

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2009–10 **\$1,828.2m**

Establishment ceiling 2009–10 (notional annual mid-point salary value) representing an estimated 206 non-directorate posts as at 31 March 2009 and as at 31 March 2010. **\$83.6m**

In addition, there will be an estimated seven directorate posts as at 31 March 2009 and as at 31 March 2010.

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

| | 2007–08 (Actual) | 2008–09 (Original) | 2008–09 (Revised) | 2009–10 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 713.0 | 775.6 | 754.1 (–2.8%) | 797.3 (+5.7%) |
| | | | | (or +2.8% on 2008–09 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;
- meeting Government's needs for general use accommodation through planning and construction of new government office buildings and renting or purchasing at terms most favourable to 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 Government for acquired and leased accommodation; and
- assessing requirements for Government, Institution and Community (GIC) accommodation in private developments.

4 The key performance measures are:

Targets

| | Target | 2007 (Actual) | 2008 (Actual) | 2009 (Plan) |
|---|--------|------------------|------------------|------------------------|
| take-up rate of office space (%) | 99.8 | 99.9 | 99.9 | 99.8 |
| rental level of leased offices (percentage of market rent) (%) | 95.0 | 92.6 | 96.9 | 95.0 |
| take-up rate of quarters (%) | 99.8 | 99.8 | 99.9 | 99.8 |

Head 51 — GOVERNMENT PROPERTY AGENCY

| | Target | 2007 (Actual) | 2008 (Actual) | 2009 (Plan) |
|---|--------|------------------|------------------|----------------|
| rental level of leased quarters (percentage of market rent) (%) | 97.0 | 95.4 | 96.3 | 97.0 |
| identifying suitable premises to lease within three months of the Agency's agreement to provide leased office accommodation (%) | 90 | 100 | 100 | 90 |

Indicators

| | 2007 (Actual) | 2008 (Actual) | 2009 (Estimate) |
|--|------------------|------------------|--------------------|
| total area of office space (m ²) [^] | 987 761 | 978 126 | 976 000 |
| office space owned by Government (%) | 72.9 | 72.7 | 72.9 |
| office space leased by Government (%) | 27.1 | 27.3 | 27.1 |
| new allocation of owned office space to government bureaux/departments (m ²) | 32 514 | 25 795 | 10 400 |
| reduction in leased office accommodation (m ²) | 3 533 | 1 158 | 1 990 |
| renewals of leased office accommodation (m ²) | 77 018 | 49 982 | 73 000 |
| non-departmental quarters (NDQs) | 827 | 774 | 770 |
| NDQs owned by Government (%) | 100 | 100 | 100 |
| departmental quarters (DQs) | 22 460 | 22 308 | 22 200 |
| DQs owned by Government (%) | 99.8 | 99.8 | 99.8 |

[^] Excluding specialist and departmental buildings occupied and managed by government bureaux/departments.

Matters Requiring Special Attention in 2009–10

5 During 2009–10, the Agency will continue to:

- pursue de-leasing opportunities where appropriate; and
- through an annual accommodation review mechanism, encourage government bureaux/departments to regularly review office accommodation required in the short and medium terms.

Programme (2): Property Management

| | 2007–08 (Actual) | 2008–09 (Original) | 2008–09 (Revised) | 2009–10 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 875.9 | 990.6 | 927.5 (–6.4%) | 987.9 (+6.5%) |
| | | | | (or –0.3% on 2008–09 Original) |

Aim

6 The aim is to manage government properties under the control of the Agency in an efficient and cost-effective manner, 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

7 This programme involves:

- property management in respect of government offices, quarters and other non-domestic accommodation through outsourcing as far as practicable;
- discharging owner's functions in respect of GIC accommodation in private developments;
- reviewing maintenance, security and amenity standards; and
- scrutinising and executing Deeds of Mutual Covenant, assignments and related documents in respect of GIC accommodation in private developments.

Head 51 — GOVERNMENT PROPERTY AGENCY

8 The key performance measures are:

Target

| | Target | 2007 (Actual) | 2008 (Actual) | 2009 (Plan) |
|--|--------|------------------|------------------|------------------------|
| performance level of property management services contractors (average percentage score measured according to the service level specified in the property management services contracts) (%) | 95 | 96 | 97 | 95 |

Indicators

| | 2007 (Actual) | 2008 (Actual) | 2009 (Estimate) |
|---|------------------|------------------|----------------------------|
| management of government properties | | | |
| GIC non-domestic properties in private developments managed by the Agency | 201 | 209 | 212 |
| residential flats managed by the Agency | 23 012 | 22 960 | 22 960 |
| government joint-user buildings managed by the Agency | 50 | 49 | 49 |
| other accommodation managed by the Agency | | | |
| sites | 24 | 23 | 23 |
| area (m ²) | 770 448 | 770 354 | 770 354 |
| average management fee for non-domestic accommodation in private developments (\$/m ² /month)§ | 44.7 | 42.8 | 45.8 |
| average management cost of major joint-user buildings (\$/m ² /month)Ω | 9.6 | 9.9 | 10.8 |
| average management fee for quarters in private developments (\$/m ² /month)§ | 16.5 | 16.2 | 18.8 |
| average management cost of wholly-owned government quarters (\$/m ² /month)Ω | 8.1 | 8.2 | 8.7 |

§ 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.

Ω Management costs of major joint-user buildings and wholly-owned government 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 common areas.

Matters Requiring Special Attention in 2009–10

9 During 2009–10, the Agency will continue to monitor the performance of its property management services contractors with a view to enhancing their efficiency and effectiveness.

Programme (3): Estate Utilisation

| | 2007–08 (Actual) | 2008–09 (Original) | 2008–09 (Revised) | 2009–10 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| Financial provision (\$m) | 33.8 | 39.2 | 37.8 (–3.6%) | 43.0 (+13.8%) |
| | | | | (or +9.7% on 2008–09 Original) |

Aim

10 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

11 This programme involves:

- advising government bureaux/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 bureaux/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.

12 The key performance measures are:

Targets

| | Target | 2007 (Actual) | 2008 (Actual) | 2009 (Plan) |
|---|--------|------------------|------------------|------------------------|
| preparing and issuing tender invitation to lease out non-domestic premises within three months upon completion of feasibility study (%) | 95 | 96 | 100 | 95 |
| let out rate of surplus government quarters with tenure of two years or more (%)Δ | 90 | 94 | 93 | 90 |

Δ Description of the target revised to better reflect the scope of the surplus properties. The let out rate may vary with changing market conditions.

Indicators

| | 2007 (Actual) | 2008 (Actual) | 2009 (Estimate) |
|--|------------------|------------------|----------------------------|
| sites for reviewφ | 97 | 110 | 99 |
| sites ready to be released for disposal, redevelopment or other purposesφ | 6 | 5 | 13 |
| sites included in prioritised redevelopment programme | 6 | 5 | 7 |
| non-domestic premises | | | |
| lettings | 631 | 670 | 730 |
| rental income (\$m)..... | 381.7 | 414.2 | 416.4 |
| domestic premises | | | |
| lettings | 480 | 410 | 383 |
| rental income (\$m)..... | 203.3 | 212.4 | 207.0 |
| ratio of rental income in respect of domestic and non-domestic premises to related staff cost‡ | 21 | 22 | 21 |
| government premises identified as having new commercialisation opportunities | 22 | 33 | 19 |

φ Sites for review are sites considered for alternative use or disposal. Review includes liaison with relevant government bureaux/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 redeveloped by government bureaux/departments with a view to optimising the utilisation of the site potential. The number of sites for review or eventually ready to be 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.

‡ Ratio will be affected by market demand as well as availability and value of government premises for commercialisation, and may change either way over time.

Matters Requiring Special Attention in 2009–10

13 During 2009–10, the Agency will continue to:

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

Head 51 — GOVERNMENT PROPERTY AGENCY

ANALYSIS OF FINANCIAL PROVISION

| Programme | 2007–08 (Actual) (\$m) | 2008–09 (Original) (\$m) | 2008–09 (Revised) (\$m) | 2009–10 (Estimate) (\$m) |
|--------------------------------------|------------------------------|--------------------------------|-------------------------------|-----------------------------------|
| (1) Acquisition and Allocation | 713.0 | 775.6 | 754.1 | 797.3 |
| (2) Property Management | 875.9 | 990.6 | 927.5 | 987.9 |
| (3) Estate Utilisation | 33.8 | 39.2 | 37.8 | 43.0 |
| | 1,622.7 | 1,805.4 | 1,719.4 (–4.8%) | 1,828.2 (+6.3%) |
| | | | | (or +1.3% on 2008–09 Original) |

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2009–10 is \$43.2 million (5.7%) higher than the revised estimate for 2008–09. This is mainly due to the anticipated increase in office rental, partly offset by the anticipated savings from de-leasing of leased accommodation.

Programme (2)

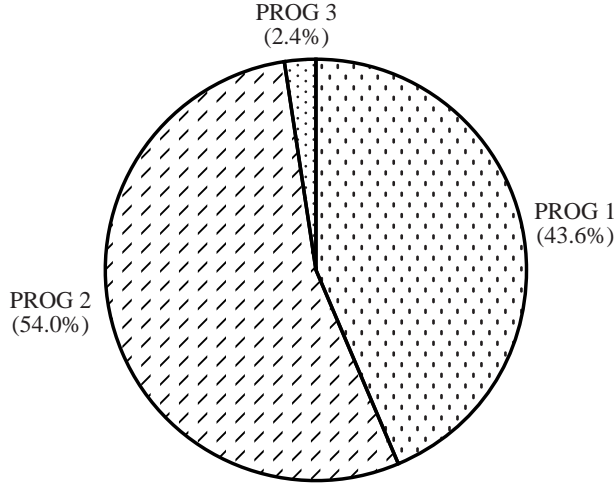
Provision for 2009–10 is \$60.4 million (6.5%) higher than the revised estimate for 2008–09. This is mainly due to the anticipated increase in management charges and costs of property management services and workshop services, and additional requirement for major renovation works for government-owned properties in private developments, partly offset by the reduced requirement for scheduled replacement of minor plant and equipment.

Programme (3)

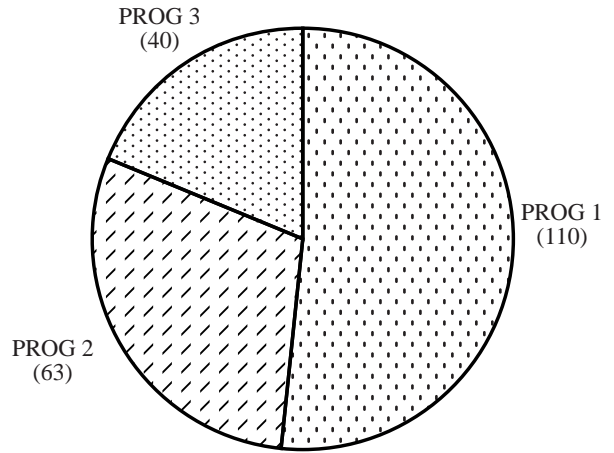
Provision for 2009–10 is \$5.2 million (13.8%) higher than the revised estimate for 2008–09. This is mainly due to the anticipated increase in the requirement for professional services and management cost of ex-military sites.

Head 51 — GOVERNMENT PROPERTY AGENCY

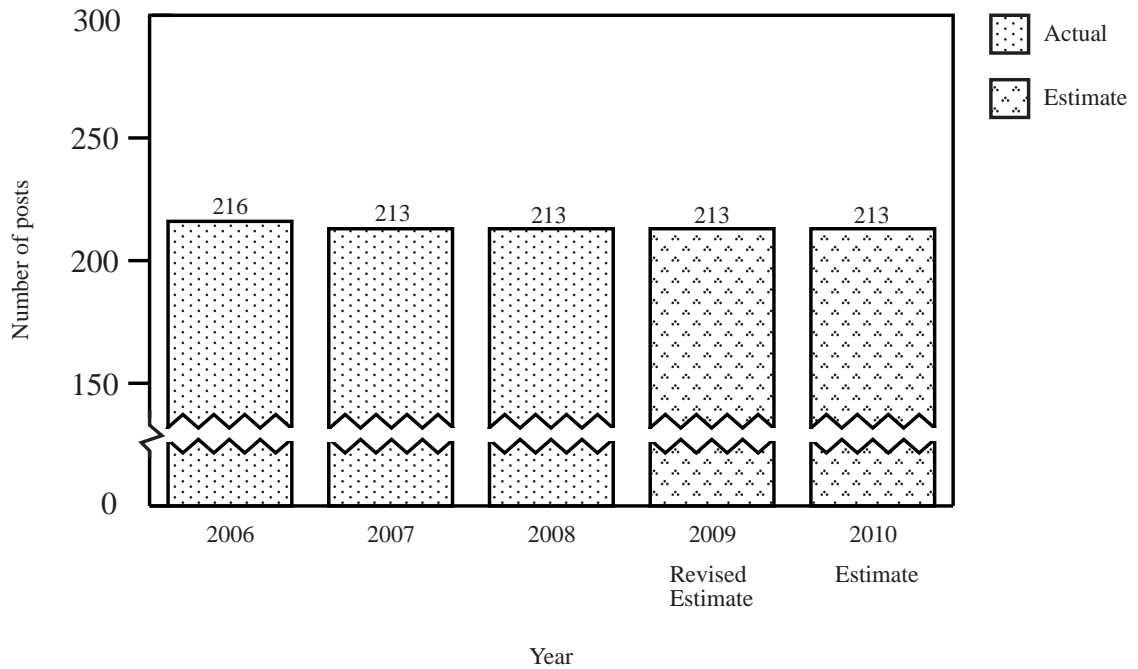
*Allocation of provision
to programmes
(2009-10)*



*Staff by programme
(as at 31 March 2010)*



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



Head 51 — GOVERNMENT PROPERTY AGENCY

| Sub-head (Code) | Actual expenditure 2007-08 | Approved estimate 2008-09 | Revised estimate 2008-09 | Estimate 2009-10 | |
|----------------------------|---|---------------------------------|--------------------------------|-----------------------------|----------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | |
| Operating Account | | | | | |
| Recurrent | | | | | |
| 000 | Operational expenses | 1,604,202 | 1,779,773 | 1,693,748 | 1,814,309 |
| | Total, Recurrent | 1,604,202 | 1,779,773 | 1,693,748 | 1,814,309 |
| | Total, Operating Account | 1,604,202 | 1,779,773 | 1,693,748 | 1,814,309 |
| Capital Account | | | | | |
| Plant, Equipment and Works | | | | | |
| 661 | Minor plant, vehicles and equipment (block vote) | 18,495 | 25,655 | 25,655 | 13,872 |
| | Total, Plant, Equipment and Works | 18,495 | 25,655 | 25,655 | 13,872 |
| | Total, Capital Account | 18,495 | 25,655 | 25,655 | 13,872 |
| | Total Expenditure | 1,622,697 | 1,805,428 | 1,719,403 | 1,828,181 |

Head 51 — GOVERNMENT PROPERTY AGENCY

Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of the Government Property Agency is \$1,828,181,000. This represents an increase of \$108,778,000 over the revised estimate for 2008–09 and of \$205,484,000 over actual expenditure in 2007–08.

Operating Account

Recurrent

2 Provision of \$1,814,309,000 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 2009 will be 213 permanent posts. No change in establishment is expected in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$83,646,000.

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

| | 2007–08 (Actual) (\$'000) | 2008–09 (Original) (\$'000) | 2008–09 (Revised) (\$'000) | 2009–10 (Estimate) (\$'000) |
|---|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| Personal Emoluments | | | | |
| - Salaries | 96,580 | 101,074 | 104,542 | 106,626 |
| - Allowances | 998 | 946 | 982 | 985 |
| - Job-related allowances | 3 | 22 | 2 | 12 |
| Personnel Related Expenses | | | | |
| - Leasing and management of quarters | 219,862 | 269,479 | 255,608 | 277,031 |
| - Mandatory Provident Fund contribution | 75 | 120 | 129 | 168 |
| - Civil Service Provident Fund contribution | 126 | 349 | 201 | 320 |
| Departmental Expenses | | | | |
| - Light and power | 261,089 | 281,350 | 263,557 | 261,500 |
| - Hire of services and professional fees | 95,187 | 112,097 | 107,010 | 125,005 |
| - Specialist supplies and equipment | 11,281 | 11,400 | 12,400 | 12,400 |
| - Workshop services | 181,151 | 181,353 | 169,433 | 191,078 |
| - General departmental expenses | 6,935 | 7,933 | 7,429 | 7,924 |
| Other Charges | | | | |
| - Rents and management charges for properties (other than quarters) | 730,915 | 813,650 | 772,455 | 831,260 |
| | 1,604,202 | 1,779,773 | 1,693,748 | 1,814,309 |

Capital Account

Plant, Equipment and Works

5 Provision of \$13,872,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents a decrease of \$11,783,000 (45.9%) against the revised estimate for 2008–09. This is mainly due to the reduced requirement for scheduled replacement of minor plant and equipment.