

財經事務及庫務局



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FINANCIAL SERVICES AND THE  
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29 January 2020

Clerk to Panel on Financial Affairs  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attention: Ms Sharon Chan)

Dear Ms Chan,

**Panel on Financial Affairs**  
**Follow-up to meeting held on 6 January 2020**

Thank you for your letter dated 6 January 2020, requesting for supplementary information concerning the proposed Joint-user Government Office Building in Area 67, Tseung Kwan O (TKO JUB). I set out below the Government's response.

**(a) Financial information on the relocation of the Wan Chai Government Offices Compound (WCGOC)**

The Government will construct nine replacement building projects to accommodate, amongst others, bureaux/departments (B/Ds) to be relocated from the WCGOC in phases. As at January 2020, the Finance Committee (FC) of the Legislative Council (LegCo) had approved a total of \$19,837 million in money-of-the-day (MOD) prices for five of the nine replacement building projects (including one with construction works completed and four under construction).

Funding proposals for three other projects (namely the TKO JUB, the Water Supplies Department Headquarters with Hong Kong and Islands Regional Office and Correctional Services Department Headquarters Building, and the Drainage Services Department Office Building) with a total estimated project cost of \$12,514.75 million in MOD prices will be submitted for consideration by the Public Works Subcommittee and FC within the current legislative session. Separately, the estimated project cost of the proposed District Court will be worked out after finalisation of the planning and design of the project. The approved/estimated project costs of the nine replacement projects are set out at **Annex A**.

According to the Commerce and Economic Development Bureau, the redevelopment of the WCGOC site for convention and exhibition facilities, hotel facilities and Grade A office uses is still at the planning stage, and various crucial development parameters such as plot ratio, building height, and floor areas of the respective commercial facilities proposed, etc. are yet to be finalised. At this stage, the Government does not have a sound basis to provide a meaningful assessment on the estimated revenue of the redevelopment. Nevertheless, the relocation exercise will release valuable land in the central business district (CBD) for commercial development, which will add new impetus to the economic development of Hong Kong. The relocation of government offices to non-CBD would also promote office decentralisation, resulting in a better utilisation of land resources and a more balanced distribution of employment and economic activities territory-wide.

**(b) One-off removal costs for offices to be accommodated in the proposed TKO JUB**

Based on the rough estimates provided by the B/Ds concerned, the total one-off removal cost would be in the range of \$7 million to \$10 million (which is less than 0.16% of the estimated project cost of the proposed TKO JUB).

**(c) Comparison of the recurrent cost of accommodating the offices of departments in WCGOC, leased private premises and other government-owned premises with that of accommodating them in the proposed TKO JUB**

The annual recurrent cost<sup>1</sup> of accommodating the concerned B/Ds in WCGOC, leased private premises and other government-owned premises is around

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<sup>1</sup> Generally, annual recurrent cost includes property management service fees, air-conditioning charges, electrical and mechanical services charges (if applicable) and rental charges (if applicable), etc.

\$85 million<sup>2</sup> whilst that of accommodating them in the proposed TKO JUB is roughly estimated to be around \$77 million<sup>2</sup>. Moreover, when making the comparison, we should also take into account the economic benefits that will be derived from the valuable land in CBD to be released from the relocation exercise.

**(d) Information of the tenancies of the leased private premises of the five B/Ds to be relocated to the proposed TKO JUB**

The proposed TKO JUB would accommodate, among others, offices and facilities of five B/Ds currently accommodated in leased private premises (namely, the Environmental Protection Department, Education Bureau, Hongkong Post, Social Welfare Department, and Independent Commission Against Corruption). The leases concerned typically cover a period of three years with expiry dates falling between 2020 and 2023. As all the tenancies will expire before the target completion date of the proposed TKO JUB (i.e. 2025), the Government Property Agency will negotiate with the landlords in due course to renew the tenancies as appropriate so as to tie in with the target completion date of the project, or identify new offices to accommodate these B/Ds in the interim. More information on the tenancies of the — leased private premises of the five B/Ds concerned is provided at **Annex B**.

Yours sincerely,



( Patrick Chong )

for Secretary for Financial Services and the Treasury

- c.c. Secretary for Development (Attn.: Lawrence LAW)  
Secretary for Commerce and Economic Development (Attn.: Cedric CHENG)  
Director of Architectural Services (Attn.: K.S. LAM)  
Government Property Administrator (Attn.: C.M. PANG)

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<sup>2</sup> The two figures \$85 million and \$77 million are computed on the current price level based on a total Net Operational Floor Area (NOFA) of 44,000 m<sup>2</sup> (i.e. total NOFA of the proposed TKO JUB).

## Annex A

### Approved/Estimated Project Costs of Replacement Building Projects Under the Relocation of Wan Chai Government Offices Compound (Position as at January 2020)

Replacement Building Project	Project Cost (in MOD prices)
<b>(i) Approved project cost</b>	
1. West Kowloon Government Offices <sup>1</sup>	\$4,742.5 million
2. Government Information Technology Building	\$2,304.3 million
3. Treasury Building	\$2,384.2 million
4. Inland Revenue Tower	\$3,600 million
5. Immigration Headquarters	\$6,806 million
<b>(ii) Estimated project cost<sup>2</sup></b>	
6. Tseung Kwan O Joint-user Government Office Building	\$6,172.8 million
7. Water Supplies Department Headquarters with Hong Kong and Islands Regional Office and Correctional Services Department Headquarters Building	\$4,184.45 million
8. Drainage Services Department Office Building	\$2,157.5 million
9. The District Court	To be advised

<sup>1</sup> Construction works of the project was completed in March 2019.

<sup>2</sup> The projects under item (ii) are pending the approval of the Public Works Subcommittee and the Finance Committee of the Legislative Council.

**Information of the Tenancies of the Leased Private Premises of the  
Five Bureaux/Departments to be relocated to the proposed  
Tseung Kwan O Joint-user Government Office Building**

(Position as at January 2020)

<b>Bureau/Department</b>	<b>Total Internal Floor Area (m<sup>2</sup>)(Approx.)</b>	<b>Total Rent<sup>1</sup> (Per Year)</b>	<b>District in which the Leased Private Premises are Located</b>
Environmental Protection Department	3,000	\$23.2 million	Four leased private premises in Wan Chai District and Eastern District
Education Bureau	2,000	\$12.6 million	Two leased private premises in Kwun Tong District
Hongkong Post	800	\$4.8 million	One leased private premises in Sai Kung District
Social Welfare Department	600	\$1.9 million	One leased private premises in Sai Kung District
Independent Commission Against Corruption	300	\$2.7 million	Two leased private premises in Kwun Tong District
<b>Total:</b>		<b>\$45.2 million</b>	

<sup>1</sup> The rent quoted above is inclusive of management fees and air-conditioning charges.