

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

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

Estimate 2015–16 **\$551.0m**

Establishment ceiling 2015–16 (notional annual mid-point salary value) representing an estimated 704 non-directorate posts as at 31 March 2015 rising by one post to 705 posts as at 31 March 2016 **\$225.2m**

In addition, there will be an estimated seven directorate posts as at 31 March 2015 and as at 31 March 2016.

Commitment balance..... **\$8.8m**

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>
--	--

Detail

Programme (1): Procurement

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	57.6	57.8	50.4 (–12.8%)	49.7 (–1.4%)
				(or –14.0% on 2014–15 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, market research to identify new sources of supply and, where appropriate, negotiations with suppliers to obtain better prices and terms for the Government.

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

Targets

	Target	2013 (Actual)	2014 (Actual)	2015 (Plan)
issuing tender invitations within 12 working days upon receipt of agreed user specifications (%).....	93	99	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

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
value of contracts (\$m).....	5,544.7	5,024.4 ϕ	5,200.0 ϕ
contracts handled.....	439	247 ϕ	200 ϕ
overall price change in purchases (%).....	+2.7	-6.0	N.A.#

ϕ Under the streamlined procurement procedures implemented since July 2013, government departments are vested with the authority to arrange quotation/tender exercises for purchases at or below \$5 million. As a consequence, there was a drop in the number of lower value contracts handled by the Department in 2014. However, the contract value handled in 2014 was only slightly reduced compared with 2013 because the Department was still assisting other government departments in procuring high-value contracts. The figures for 2015 are estimated on the basis of the forecast returns submitted by other government departments and the available contract information kept by the Department.

Not possible to estimate.

Matters Requiring Special Attention in 2015–16

5 During 2015–16, the Department will continue to:

- adopt a strategic approach to purchasing to improve the overall value, quality and reliability of goods and services supplied; and
- strengthen the advisory services provided to user departments on procurement strategies, preparation of tender/quotation documents and procedures for inviting tenders/quotations.

Programme (2): Supplies Management

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	73.6	78.9	84.6 (+7.2%)	79.1 (-6.5%)
				(or +0.3% on 2014–15 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 supplies activities effectively.

Brief Description

7 The Department is responsible for arranging the 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' management of 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.

9 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 key performance measures in respect of supplies management are:

Targets

	Target	2013 (Actual)	2014 (Actual)	2015 (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	99	95
completing inspection of delivered goods within seven working days (%).....	90	100	100	90

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

	Target	2013 (Actual)	2014 (Actual)	2015 (Plan)
disposing of confiscated, unserviceable, technically obsolete and unclaimed stores by public auction within 21 working days (%).....	95	100	100	95

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
stock turnover rate for essential and emergency items (no. of times the stock flows through in a year)	1.7	1.6	1.0
value of purchase of essential and emergency items (\$m).....	20.1	15.4	21.0
average stockholding of essential and emergency items (\$m).....	11.4	10.4	12.0
quarters serviced.....	23 310	23 408	23 408

Matters Requiring Special Attention in 2015–16

11 During 2015–16, 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;
- look out for ways to further improve supply, storage and distribution operations having regard to 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 of supplies;
- provide logistical support services to government departments in meeting contingencies for emergency items; and
- step up compliance checks to ensure the departments are following fully the relevant procurement procedures.

Programme (3): Land Transport

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	176.5	187.3	190.5 (+1.7%)	198.2 (+4.0%)
				(or +5.8% on 2014–15 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 government departments 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 they are justified for procurement. The Department procures vehicles, other than specialised vehicles, for government departments and manages the funding through a block vote.

14 To contribute to Government's policy on environmental protection, the Department implements green measures, including replacing diesel light buses progressively with those driven by liquefied petroleum gas and exploring 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, we will continue to procure electric vehicles to replace retiring vehicles in the government fleet subject to the availability of suitable models on the market and the performance of the electric vehicles being able to meet 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 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 provision of additional vehicles.

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

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	2013 (Actual)	2014 (Actual)	2015 (Plan)
transport pool resources utilisation				
drivers tasked daily (%)	90	99	95	90
pool vehicles utilised daily (%)	86	91	96	86

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
vehicles procured			
additional	0	6	28
replacement	357	364	342
blameworthy accidents per 1 000 000 km	0.9	0.9	0.9
officers who have attended driving related training courses			
during the year	954	959	950
trainees on driving courses	155	161	150

Matters Requiring Special Attention in 2015–16

18 During 2015–16, 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 availability of suitable models on the market as well as operational and resources considerations, and
- improve the cost-effectiveness of the pool transport services.

Programme (4): Printing Services

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	204.3	213.2	211.7 (–0.7%)	224.0 (+5.8%)
				(or +5.1% on 2014–15 Original)

Aim

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

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 all 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	2013 (Actual)	2014 (Actual)	2015 (Plan)
printing and delivering printing requirements within an agreed schedule (%)	98	99	99	98
providing written technical advice on printing within seven working days (%)	98	99	99	98

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

Indicators

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
use of available production capacity (%).....	89	89	88
share of security printing work (as a proportion of total sales value) (%)	15	16	17

Matters Requiring Special Attention in 2015–16

22 During 2015–16, the Department will continue to strive for continuous improvement in its printing services.

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

ANALYSIS OF FINANCIAL PROVISION

	2013–14 (Actual) (\$m)	2014–15 (Original) (\$m)	2014–15 (Revised) (\$m)	2015–16 (Estimate) (\$m)
Programme				
(1) Procurement	57.6	57.8	50.4	49.7
(2) Supplies Management	73.6	78.9	84.6	79.1
(3) Land Transport	176.5	187.3	190.5	198.2
(4) Printing Services	204.3	213.2	211.7	224.0
	512.0	537.2	537.2 (—)	551.0 (+2.6%)
				(or +2.6% on 2014–15 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2015–16 is \$0.7 million (1.4%) lower than the revised estimate for 2014–15. This is mainly due to the decreased requirement in salaries and allowances, partly offset by the increased provision for personnel related expenses.

Programme (2)

Provision for 2015–16 is \$5.5 million (6.5%) lower than the revised estimate for 2014–15. This is mainly due to the decreased requirement in salaries and allowances as well as minor plant and equipment, partly offset by the increased provision for departmental expenses.

Programme (3)

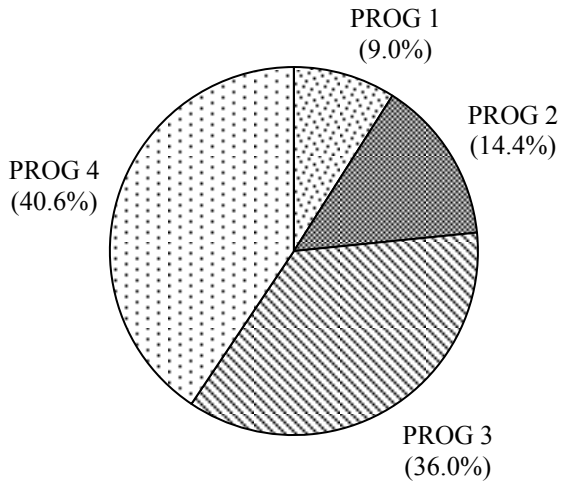
Provision for 2015–16 is \$7.7 million (4.0%) higher than the revised estimate for 2014–15. This is mainly due to the increased provision for the procurement of replacement vehicles and departmental expenses.

Programme (4)

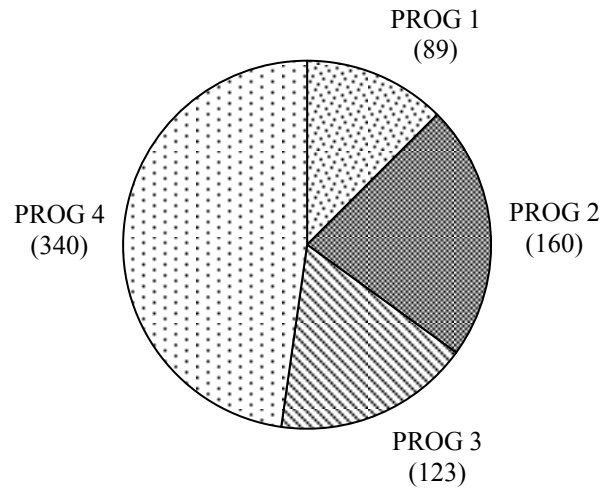
Provision for 2015–16 is \$12.3 million (5.8%) higher than the revised estimate for 2014–15. This is mainly due to the increased provision for salaries and allowances, personnel related expenses and departmental expenses.

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

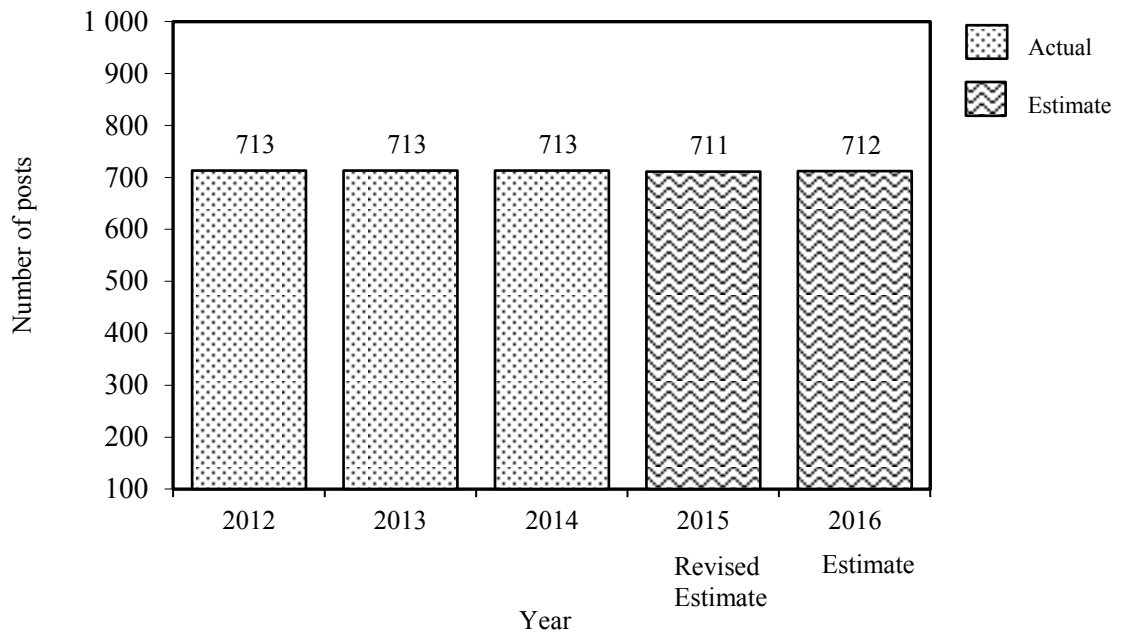
Allocation of provision to programmes (2015-16)



Staff by programme (as at 31 March 2016)



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



Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

Sub-head (Code)	Actual expenditure 2013-14	Approved estimate 2014-15	Revised estimate 2014-15	Estimate 2015-16	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	376,346	390,114	383,793	396,228
003	Recoverable salaries and allowances (General)..... 13,000				
	<i>Deduct</i> reimbursements <i>Cr. 13,000</i>	—	—	—	—
224	Motor Insurers' Bureau - government contribution	78	81	81	88
225	Traffic Accident Victims Assistance Scheme - levies.....	868	874	852	880
226	Allocated stores: local landing charges.....	—	10	10	10
267	Unallocated stores: suspense account adjustment	—	1	1	1
	Total, Recurrent.....	377,292	391,080	384,737	397,207
	Total, Operating Account	377,292	391,080	384,737	397,207
Capital Account					
Plant, Equipment and Works					
603	Plant, vehicles and equipment.....	—	6,399	8,532	8,785
691	General purpose vehicles (block vote).....	130,442	138,000	138,000	145,000
	Minor plant, vehicles and equipment (block vote).....	4,220	1,700	5,910	—
	Total, Plant, Equipment and Works.....	134,662	146,099	152,442	153,785
	Total, Capital Account.....	134,662	146,099	152,442	153,785
	Total Expenditure	511,954	537,179	537,179	550,992

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

Details of Expenditure by Subhead

The estimate of the amount required in 2015–16 for the salaries and expenses of the Government Logistics Department is \$550,992,000. This represents an increase of \$13,813,000 over the revised estimate for 2014–15 and of \$39,038,000 over the actual expenditure in 2013–14.

Operating Account

Recurrent

2 Provision of \$396,228,000 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 2015 will be 711 permanent posts. It is expected that there will be an increase of one post in 2015–16. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2015–16, but the notional annual mid-point salary value of all such posts must not exceed \$225,154,000.

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

	2013–14 (Actual) (\$'000)	2014–15 (Original) (\$'000)	2014–15 (Revised) (\$'000)	2015–16 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	206,845	215,900	224,801	222,381
- Allowances.....	9,423	9,579	10,195	11,163
- Job-related allowances.....	1,137	1,158	1,153	1,194
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	889	1,135	973	1,046
- Civil Service Provident Fund contribution.....	2,996	5,130	4,796	6,438
Departmental Expenses				
- Specialist supplies and equipment.....	90,923	88,575	72,330	75,430
- Contract maintenance.....	1,069	1,140	1,140	1,140
- General departmental expenses.....	63,064	67,497	68,405	77,436
	376,346	390,114	383,793	396,228

5 Provision of \$13,000,000 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 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 \$88,000 under *Subhead 224 Motor Insurers' Bureau - government contribution* represents an increase of \$7,000 (8.6%) over the revised estimate for 2014–15. This is mainly due to the increased requirement 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 \$880,000 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* are 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 \$145,000,000 under *Subhead 691 General purpose vehicles (block vote)* is for the procurement of government vehicles which are designed and used primarily for the carriage of passengers and/or goods with a unit cost not exceeding \$10,000,000.

Head 59 — GOVERNMENT LOGISTICS DEPARTMENT

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2014	Revised estimated expenditure for 2014–15	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Capital Account</i>						
603		<i>Plant, vehicles and equipment</i>				
	898	Replacement of one perfecting offset printing machine	8,785	—	—	8,785
		Total	8,785	—	—	8,785