

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2003–04 **\$1,795.1m**

Establishment ceiling 2003–04 (notional annual mid-point salary value) representing an estimated 228 non-directorate posts as at 31 March 2003 reducing by two posts to 226 posts as at 31 March 2004..... **\$86.6m**

In addition there will be an estimated seven directorate posts as at 31 March 2003 and as at 31 March 2004.

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

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	821.0	848.9 (+3.4%)	761.6 (–10.3%)	811.5 (+6.6%)

Aim

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

Brief Description

3 This programme involves:

- co-ordinating and assessing the Government's accommodation needs;
- planning to meet the Government's accommodation needs through construction of new government offices buildings and renting or purchasing at terms most advantageous to the Government;
- allocating accommodation to government departments;
- assessing requirements for Government, Institution and Community (GIC) accommodation in private developments;
- 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 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 the Government's accommodation needs are:

Targets

	Target	2001 (Actual)	2002 (Actual)	2003 (Plan)
take-up rate of office accommodation (%)..	99.8	99.8	99.8	99.8
rental level of leased offices (% of market rent)	95.0	96.0	94.1	95.0
take-up rate of quarters (%)	99.8	99.6	99.7	99.7
rental level of leased quarters (% of market rent)	97.0	97.0	97.0	97.0

Head 51 — GOVERNMENT PROPERTY AGENCY

	Target	2001 (Actual)	2002 (Actual)	2003 (Plan)
identify suitable premises to lease within three months of GPA's agreement to provide leased office accommodation (%).....	90.0	90.0	92.9	90.0

Indicators

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
total area of office space (m ²)†.....	1 244 835	1 251 525	1 284 300
total no. of non-departmental quarters.....	1 103	1 011	980
total no. of departmental quarters.....	23 487	23 658	23 390
percentage of office space owned by the Government.....	75.8	77.1	74.7
percentage of non-departmental quarters owned by the Government.....	99.9	99.9	99.9
percentage of departmental quarters owned by the Government.....	98.8	99.5	99.6

† Excluding specialist and departmental buildings occupied and managed by user departments.

Matters Requiring Special Attention in 2003–04

5 During 2003–04, the Agency will continue to:

- acquire accommodation by the most economical and cost-effective means;
- encourage economic and efficient utilisation of office accommodation by departments through regular and critical review of operational requirements; and
- achieve more efficient use of space in government offices and meet occupational health and safety requirements through refurbishment and replacement of old style furniture by less bulky office furniture.

Programme (2): Property Management

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	848.4	901.0 (+6.2%)	877.5 (–2.6%)	881.8 (+0.5%)

Aim

6 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

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;
- 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.

8 The key performance measure is:

Head 51 — GOVERNMENT PROPERTY AGENCY

Targets

	Target	2001 (Actual)	2002 (Actual)	2003 (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%	92%	95%	95%

Indicators

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
management of government estates			
no. of GIC non-domestic properties in private developments managed by the Agency	163	176	183
no. of residential flats managed by the Agency	23 802	25 005#	23 356#
no. of government joint-user buildings managed by the Agency	50	46	46
other accommodation managed by the Agency			
no. of sites	33	36	36
area (m ²)	974 636	1 225 967	1 225 967
average management fee for non-domestic accommodation in private developments (\$/m ² /month)†	44.5	44.5	44.5
average management cost of major joint-user buildings (excluding electricity charges) (\$/m ² /month).....	9.5	9.7	9.7
average management fee for quarters in private developments (\$/m ² /month)†	16.4	16.8	16.8
average management cost of government wholly-owned quarters (\$/m ² /month)	7.6	7.2	7.2

Includes departmental quarters managed by the Agency pending disposal.

† Management fees paid for accommodation in private developments are inclusive of utility charges, expenditure on regular maintenance and provision for anticipated major repairs.

Matters Requiring Special Attention in 2003–04

9 The Agency introduced the fourth performance-based contract in 2002–03 and has completed the process of replacing all input-based prescriptive contracts with performance-based contracts. The Agency will continue to monitor the performance of the four property management agents with a view to further enhancing the efficiency and effectiveness in providing property management services where appropriate.

Programme (3): Estate Utilisation

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	126.3	120.8 (–4.4%)	125.3 (+3.7%)	101.8 (–18.8%)

Aim

10 The aim is to optimise the utilisation of all government sites.

Brief Description

11 This programme involves:

- reviewing the existing and planned use of GIC sites with priority given to the latter;
- 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 with priority given to assisting departments committed to redevelopment projects;
- monitoring utilisation of sites being developed by government departments with a view to optimising the site potential;
- identifying and disposing of surplus properties;

Head 51 — GOVERNMENT PROPERTY AGENCY

- exploiting commercial opportunities within government estates in appropriate cases; and
- updating the GIC site record system to take account of new development areas and revised planning parameters.

12 The key performance measures are:

Targets

	Target	2001 (Actual)	2002 (Actual)	2003 (Plan)
no. of sites for review#	112§	260	260	112
no. of sites ready to be released for disposal, redevelopment or other purposes	12§	20	20	12

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

§ The targets were previously 260 and 20 respectively for the number of sites for review and ready to be released. They have been adjusted taking into account the expected number of sites with potential for release and redevelopment.

Indicators

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
items included in prioritised redevelopment programme	17	21	16
non-domestic premises			
no. of lettings.....	356	442	502
rental income (\$m)	419Ω	387.4	362.9
domestic premises			
no. of lettings.....	580	568	560
rental income (\$m)	199	197	190
no. of government premises identified for commercialisation opportunities	59	88	43

Ω 2001 actual rental income includes the premium of \$101.3 million for the Queensway Plaza tenancy which commenced on 30 January 2002.

Matters Requiring Special Attention in 2003–04

13 During 2003–04, the Agency will continue to:

- facilitate and assist departments in their initiatives to redevelop existing under-utilised government sites;
- provide active support to government departments' review of site requirements and co-ordinate action to assist them in achieving optimum utilisation of government sites; and
- identify and take forward commercial opportunities in government buildings.

Head 51 — GOVERNMENT PROPERTY AGENCY

ANALYSIS OF FINANCIAL PROVISION

Programme	2001-02 (Actual) (\$m)	2002-03 (Approved) (\$m)	2002-03 (Revised) (\$m)	2003-04 (Estimate) (\$m)
(1) Acquisition and Allocation	821.0	848.9	761.6	811.5
(2) Property Management.....	848.4	901.0	877.5	881.8
(3) Estate Utilisation.....	126.3	120.8	125.3	101.8
	<u>1,795.7</u>	<u>1,870.7</u> (+4.2%)	<u>1,764.4</u> (-5.7%)	<u>1,795.1</u> (+1.7%)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2003-04 is \$49.9 million (6.6%) higher than the revised estimate for 2002-03. This is mainly due to additional requirements for reprovisioning of offices at the Kai Tak site, which is scheduled to be released for redevelopment by the end of 2003. The increase is partly offset by rental savings arising from relinquishment of leased offices and quarters.

Programme (2)

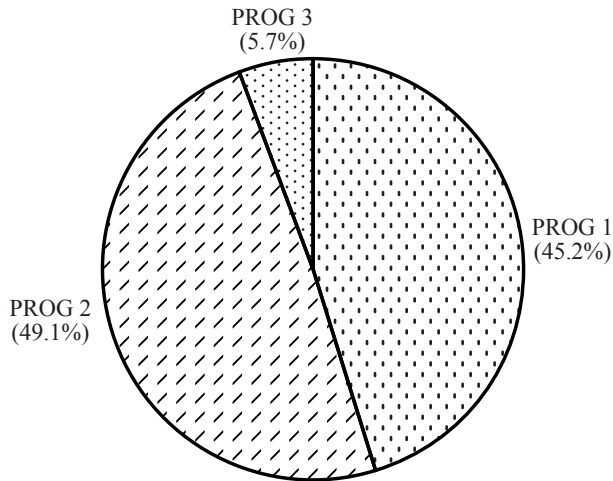
Provision for 2003-04 is \$4.3 million (0.5%) higher than the revised estimate for 2002-03. This is mainly due to expected increase in electricity consumption, partly offset by reduced requirement in the maintenance of government owned properties in private developments and deletion of two posts in 2003-04.

Programme (3)

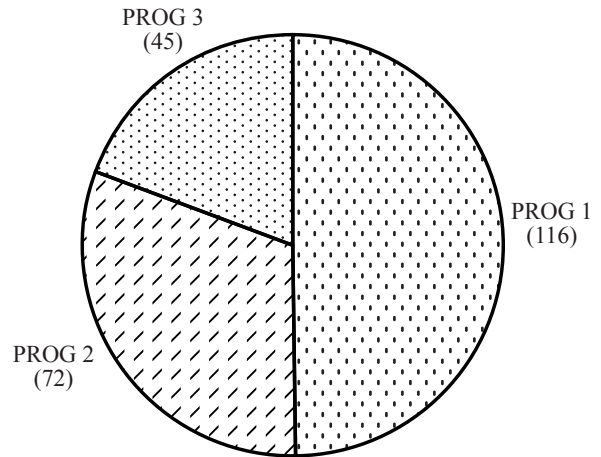
Provision for 2003-04 is \$23.5 million (18.8%) lower than the revised estimate for 2002-03. This is mainly due to reduced requirement for management charges arising from the release of the Kai Tak site for redevelopment by the end of 2003.

Head 51 — GOVERNMENT PROPERTY AGENCY

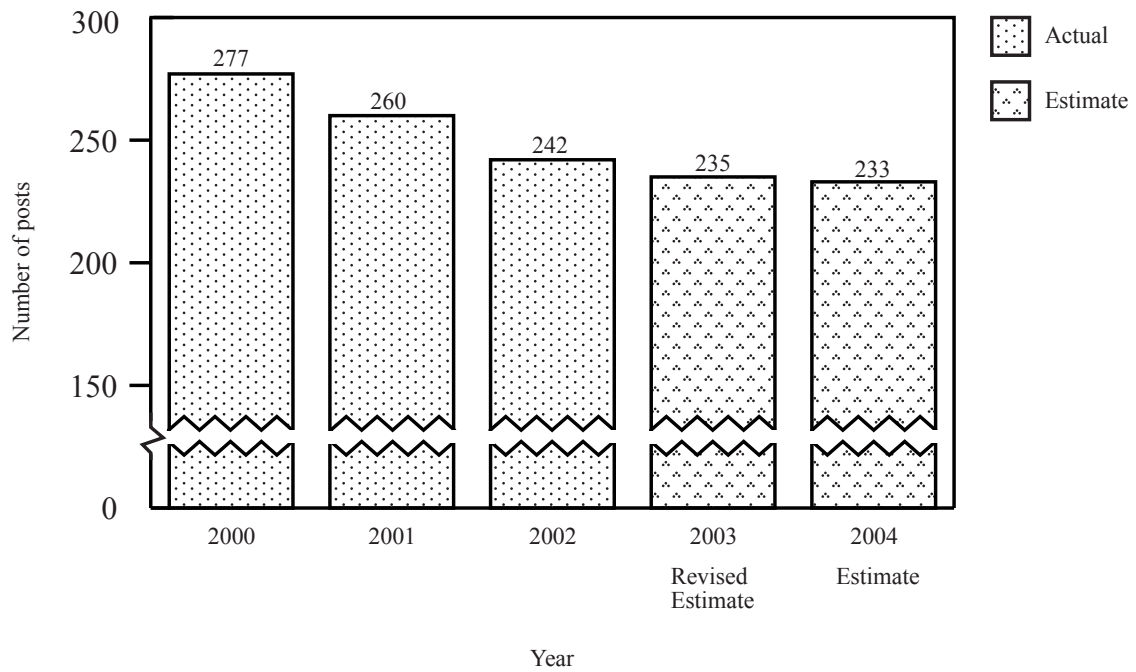
Allocation of provision to programmes (2003-04)



Staff by programme (as at 31 March 2004)



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



Head 51 — GOVERNMENT PROPERTY AGENCY

Sub-head (Code)	Actual expenditure 2001-02	Approved estimate 2002-03	Revised estimate 2002-03	Estimate 2003-04	
	\$'000	\$'000	\$'000	\$'000	
Recurrent Account					
000	Operational expenses.....	—	—	—	1,785,371
	Salaries	112,666	111,157	109,227	—
	Allowances	1,173	1,425	900	—
	Job-related allowances	1	—	—	—
	Leasing and management of quarters	213,125	265,599	254,650	—
	Light and power.....	223,908	222,713	255,313	—
	Hire of services and professional fees	157,643	105,789	97,100	—
	Specialist supplies and equipment.....	8,426	8,787	8,787	—
	Workshop services	176,010	198,243	176,461	—
	General departmental expenses	5,795	7,549	7,549	—
	Rents and management charges for properties (other than quarters).....	882,521	938,473	844,670	—
	Total, Recurrent Account	1,781,268	1,859,735	1,754,657	1,785,371
Capital Account					
I — Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	14,394	10,979	9,723	9,721
	Total, Plant, Equipment and Works	14,394	10,979	9,723	9,721
	Total, Capital Account	14,394	10,979	9,723	9,721
	Total Expenditure.....	1,795,662	1,870,714	1,764,380	1,795,092

Head 51 — GOVERNMENT PROPERTY AGENCY

Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for the salaries and expenses of the Government Property Agency is \$1,795,092,000. This represents an increase of \$30,712,000 over the revised estimate for 2002–03 and a decrease of \$570,000 against actual expenditure in 2001–02.

Recurrent Account

2 Provision of \$1,785,371,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Government Property Agency and its other operating expenses.

3 The establishment as at 31 March 2003 will be 235 permanent posts. It is expected that two posts will be deleted in 2003–04. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2003–04, but the notional annual mid-point salary value of all such posts must not exceed \$86,648,000.

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

	2001–02 (Actual) (\$'000)	2002–03 (Original Estimate) (\$'000)	2002–03 (Revised Estimate) (\$'000)	2003–04 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	112,666	111,157	109,227	108,160
- Allowances.....	1,173	1,425	900	938
- Job-related allowances	1	—	—	36
Personnel Related Expenses				
- Leasing and management of quarters	213,125	265,599	254,650	243,421
- Mandatory Provident Fund contribution.....	—	—	—	83
Departmental Expenses				
- Light and power	223,908	222,713	255,313	264,972
- Hire of services and professional fees.....	157,643	105,789	97,100	96,259
- Specialist supplies and equipment.....	8,426	8,787	8,787	8,760
- Workshop services	176,010	198,243	176,461	173,429
- General departmental expenses.....	5,795	7,549	7,549	6,906
Other Charges				
- Rents and management charges for properties (other than quarters).....	882,521	938,473	844,670	882,407
	1,781,268	1,859,735	1,754,657	1,785,371