

Head 51 —GOVERNMENT PROPERTY AGENCY

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

Estimate 2000–01..... **\$2,144.0m**

Establishment ceiling 2000–01 (notional annual mid-point salary value) representing an estimated 270 non-directorate posts at 31 March 2000 reducing by five posts to 265 posts at 31 March 2001..... **\$96.8m**

In addition there will be an estimated seven directorate posts at 31 March 2000 and at 31 March 2001.

Controlling Officer's Report

Programmes

Programme (1) Acquisition and Allocation These programmes contribute to Policy Area 27: Intra-Governmental Services (Secretary for the Treasury).
Programme (2) Property Management
Programme (3) Estate Utilisation

Detail

Programme (1): Acquisition and Allocation

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	1,121.3	1,121.6 (0.0%)	1,048.2 (–6.5%)	1,090.4 (+4.0%)

Aim

2 The aim is to meet Government's accommodation needs in an economical and cost-effective manner.

Brief Description

3 This programme involves:

- identifying government accommodation needs;
- planning to meet government accommodation needs through construction of new government offices buildings and renting or purchasing at terms most advantageous to Government;
- allocating accommodation to government departments;
- assessing requirements for Government, Institution and Community (GIC) accommodation in private developments;
- planning and monitoring major refurbishment of government buildings;
- setting, assessing and reviewing space and furniture standards in office and specialist buildings;
- vetting schedules of accommodation from government departments and voluntary organisations using government accommodation; and
- negotiating the best overall deal for the Government for acquired and leased accommodation.

4 The key performance measures in respect of meeting Government's accommodation needs are:

Targets

	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
maximise occupancy rate of office accommodation (%).....	99.8	99.8	99.8	99.8
negotiate a below market rental level for leased offices (% of market rent) (not higher than).....	95.0	95.5	94.6	95.0
maximise occupancy rate of quarters (%) ...	99.8	99.7	99.7	99.8
negotiate a below market rental level for quarters (% of market rent) (not higher than).....	97.0	96.3	96.2	97.0

Head 51 —GOVERNMENT PROPERTY AGENCY

	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
identify suitable premises to lease within three months of agreement to provide leased office accommodation (%).....	87.0	83.0	85.7	87.0

Indicators

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
office space†			
owned			
area (m ²).....	929 248	911 921	954 900
area as a percentage of the total office space (%)..	77.7	76.5	77.6
leased			
area (m ²).....	267 251	280 097	275 000
area as a percentage of the total office space (%)..	22.3	23.5	22.4
non-departmental quarters (NDQs)			
owned			
no. of quarters	1 272	1 182	1 120
no. of quarters as a percentage of total no. of NDQs (%)	99.9	99.9	99.9
leased			
no. of quarters	1	1	1
no. of quarters as a percentage of total no. of NDQs (%)	0.1	0.1	0.1
departmental quarters (DQs)			
owned			
no. of quarters	23 931	24 192	23 700
no. of quarters as a percentage of total no. of DQs (%)	98.3	98.6	98.6
leased			
no. of quarters	415	354	340
no. of quarters as a percentage of total no. of DQs (%)	1.7	1.4	1.4

† Excluding specialist buildings occupied and managed by user departments.

Matters Requiring Special Attention in 2000–01

5 During 2000–01, the Agency will:

- acquire accommodation by the most economical and cost-effective means for allocation to departments and welfare agencies;
- monitor and ensure high utilisation of government offices and quarters; and
- achieve more efficient use of space in government offices through refurbishment and replacement of old style furniture.

Programme (2): Property Management

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	857.8	943.0 (+9.9%)	878.4 (–6.9%)	936.0 (+6.6%)

Aim

6 The aim is to manage the government properties under the control of the Agency efficiently and cost-effectively, thereby preserving and enhancing their value; and to ensure that 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:

- managing government quarters, offices, other non-domestic accommodation and GIC accommodation in private developments;
- contracting out the management of government properties as far as practicable;

Head 51 —GOVERNMENT PROPERTY AGENCY

- preserving and enhancing the value of government properties, through improved maintenance/renovation programmes;
- 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.

8 The key performance measures are:

Targets

	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
average management cost of non-domestic accommodation in private developments (\$/m ² /month).....	45	43.2	44.2	45
average management cost of major joint-user buildings (excluding electricity charges) (\$/m ² /month).....	10	8.7	9.7	10
average management cost of Government wholly-owned quarters (\$/m ² /month).....	8	7.9	7.9	8
average management cost of quarters in private developments (\$/m ² /month).....	16.5	15.9	16.1	16.5

Indicators

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
management of government estates			
no. of GIC non-domestic properties in private developments managed by GPA.....	147	148	160
no. of residential flats managed by GPA.....	21 268	21 771	21 286
no. of government joint-user buildings managed by GPA.....	51	52	52
other accommodation managed by GPA			
no. of sites.....	25	29	23
area (m ²).....	5 660 000	1 132 220	836 000

Matters Requiring Special Attention in 2000–01

9 During 2000–01, the Agency will:

- ensure that government properties are well managed and maintained and pursue the policy of contracting out management services within government accommodation; and
- speed up the vetting of DMCs and related documents in respect of GIC accommodation in private developments.

Programme (3): Estate Utilisation

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	79.1	125.0 (+58.0%)	116.1 (–7.1%)	117.6 (+1.3%)

Aim

10 The aim is to optimise the full potential of all government sites through a vigorous programme of reviewing existing uses, encouraging joint-user development and ensuring optimum utilisation of government sites being developed; to dispose of surplus accommodation; and to exploit commercial opportunities within government estates in appropriate cases.

Brief Description

11 This programme involves:

- reviewing the existing and planned use of GIC sites;
- identifying under-developed sites, formulating proposals to optimise their utilisation, including planning and co-ordinating joint-user development or releasing the sites for disposal or other purposes;

Head 51 —GOVERNMENT PROPERTY AGENCY

- monitoring utilisation of sites being developed by government departments with a view to optimising the site potential; and
- identifying and disposing of surplus properties.

12 The key performance measures are †:

Targets

	Target	1998 (Actual)	1999 (Actual)	2000 (Plan)
no. of site records compiled.....	—	1 530	1 410	Action completed 240
no. of sites for review #	240	—	218	
no. of sites to be released for disposal, redevelopment or other purposes	16	—	29	16
no. of government premises identified for commercialisation opportunities.....	37	40§	37§	37

Review includes liaison with relevant departments with a view to formulating strategy on release of developed sites or reserved sites; monitoring the utilisation of sites to be developed by government departments with a view to optimising the site potential.

§ Against previous target of respectively 50 for 1998 and 40 for 1999.

Indicators

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
items included in prioritised redevelopment programme	—	8	14
non-domestic premises			
no. of lettings.....	116	299	275
rental income (\$m).....	185.8	234.3	258.8
domestic premises			
no. of lettings.....	463	578	430
rental income (\$m).....	134.6	129.2	120
disposal of surplus			
in terms of sites.....	3	7	4
in terms of units	542	354	266

† The targets and indicators under this programme have been modified to better reflect the work of estate utilisation.

Matters Requiring Special Attention in 2000–01

13 During 2000–01, the Agency will:

- roll over the prioritised programme for redeveloping existing under-utilised government sites; and
- provide active support to government departments' review of site requirements and co-ordinate action to bring about optimum utilisation of government sites.

Head 51 —GOVERNMENT PROPERTY AGENCY

ANALYSIS OF FINANCIAL PROVISION

Programme	1998-99 (Actual) (\$m)	1999-2000 (Approved) (\$m)	1999-2000 (Revised) (\$m)	2000-01 (Estimate) (\$m)
(1) Acquisition and Allocation.....	1,121.3	1,121.6	1,048.2	1,090.4
(2) Property Management.....	857.8	943.0	878.4	936.0
(3) Estate Utilisation.....	79.1	125.0	116.1	117.6
	<u>2,058.2</u>	<u>2,189.6</u> (+6.4%)	<u>2,042.7</u> (-6.7%)	<u>2,144.0</u> (+5.0%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2000-01 is \$42.2 million (4.0%) higher than the revised estimate for 1999-2000. This is mainly due to the transfer of provision for rental and management charges to this Agency upon the reorganisation of municipal services, partly offset by savings achieved under the Enhanced Productivity Programme including full-year savings arising from two posts deleted in 1999-2000, and the net deletion of three posts in 2000-01 mainly arising from the completion of projects.

Programme (2)

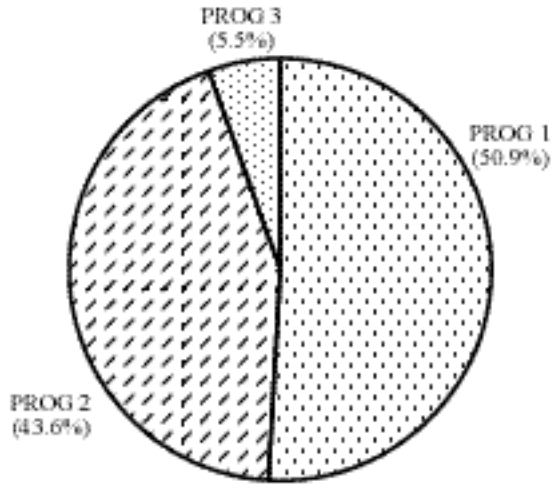
Provision for 2000-01 is \$57.6 million (6.6%) higher than the revised estimate for 1999-2000. This is mainly due to full-year provision for contract service charge for the Cheung Sha Wan Government Offices and other venues taken over by the Agency upon the reorganisation of municipal services, partly offset by savings achieved under the Enhanced Productivity Programme including full-year savings arising from eight posts deleted in 1999-2000.

Programme (3)

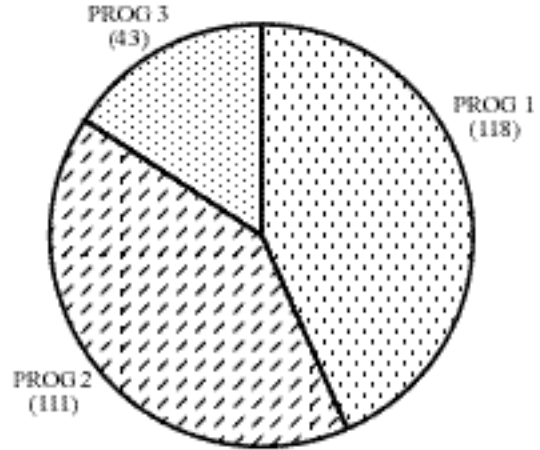
Provision for 2000-01 is \$1.5 million (1.3%) higher than the revised estimate for 1999-2000. This is mainly due to an increase in the operating costs for the management of Kai Tak premises arising from relocating government departments to the premises, partly offset by the net deletion of two posts in 2000-01 mainly arising from the completion of projects.

Head 51 — GOVERNMENT PROPERTY AGENCY

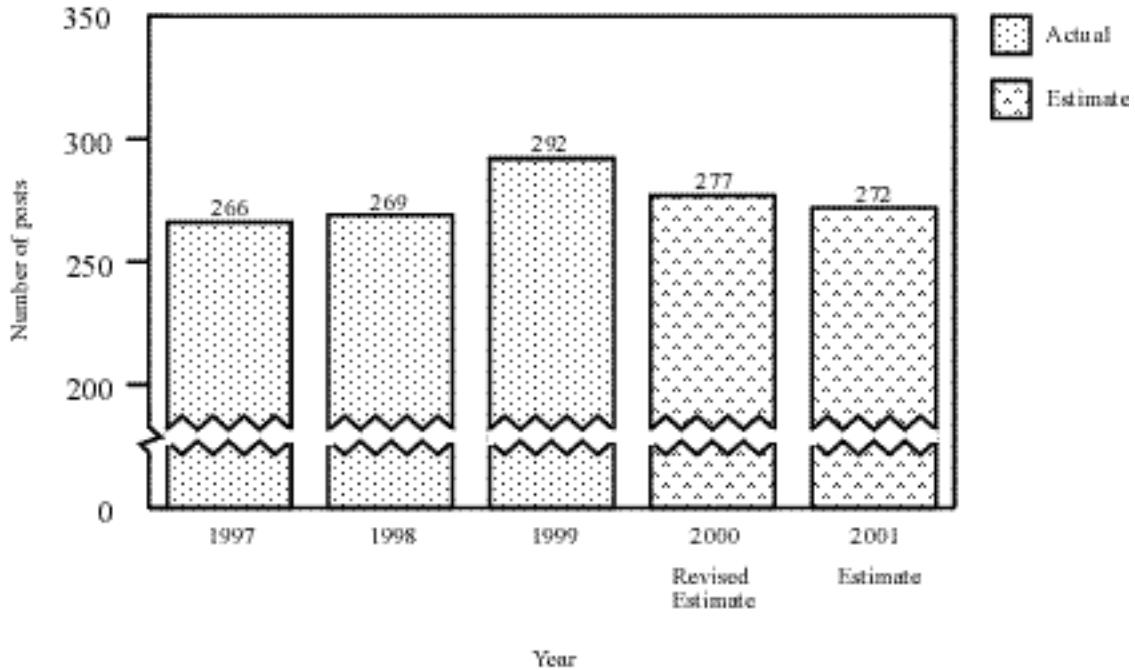
Allocation of provision to programmes (2000-01)



Staff by programme (as at 31 March 2001)



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



Head 51 —GOVERNMENT PROPERTY AGENCY

Sub-head (Code)		Actual expenditure 1998-99	Approved estimate 1999-2000	Revised estimate 1999-2000	Estimate 2000-01
		\$ 000	\$ 000	\$ 000	\$ 000
Recurrent Account					
I — Personal Emoluments					
001	Salaries.....	107,153	110,229	108,318	105,879
002	Allowances.....	3,950	4,385	3,455	3,147
007	Job-related allowances.....	12	11	11	11
	Total, Personal Emoluments	<u>111,115</u>	<u>114,625</u>	<u>111,784</u>	<u>109,037</u>
II — Personnel Related Expenses					
030	Leasing and management of quarters	257,933	279,173	258,925	263,607
	Total, Personnel Related Expenses	<u>257,933</u>	<u>279,173</u>	<u>258,925</u>	<u>263,607</u>
III — Departmental Expenses					
104	Light and power.....	204,373	220,224	216,895	215,234
111	Hire of services and professional fees.....	142,295	180,778	151,121	184,432
119	Specialist supplies and equipment.....	8,932	9,514	9,500	9,466
125	Workshop services	168,268	170,695	170,576	171,458
149	General departmental expenses.....	4,687	5,407	5,927	6,051
	Total, Departmental Expenses	<u>528,555</u>	<u>586,618</u>	<u>554,019</u>	<u>586,641</u>
IV — Other Charges					
283	Rents and management charges for properties (other than quarters).....	1,151,689	1,191,754	1,100,500	1,170,968
	Total, Other Charges.....	<u>1,151,689</u>	<u>1,191,754</u>	<u>1,100,500</u>	<u>1,170,968</u>
	Total, Recurrent Account	<u>2,049,292</u>	<u>2,172,170</u>	<u>2,025,228</u>	<u>2,130,253</u>
Capital Account					
I — Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	8,911	17,435	17,435	13,769
	Total, Plant, Equipment and Works	<u>8,911</u>	<u>17,435</u>	<u>17,435</u>	<u>13,769</u>
	Total, Capital Account.....	<u>8,911</u>	<u>17,435</u>	<u>17,435</u>	<u>13,769</u>
	Total Expenditure	<u><u>2,058,203</u></u>	<u><u>2,189,605</u></u>	<u><u>2,042,663</u></u>	<u><u>2,144,022</u></u>

Head 51 —GOVERNMENT PROPERTY AGENCY

Details of Expenditure by Subhead

The estimate of the amount required in 2000–01 for the salaries and expenses of the Government Property Agency is \$2,144,022,000. This represents an increase of \$101,359,000 over the revised estimate for 1999–2000 and of \$85,819,000 on actual expenditure in 1998–99.

Recurrent Account

Personal Emoluments

2 Provision of \$109,037,000 for personal emoluments represents a decrease of \$2,747,000 against the revised estimate for 1999–2000 and takes into account full-year savings arising from posts deleted in 1999–2000 and posts to be deleted in 2000–01.

3 The establishment at 31 March 2000 will be 277 permanent posts. It is expected that a net five permanent posts will be deleted in 2000–01.

4 Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2000–01, but the notional annual mid-point salary value of all such posts must not exceed \$96,795,000.

5 Provision of \$3,147,000 under *Subhead 002 Allowances* is for standard allowances. The decrease of \$308,000 (8.9%) against the revised estimate for 1999–2000 is mainly due to stricter control over payment of allowances, particularly for overtime.

6 Provision of \$11,000 under *Subhead 007 Job-related allowances* is for standard job-related allowances.

Personnel Related Expenses

7 Provision of \$263,607,000 under *Subhead 030 Leasing and management of quarters* is for payment of rent and management charges for government quarters.

Departmental Expenses

8 Provision of \$215,234,000 under *Subhead 104 Light and power* is for electricity charges for all joint-user buildings.

9 Provision of \$184,432,000 under *Subhead 111 Hire of services and professional fees* is mainly for contract cleaning, security and property management services for buildings managed by the Government. It represents an increase of \$33,311,000 (22.0%) over the revised estimate for 1999–2000. This is mainly due to full-year provision for the contract service charge for Cheung Sha Wan Government Offices Building completed in 1999–2000 and managing additional venues upon the reorganisation of municipal services.

10 Provision of \$9,466,000 under *Subhead 119 Specialist supplies and equipment* is for supply and replacement of domestic appliances, including gas appliances, in government quarters according to approved scales and for maintenance of gas appliances.

11 Provision of \$171,458,000 under *Subhead 125 Workshop services* is for maintenance of electrical, air-conditioning, refrigeration and mechanical plants and equipment in various government buildings.

Other Charges

12 Provision of \$1,170,968,000 under *Subhead 283 Rents and management charges for properties (other than quarters)* is for the payment of rents, management and car-park charges for leased and government owned/jointly-owned properties other than quarters. It represents an increase of \$70,468,000 (6.4%) over the revised estimate for 1999–2000. This is mainly due to increased requirement for rental and management charges for venues taken over by the Agency upon the reorganisation of municipal services.

Capital Account

Plant, Equipment and Works

13 Provision of \$13,769,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* is for the replacement of minor plants and equipment in government properties above \$100,000 but not exceeding \$2,000,000. It represents a decrease of \$3,666,000 (21.0%) against the revised estimate for 1999–2000. This is due to a smaller number of plants and equipment due for replacement.