

## Head 51 — GOVERNMENT PROPERTY AGENCY

**Controlling officer:** the Government Property Administrator will account for expenditure under this Head.

**Estimate 2005–06**..... **\$1,679.7m**

**Establishment ceiling 2005–06** (notional annual mid-point salary value) representing an estimated 210 non-directorate posts as at 31 March 2005 reducing by one post to 209 posts as at 31 March 2006..... **\$74.7m**

In addition, there will be an estimated seven directorate posts as at 31 March 2005 and as at 31 March 2006.

### Controlling Officer's Report

#### Programmes

**Programme (1) Acquisition and Allocation**  
**Programme (2) Property Management**  
**Programme (3) Estate Utilisation**

These programmes contribute to Policy Area 27: Intra-Governmental Services (Secretary for Financial Services and the Treasury).

#### Detail

##### Programme (1): Acquisition and Allocation

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	715.4	746.1	704.5 (–5.6%)	707.5 (+0.4%)

(or –5.2% on  
2004–05 Original)

#### Aim

2 The aim is to meet Government's needs, mainly for offices and quarters, in an economical and cost-effective manner.

#### Brief Description

3 This programme involves:

- assessing and co-ordinating Government's needs for general use accommodation;
- planning to meet Government's needs for general use accommodation through construction of new government offices buildings and renting or purchasing at terms most advantageous to the Government;
- allocating office accommodation to government bureaux/departments and making available quarters accommodation to government bureaux/departments for allocation to government officers;
- providing input to major refurbishment programmes in respect of government buildings;
- setting, assessing and reviewing space and furniture standards for office and specialist buildings;
- vetting or assisting in the vetting of schedules of accommodation for government bureaux/departments in respect of general use/specialist accommodation and for voluntary organisations using government accommodation;
- negotiating the best overall deal for the Government for acquired and leased accommodation; and
- assessing requirements for Government, Institution and Community (GIC) accommodation in private developments.

4 Except for the target on rental level of leased offices as a percentage of market rent, the targets under this programme were achieved in 2004. The target rental level of leased offices in 2004 as a percentage of market rent was marginally not met because the office leasing market has been recovering since the beginning of 2004 and landlords generally have higher expectations on rental. The Agency will work to achieve its targets in 2005.

5 The key performance measures in respect of meeting Government's needs for offices and quarters are:

## Head 51 — GOVERNMENT PROPERTY AGENCY

### *Targets*

	Target	2003 (Actual)	2004 (Actual)	2005 (Plan)
take-up rate of office space (%) .....	99.8	99.8	99.8	99.8
rental level of leased offices (% of market rent) .....	95.0	93.3	95.6	95.0
take-up rate of quarters (%).....	99.8	99.7	99.8	99.8
rental level of leased quarters (% of market rent).....	97.0	97.0	97.0	97.0
identify suitable premises to lease within three months of the Agency's agreement to provide leased office accommodation (%).....	90.0	95.5	93.3	90.0

### *Indicators*

	2003 (Actual)	2004 (Actual)	2005 (Estimate)
total area of office space (m <sup>2</sup> ) $\pi$ .....	1 084 551	1 022 055	1 014 461
office space owned by the Government (%) .....	70.2	71.0	71.5
office space leased by the Government (%)#.....	29.8	29.0	28.5
new allocation of owned office space to government bureaux/departments (m <sup>2</sup> )# .....	—	—	9 600
reduction in leased office accommodation (m <sup>2</sup> )#.....	—	—	7 600
renewals of leased office accommodation (m <sup>2</sup> )#.....	—	—	81 920
non-departmental quarters (NDQs).....	944	900	900
NDQs owned by the Government (%).....	99.9	99.9	99.9
departmental quarters (DQs).....	23 289	23 074	22 850
DQs owned by the Government (%).....	99.6	99.7	99.7

$\pi$  Excluding specialist and departmental buildings occupied and managed by government bureaux/departments.

# New indicators as from 2005.

### *Matters Requiring Special Attention in 2005–06*

6 During 2005–06, the Agency will continue to:

- pursue releasing opportunities where appropriate; and
- through an improved annual accommodation review mechanism, encourage government bureaux/departments to undertake a regular and critical review of office accommodation required in the short and medium term.

### **Programme (2): Property Management**

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	830.7	918.7	869.2 (–5.4%)	930.9 (+7.1%)

(or +1.3% on  
2004–05 Original)

### *Aim*

7 The aim is to manage government properties under the control of the Agency efficiently and cost-effectively; to improve and modernise them to meet changing needs; and to ensure that the Government's rights and responsibilities as owner of GIC accommodation in private developments are incorporated in the appropriate legal documents.

### *Brief Description*

8 This programme involves:

- property management in respect of government offices, quarters, and other non-domestic accommodation through outsourcing as far as practicable;
- discharging functions relating to owners in respect of GIC accommodation in private developments;

## Head 51 — GOVERNMENT PROPERTY AGENCY

- reviewing maintenance, security and amenity standards; and
- scrutinising and executing Deeds of Mutual Covenant (DMCs), assignments and related documents in respect of GIC accommodation in private developments.

9 The Agency achieved its target in 2004 and will work to achieve it in 2005.

10 The key performance measures are:

### *Target*

	Target	2003 (Actual)	2004 (Actual)	2005 (Plan)
performance level of property management services contractors (average percentage score measured according to the service level specified in the property management service contracts) (%) .....	95	96	96	95

### *Indicators*

	2003 (Actual)	2004 (Actual)	2005 (Estimate)
management of government properties			
GIC non-domestic properties in private developments			
managed by the Agency .....	185	195	204
residential flats managed by the Agency <sup>Ψ</sup> .....	25 083	25 166	29 238
government joint-user buildings managed by the Agency .....	49	50	50
other accommodation managed by the Agency			
sites .....	33	28	28
area (m <sup>2</sup> ) .....	1 137 317	818 488	818 488
average management fee for non-domestic accommodation in private developments (\$/m <sup>2</sup> /month) <sup>¶</sup> .....	39.5	41.7	41.7
average management cost of major joint-user buildings (\$/m <sup>2</sup> /month) <sup>Ω</sup> .....	9.6	9.9	10.1
average management fee for quarters in private developments (\$/m <sup>2</sup> /month) <sup>¶</sup> .....	18.7	18.4	16.8
average management cost of government wholly-owned quarters (\$/m <sup>2</sup> /month) <sup>Ω</sup> .....	7.2	6.9	7.8

<sup>Ψ</sup> Includes DQs temporarily managed by the Agency pending site disposal.

<sup>¶</sup> Management fees paid for accommodation in private developments are inclusive of electricity charges for common areas, expenditure on regular maintenance and provision for anticipated major repairs.

<sup>Ω</sup> Management costs of major joint-user buildings and government wholly-owned quarters are exclusive of expenditure on regular maintenance and provision for major repairs borne by the Architectural Services Department. Management costs of major joint-user buildings also exclude electricity charges while those for wholly-owned quarters include electricity charges for the common areas.

### *Matters Requiring Special Attention in 2005–06*

11 During 2005–06, the Agency will take on management of about 4 300 newly acquired Home Ownership Scheme (HOS) units to be used as DQs and arrange the phased release of 15 existing DQs sites.

### **Programme (3): Estate Utilisation**

	2003–04 (Actual)	2004–05 (Original)	2004–05 (Revised)	2005–06 (Estimate)
Financial provision (\$m)	105.6	42.0	40.2 (–4.3%)	41.3 (+2.7%)
				(or –1.7% on 2004–05 Original)

### *Aim*

12 The aim is to optimise the utilisation of all government sites and surplus properties with potential for alternative government use or commercialisation.

## Head 51 — GOVERNMENT PROPERTY AGENCY

### *Brief Description*

13 This programme involves:

- advising government departments on ways to optimise site utilisation at the site reservation stage;
- identifying under-utilised sites, and if conditions are appropriate, liaising with user departments for their release for alternative government use or disposal;
- monitoring utilisation of sites to be developed by government departments with a view to optimising the utilisation of the site potential, and where appropriate, assisting in identifying joint-users to this end;
- updating the GIC site record system to take account of new development areas and revised planning parameters;
- temporary or permanent disposal of surplus properties with commercialisation potential; and
- exploring commercial opportunities within government estates, where appropriate.

14 The Agency achieved its targets in 2004 and will work to achieve them in 2005.

15 The key performance measures are:

### *Targets*

	Target	2003 (Actual)	2004 (Actual)	2005 (Plan)
sites for review $\phi$ .....	91	113	97	91
sites ready to be released for disposal, redevelopment or other purposes .....	11	9	11	11
prepare and issue tender invitation to lease out non-domestic premises within three months upon completion of feasibility study (%)@ .....	95	—	—	95
let out rate of surplus NDQs with tenure of two years or more@ .....	80	—	86	80

$\phi$  Sites for review are sites targeted for alternative use or disposal. Review includes liaison with relevant government departments with a view to formulating a strategy on release of developed or reserved sites for alternative government use or disposal; and monitoring the utilisation of sites to be developed by government departments with a view to optimising the utilisation of the site potential. The number of sites for review or eventually released may vary from year to year as it hinges on the demand for release of such sites which is outside the Agency's control.

@ New targets as from 2005.

### *Indicators*

	2003 (Actual)	2004 (Actual)	2005 (Estimate)
sites included in prioritised redevelopment programme .....	16	11	9 $\Delta$
non-domestic premises			
lettings .....	508	506	554
rental income (\$m) .....	315.3	311.0	314.4
domestic premises			
lettings .....	525	585	550 $\S$
rental income (\$m) .....	166	177	147 $\S$
ratio of rental income in respect of domestic and non- domestic premises to related staff cost# .....	—	19	20
government premises identified as having new commercialisation opportunities .....	57	17	22

$\Delta$  Excluding 15 existing DQs sites which will be released for disposal or other purpose after completion of re-provisioning of flats at the sites to HOS units acquired for the purpose in 2005 or 2006.

$\S$  Reduction in letting and income is due to planned release of sites for disposal/redevelopment.

# New indicator as from 2005. Ratio will be affected by market demand and availability and value of government premises for commercialisation and may change either way over time.

## Head 51 — GOVERNMENT PROPERTY AGENCY

---

### *Matters Requiring Special Attention in 2005–06*

**16** During 2005–06, the Agency will continue to:

- assist government departments in reviewing their requirements with a view to releasing sites for alternative government use or disposal;
- co-ordinate action, where appropriate, to assist government departments in achieving optimum utilisation of government sites; and
- identify government properties with commercialisation potential with a view to realising that potential, where appropriate.

## Head 51 — GOVERNMENT PROPERTY AGENCY

---

### ANALYSIS OF FINANCIAL PROVISION

Programme	2003–04 (Actual) (\$m)	2004–05 (Original) (\$m)	2004–05 (Revised) (\$m)	2005–06 (Estimate) (\$m)
(1) Acquisition and Allocation.....	715.4	746.1	704.5	707.5
(2) Property Management .....	830.7	918.7	869.2	930.9
(3) Estate Utilisation .....	105.6	42.0	40.2	41.3
	1,651.7	1,706.8	1,613.9 (–5.4%)	1,679.7 (+4.1%)
				(or –1.6% on 2004–05 Original)

#### Analysis of Financial and Staffing Provision

##### Programme (1)

Provision for 2005–06 is \$3.0 million (0.4%) higher than the revised estimate for 2004–05. This is mainly due to the anticipated net increase in office rental, after taking into account anticipated savings from de-leasing of leased accommodation.

##### Programme (2)

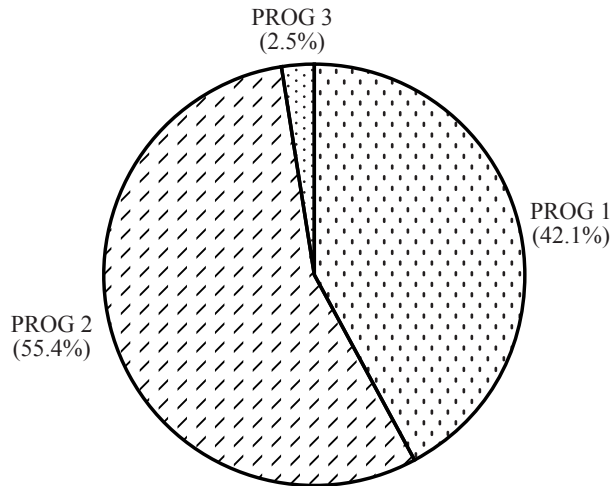
Provision for 2005–06 is \$61.7 million (7.1%) higher than the revised estimate for 2004–05. This is mainly due to additional requirement for the management of HOS units used as DQs and for the replacement of electrical and mechanical installations in respect of government owned properties in private developments as well as provision for contingencies. In addition, one vacant post will be deleted in 2005–06.

##### Programme (3)

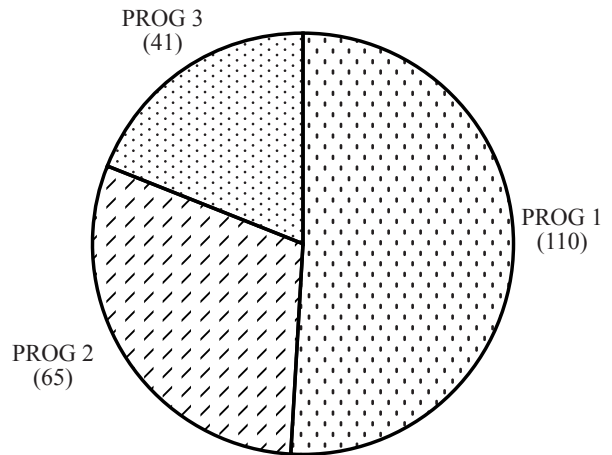
Provision for 2005–06 is \$1.1 million (2.7%) higher than the revised estimate for 2004–05. This is mainly due to the increased requirement for advertisement in respect of premises to be tendered.

**Head 51 — GOVERNMENT PROPERTY AGENCY**

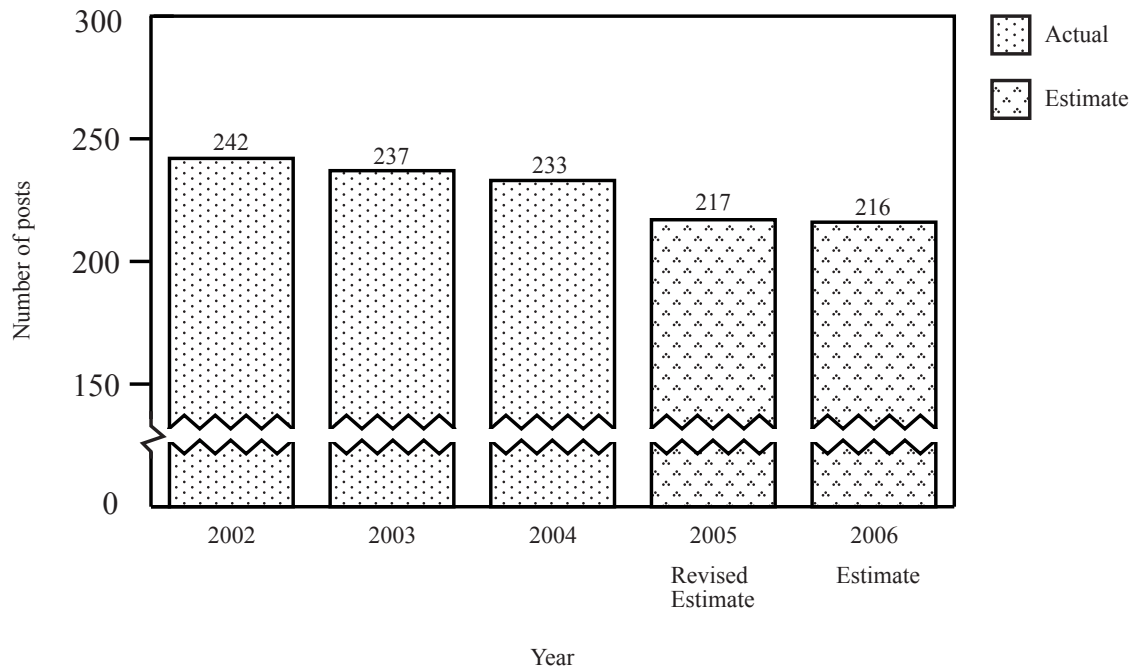
*Allocation of provision  
to programmes  
(2005-06)*



*Staff by programme  
(as at 31 March 2006)*



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



**Head 51 — GOVERNMENT PROPERTY AGENCY**

Sub-head (Code)	Actual expenditure 2003-04	Approved estimate 2004-05	Revised estimate 2004-05	<b>Estimate 2005-06</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	1,642,705	1,692,480	1,599,623	<b>1,665,497</b>
	Total, Recurrent.....	<u>1,642,705</u>	<u>1,692,480</u>	<u>1,599,623</u>	<b><u>1,665,497</u></b>
	Total, Operating Account .....	<u>1,642,705</u>	<u>1,692,480</u>	<u>1,599,623</u>	<b><u>1,665,497</u></b>
<b>Capital Account</b>					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote) .....	9,031	14,273	14,273	<b>14,166</b>
	Total, Plant, Equipment and Works.....	<u>9,031</u>	<u>14,273</u>	<u>14,273</u>	<b><u>14,166</u></b>
	Total, Capital Account.....	<u>9,031</u>	<u>14,273</u>	<u>14,273</u>	<b><u>14,166</u></b>
	 Total Expenditure .....	 <u><u>1,651,736</u></u>	 <u><u>1,706,753</u></u>	 <u><u>1,613,896</u></u>	 <b><u><u>1,679,663</u></u></b>



## Head 51 — GOVERNMENT PROPERTY AGENCY

### Details of Expenditure by Subhead

The estimate of the amount required in 2005–06 for the salaries and expenses of the Government Property Agency is \$1,679,663,000. This represents an increase of \$65,767,000 over the revised estimate for 2004–05 and of \$27,927,000 over actual expenditure in 2003–04.

#### *Operating Account*

#### Recurrent

2 Provision of \$1,665,497,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Government Property Agency.

3 The establishment as at 31 March 2005 will be 217 permanent posts. It is expected that one permanent post will be deleted in 2005–06. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2005–06, but the notional annual mid-point salary value of all such posts must not exceed \$74,729,000.

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

	2003–04 (Actual) (\$'000)	2004–05 (Original) (\$'000)	2004–05 (Revised) (\$'000)	2005–06 (Estimate) (\$'000)
Personal Emoluments				
- Salaries .....	105,888	101,033	101,033	<b>98,100</b>
- Allowances .....	614	884	848	<b>881</b>
- Job-related allowances .....	9	20	4	<b>20</b>
Personnel Related Expenses				
- Leasing and management of quarters .....	205,678	247,317	234,113	<b>266,517</b>
- Mandatory Provident Fund contribution .....	111	133	94	<b>107</b>
Departmental Expenses				
- Light and power .....	240,128	262,917	252,040	<b>268,040</b>
- Hire of services and professional fees .....	99,293	118,858	98,208	<b>101,997</b>
- Specialist supplies and equipment .....	8,651	9,525	12,625	<b>12,429</b>
- Workshop services .....	185,594	179,054	166,714	<b>174,761</b>
- General departmental expenses .....	7,951	6,915	5,870	<b>8,252</b>
Other Charges				
- Rents and management charges for properties (other than quarters) .....	788,788	765,824	728,074	<b>734,393</b>
	1,642,705	1,692,480	1,599,623	<b>1,665,497</b>