the following criteria –

- (a) the premises should be easily accessible and identifiable, conveniently-located and well-served by public transport; and

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- (b) it must be barrier-free for PWDs. Where practicable, it should be close to an MTR station which should also be barrier-free for PWDs and particularly for wheelchair users. Parking facilities including designated carparking spaces for PWDs and convenient drop-off areas are preferred.

13. EOC has conducted a preliminary site search for potential premises at different locations including Hong Kong and Kowloon regions. EOC is open to the choice of location and the grade of the office premises to be purchased so long as the premises are easily accessible by the public and barrier-free for PWDs. The Government Property Administrator (GPA) considers that office premises which meet the above criteria can be purchased within the price range of \$40,000 to \$80,000 per square metre in NFA. The funding being sought for the proposed purchase, as a ceiling figure for budget purpose, is \$60,000 per square metre in NFA, assuming a 75% efficiency ratio³, equivalent to \$45,000 per square metre in GFA (or \$4,180 per square foot in GFA). The purchase price is estimated to be \$96.5 million.

14. GPA reckons that, under the current market conditions, the payback period (i.e. purchase price / current annual market rent) for the purchase of a permanent office for EOC will be in the region of 15 to 16 years. GPA will be further consulted for the purpose of identifying suitable office premises before a selection is made.

15. With reference to quotations and market information given to EOC by contractors, the Director of Architectural Services considers that \$6,300 per square metre in NFA is a reasonable cost estimate for fitting out the acquired premises in accordance with the government fitting out standard. The total fitting out cost is estimated to be about \$10.1 million.

FINANCIAL IMPLICATIONS

16. We estimate the capital cost of the project to be \$111.7 million in MOD prices, made up as follows –

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³ Efficiency ratio is the ratio of NFA to GFA. An office of 10 000 square metres in GFA will usually produce about 7 500 square metres in NFA.

	\$ million
(a) Purchasing approximately 1 608 square metres of accommodation (@\$60,000 per square metre in NFA)	96.5
(b) Stamp duty and legal fees	3.9
(c) Design and fitting out (@\$6,300 per square metre in NFA)	10.1
(d) Furniture and equipment ⁴	1.2
Total	111.7

17. Subject to approval, we intend to purchase and fit out the new office accommodation for EOC in 2002-03. This will also tie in with the expiry of the existing lease in December 2002.

18. GPA estimates that the unit rate for the provision of management and air-conditioning services for the acquired permanent office is about \$65 per square metre in GFA per month. The future total annual recurrent expenditure is estimated to be around \$1.7 million, comprising costs for management, air-conditioning and cleaning services.

PUBLIC CONSULTATION

19. We consulted the Legislative Council Panel on Home Affairs on 8 February 2002. The Panel is in principle supportive of our proposal. We have since adjusted downward the provision for the proposed purchase, from \$134.2 million (@\$83,240 per square metres for 1 612 square metres) to \$96.5 million (@\$60,000 per square metre for 1 608 square metres). Along with other minor refinements to other costs, the total amount sought has been adjusted from \$151.8 million to \$111.7 million.

/BACKGROUND

⁴ EOC will use the existing furniture and equipment for the new office as far as possible. The budget of \$1.2 million is based on the cost estimate of furniture and equipment required for the new training room and resource centre-cum-library, and for replacement of existing furniture and equipment which are worn out already.

BACKGROUND INFORMATION

20. At present, the EOC office occupies about 1 150 square metres in NFA (or 1 533 square metres in GFA) of leased premises on 20/F and 22/F in the Office Tower, Convention Plaza, Wanchai, Hong Kong. The lease will expire in December 2002. The annual expenditure on rental, rates, management and air-conditioning services is about \$5.9 million.

21. The Sex Discrimination Ordinance gives EOC the authority to acquire and hold property necessary for the accommodation of EOC or of any committee under EOC or for the performance of any of EOC's functions. Nevertheless, EOC undertakes that it will not sell, lease, assign, mortgage, charge or dispose of any part of the property to any other person without the prior written approval of Government. The ownership or title deed of the property would revert to Government in the event that EOC ceases to occupy the acquired premises.

Home Affairs Bureau
April 2002

Enclosure to PWSC(2002-03)7

Space Requirements of the Equal Opportunities Commission Office (in NFA)

	Existing leased accommodation m²	Current and medium term requirement m²	Notes
(a) Staff	596.6	721.9	(1)
Sub-total	596.6	721.9	
 (b) Ancillary areas			
(i) Reception and waiting area	43.7	45.0	(2)
(ii) Conference room	61.3	80.0	(3)
(iii) Simultaneous interpretation booth for conference room	17.6	17.6	
(iv) Training room	-	60.0	(4)
(v) Conciliation/meeting/interview rooms	84.6	98.6	(5)
(vi) Room for counsel/barristers/trainers from overseas institutions	-	20.0	(6)
(vii) Resource centre-cum-library	41.0	80.0	(7)
(viii) Filing room for confidential case records and legal documents	30.0	50.0	(8)
(ix) Storeroom for publications and general storage	30.0	60.0	(9)
(x) Pantry	19.9	12.0	(10)
(xi) Computer server/telephone room	16.0	24.0	(11)
(xii) Machine room for publications	-	7.0	(12)
(xiii) Areas for shared-use furniture and equipment	23.0	23.0	
(xiv) Electricity meter room	5.0	5.0	
(xv) General and personnel registry	48.0	48.0	
Sub-total	420.1	630.2	
 (c) Circulation space			
	133.3	179.0	(13)
Sub-total	133.3	179.0	
 (d) Add 5% for future expansion			
	-	76.6	(14)
Sub-total	-	76.6	
Total	1 150.0	1 607.7	

Notes

- (1) The 721.9 square metres include space provision for 88 staff, two interns on placement scheme since 1997 and a secondee from EOC Victoria, Australia since 2000. Space for staff is currently under-provided by 125.3 square metres according to the government space requirements for office accommodation.
- (2) EOC's reception counter is open to the public for enquiries and complaints and collection of publicity materials. The reception area should include a waiting area for visitors to be further received by the appropriate personnel. In case the purchased office premises occupies two floors, the required reception and waiting area should be more or less the same as the existing provision.
- (3) The conference room is for committee meetings, press conference and official functions. The existing conference room of 61.3 square metres is too small for EOC meetings and press conferences. The requested 80 square metres is in accordance with the space standard of conference room for District Council Secretariat, which is 2.5 square metres per person for conference room catering for 40 persons or below.
- (4) A proper training room is required to provide training for fee-paying clients and talks on mainstream equal opportunities in the community. The proposed training room can accommodate 60 persons in lecture setting and 40 in classroom setting.
- (5) The existing six conciliation/meeting/interview rooms are insufficient to cater for the increasing number of complaints and other associated activities. Besides, some rooms are used to accommodate staff, secondees or outside counsel temporarily due to under-provision of staff accommodation. An additional conciliation/meeting/interview room is required.
- (6) An additional room is required for counsel, barristers, equal opportunities consultants or secondees from overseas institutions who visit EOC, for a varying period from a week to ten months depending on the nature of their work and the project schedule. These guest visitors are normally of directorate level equivalent to the rank of a Legal Adviser, whose space entitlement is 20 square metres according to the government space requirements for office accommodation. At present, these guest visitors are accommodated in conciliation/meeting/interview rooms. This leaves fewer rooms for handling complaints and adversely affect EOC's operation.

- (7) EOC's existing mini-library is for internal staff use only. It will however be expanded to a resource centre-cum-library to provide a comprehensive and updated range of materials on equal opportunities for the general public, particularly students. The Centre will provide an area for research and reading, viewing of audio-visual materials, and computers for surfing the internet and book search. The space requirement is in line with GPA's recommendation, which was made with reference to the Building Management Resource Centre in Tsuen Wan (75 square metres) and the Quality Education Fund Centre (60 square metres).
- (8) Additional space is required for storage of increasing complaint records. The annual growth rate of complaints received was about 15% from 1997 to 2000 and the total volume of records (e.g. complaints, enquiries, correspondence and documentary evidence obtained in the process of conciliation and investigation, and court case bundles) has grown by more than five times when compared to 1997. It is anticipated that more storage space will be required to accommodate the increasing volume of files. The proposed space is mainly for active files. Where necessary, outside storage will be sought for inactive closed files.
- (9) To continue the work of public education, more publications in various formats will be produced by the EOC in the coming years, including Codes of Practice, training modules for different sectors, information and assessment kits for specified target groups and reports on new researches. The existing storeroom has already been fully occupied and some of the stocks have overflowed to other communal areas. A larger storeroom is thus required for publicity materials over the years and limited central stocks for internal office use including stationeries, equipment, spare parts of equipment for repair and maintenance purposes.
- (10) In case the purchased office premises occupy two floors as in the case of the current office, two pantries would be required. The government standard for a pantry is six square metres.
- (11) Adequate space is required to accommodate the existing and new computer servers, corresponding backup systems and other computer hardware including the following –
 - (i) Local Area Network server and the connected hubs;
 - (ii) telephone system (PABX) and the voice mail system;
 - (iii) various servers for the Complaint Handling System, the Accounting System, the Human Resources and Payroll System, the Interactive Voice Response System, the Access Control System, the Email System and the Software Asset Management System, etc; and

- (iv) other computer peripherals, e.g. network printer, routers, scanner, modems.
- (12) At present, all printing jobs are out-sourced. The machine room is a new function room for in-house printing of low-volume publications like programme booklets, information leaflets, invitation cards and posters etc. For low-volume and simple printing jobs, in-house printing is more time-efficient and cost-effective than out-sourcing. The equipment will include photocopiers, binding machines, laminator and working bench for ease of collation and preparation for distribution and bulk mailing. The space requirement for the machine room is in accordance with GPA's recommendation.
- (13) Circulation space of 179 square metres is needed to provide a barrier-free office environment for visitors and staff. Some of them are PWDs (e.g. wheelchair users, crutches users, and persons with visual impairment). This is in line with the "Design Manual – Barrier Free Access (1997)" issued by the Buildings Department in which the recommended width of a corridor is 1.5 metres to allow two wheelchairs to pass.
- (14) A 5% allowance for future expansion is included in the overall space requirement to allow more flexibility and to enable EOC to cope with its operational requirements in the medium term, i.e. the next five to seven years.