

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2004–05 **\$1,706.8m**

Establishment ceiling 2004–05 (notional annual mid-point salary value) representing an estimated 226 non-directorate posts as at 31 March 2004 reducing by 14 posts to 212 posts as at 31 March 2005..... **\$83.0m**

In addition there will be an estimated seven directorate posts as at 31 March 2004 and as at 31 March 2005.

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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	747.2	811.5	729.1 (–10.2%)	746.1 (+2.3%)
				(or –8.1% on 2003–04 Original)

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 bureaux/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 bureaux/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	2002 (Actual)	2003 (Actual)	2004 (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	94.1	93.3	95.0
take-up rate of quarters (%)	99.8	99.7	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	2002 (Actual)	2003 (Actual)	2004 (Plan)
identify suitable premises to lease within three months of GPA's agreement to provide leased office accommodation (%).....	90.0	92.9	95.5	90.0

Indicators

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
total area of office space (m ²)†.....	1 251 525	1 084 551	1 029 700
total no. of non-departmental quarters.....	1 011	944	920
total no. of departmental quarters.....	23 658	23 289	23 060
% of office space owned by the Government.....	77.1	70.2	70.4
% of non-departmental quarters owned by the Government....	99.9	99.9	99.9
% of departmental quarters owned by the Government.....	99.5	99.6	99.7

† Excluding specialist and departmental buildings occupied and managed by government bureaux/departments.

Matters Requiring Special Attention in 2004–05

5 During 2004–05, the Agency will continue to:

- acquire accommodation by the most economical and cost-effective means;
- encourage economic and efficient utilisation of office accommodation by government bureaux/departments through regular and critical review of operational requirements; and
- achieve more efficient use of space in government offices through refurbishment.

Programme (2): Property Management

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	876.2	881.8	859.3 (–2.6%)	918.7 (+6.9%)
				(or +4.2% on 2003–04 Original)

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

Target

	Target	2002 (Actual)	2003 (Actual)	2004 (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%	95%	96%	95%

Indicators

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
management of government estates			
no. of GIC non-domestic properties in private developments managed by the Agency	176	185	195
no. of residential flats managed by the Agency	25 005#	25 083#	25 083#
no. of government joint-user buildings managed by the Agency	46	49	50
other accommodation managed by the Agency			
no. of sites	36	33	31
area (m ²)	1 225 967	1 137 317	826 417
average management fee for non-domestic accommodation in private developments (\$/m ² /month)†	44.5	39.5	39.5
average management cost of major joint-user buildings (excluding electricity charges) (\$/m ² /month).....	9.7	9.6	11.5
average management fee for quarters in private developments (\$/m ² /month)†	16.8	18.7	19.7
average management cost of government wholly-owned quarters (\$/m ² /month)	7.2	7.2	8.6

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 2004–05

9 The Agency has implemented three-shift security service for the property management service contract which commenced on 1 May 2002, and will do so for the other three property management service contracts commencing 1 April 2004. 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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	2004–05 (Estimate)
Financial provision (\$m)	123.9	101.8	107.7 (+5.8%)	42.0 (–61.0%)
				(or –58.7% on 2003–04 Original)

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;

Head 51 — GOVERNMENT PROPERTY AGENCY

- identifying and disposing of surplus properties;
- 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	2002 (Actual)	2003 (Actual)	2004 (Plan)
no. of sites for review#	97§	260	113	97
no. of sites ready to be released for disposal, redevelopment or other purposes	11§	20	9	11

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 112 and 12 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

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
items included in prioritised redevelopment programme	21	16	13
non-domestic premises			
no. of lettings	442	508	535
rental income (\$m)	387.4	315.3	316.3
domestic premises			
no. of lettings	568	525	530
rental income (\$m)	197	166	166
no. of government premises identified for commercialisation opportunities	88	57	24

Matters Requiring Special Attention in 2004–05

13 During 2004–05, 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	2002-03 (Actual) (\$m)	2003-04 (Original) (\$m)	2003-04 (Revised) (\$m)	2004-05 (Estimate) (\$m)
(1) Acquisition and Allocation	747.2	811.5	729.1	746.1
(2) Property Management.....	876.2	881.8	859.3	918.7
(3) Estate Utilisation.....	123.9	101.8	107.7	42.0
	1,747.3	1,795.1	1,696.1 (-5.5%)	1,706.8 (+0.6%)
				(or -4.9% on 2003-04 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2004-05 is \$17.0 million (2.3%) higher than the revised estimate for 2003-04. This is mainly due to increased rental requirement caused by reprovisioning of offices at the ex-Kai Tak Passenger Terminal Building to leased premises.

Programme (2)

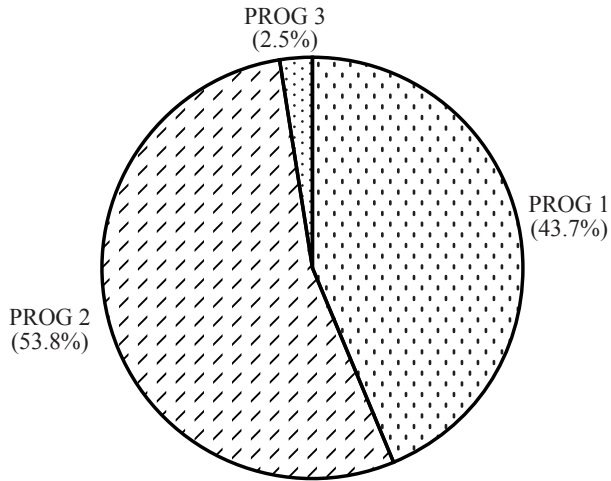
Provision for 2004-05 is \$59.4 million (6.9%) higher than the revised estimate for 2003-04. This is mainly due to increased requirement for the extension of three-shift security guard service to all property management agent contracts, postponement to 2004-05 of some renovation works for FSI-owned quarters originally scheduled for 2003-04 and provision for contingencies.

Programme (3)

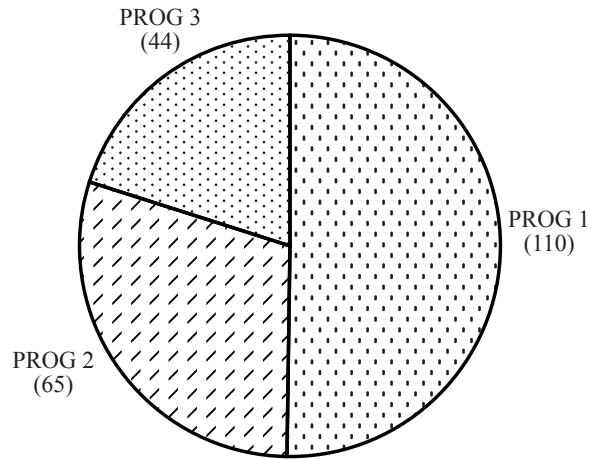
Provision for 2004-05 is \$65.7 million (61.0%) lower than the revised estimate for 2003-04. This is mainly due to decrease in management expenses subsequent to the closure of the ex-Kai Tak Passenger Terminal Building in early 2004.

Head 51 — GOVERNMENT PROPERTY AGENCY

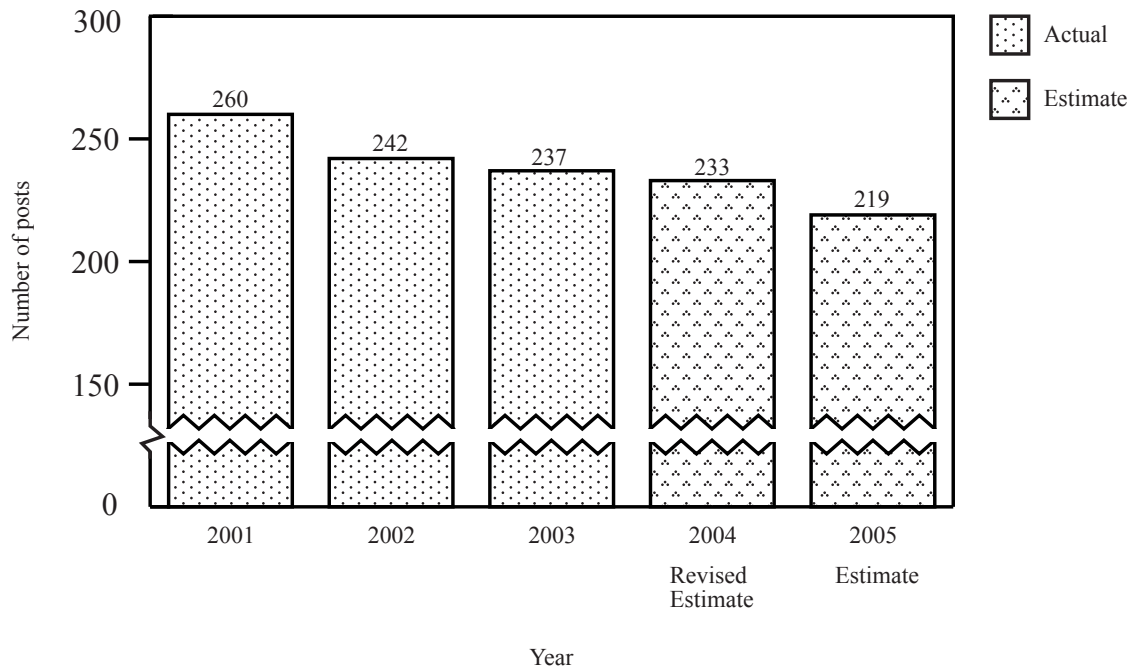
*Allocation of provision
to programmes
(2004-05)*



*Staff by programme
(as at 31 March 2005)*



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



Head 51 — GOVERNMENT PROPERTY AGENCY

Sub-head (Code)	Actual expenditure 2002-03	Approved estimate 2003-04	Revised estimate 2003-04	Estimate 2004-05	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	—	1,785,371	1,686,405	1,692,480
	Salaries	109,363	—	—	—
	Allowances	853	—	—	—
	Leasing and management of quarters	248,011	—	—	—
	Light and power.....	251,361	—	—	—
	Hire of services and professional fees	101,016	—	—	—
	Specialist supplies and equipment	8,599	—	—	—
	Workshop services	180,773	—	—	—
	General departmental expenses	7,461	—	—	—
	Rents and management charges for properties (other than quarters).....	830,432	—	—	—
	Total, Recurrent	1,737,869	1,785,371	1,686,405	1,692,480
	Total, Operating Account.....	1,737,869	1,785,371	1,686,405	1,692,480
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	9,398	9,721	9,721	14,273
	Total, Plant, Equipment and Works	9,398	9,721	9,721	14,273
	Total, Capital Account	9,398	9,721	9,721	14,273
	Total Expenditure.....	1,747,267	1,795,092	1,696,126	1,706,753

Head 51 — GOVERNMENT PROPERTY AGENCY

Details of Expenditure by Subhead

The estimate of the amount required in 2004–05 for the salaries and expenses of the Government Property Agency is \$1,706,753,000. This represents an increase of \$10,627,000 over the revised estimate for 2003–04 and a decrease of \$40,514,000 against actual expenditure in 2002–03.

Operating Account

Recurrent

2 Provision of \$1,692,480,000 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 2004 will be 233 permanent posts. It is expected that 14 posts will be deleted in 2004–05. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2004–05, but the notional annual mid-point salary value of all such posts must not exceed \$83,035,000.

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

	2002–03 (Actual) (\$'000)	2003–04 (Original) (\$'000)	2003–04 (Revised) (\$'000)	2004–05 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	109,363	108,160	106,032	101,033
- Allowances.....	853	938	699	884
- Job-related allowances	—	36	20	20
Personnel Related Expenses				
- Leasing and management of quarters	248,011	243,421	220,218	247,317
- Mandatory Provident Fund contribution.....	—	83	133	133
Departmental Expenses				
- Light and power	251,361	264,972	246,940	262,917
- Hire of services and professional fees.....	101,016	96,259	100,029	118,858
- Specialist supplies and equipment.....	8,599	8,760	8,760	9,525
- Workshop services	180,773	173,429	185,878	179,054
- General departmental expenses.....	7,461	6,906	9,321	6,915
Other Charges				
- Rents and management charges for properties (other than quarters).....	830,432	882,407	808,375	765,824
	1,737,869	1,785,371	1,686,405	1,692,480

Capital Account

Plant, Equipment and Works

5 Provision of \$14,273,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$4,552,000 (46.8%) over the revised estimate for 2003–04. This is mainly due to an increase in the number of plants and equipment due for replacement.