

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2010–11 **\$1,770.0m**

Establishment ceiling 2010–11 (notional annual mid-point salary value) representing an estimated 206 non-directorate posts as at 31 March 2010 and as at 31 March 2011 **\$81.3m**

In addition, there will be an estimated seven directorate posts as at 31 March 2010 and as at 31 March 2011.

Controlling Officer's Report

Programmes

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

Programme (1): Acquisition and Allocation

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	739.9	797.3	738.5 (–7.4%)	752.4 (+1.9%)
				(or –5.6% on 2009–10 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	2008 (Actual)	2009 (Actual)	2010 (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	96.9	91.9	95.0
take-up rate of quarters (%).....	99.8	99.9	99.9	99.8

Head 51 — GOVERNMENT PROPERTY AGENCY

	Target	2008 (Actual)	2009 (Actual)	2010 (Plan)
rental level of leased quarters (percentage of market rent) (%).....	97.0	96.3	93.0	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

	2008 (Actual)	2009 (Actual)	2010 (Estimate)
total area of office space (m ²)^.....	978 126	983 630	989 000
office space owned by Government (%).....	72.7	72.3	72.0
office space leased by Government (%)	27.3	27.7	28.0
new allocation of owned office space to government bureaux/departments (m ²)	25 795	10 088	13 900
net change in leased office accommodation (m ²)	(1 158)	5 389#	4 900#
renewals of leased office accommodation (m ²)	49 982	78 685	81 000
non-departmental quarters (NDQs)	774	767	740
NDQs owned by Government (%)	100	100	100
departmental quarters (DQs)	22 308	22 298	22 600
DQs owned by Government (%)	99.8	99.8	99.9

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

Denotes increase in leased office accommodation. The increase is mainly due to new requirements of user departments.

Matters Requiring Special Attention in 2010–11

5 During 2010–11, the Agency will continue to:

- pursue 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

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	897.8	987.9	921.2 (-6.8%)	979.9 (+6.4%)

(or -0.8% on
2009–10 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	2008 (Actual)	2009 (Actual)	2010 (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	97	96	95

Indicators

	2008 (Actual)	2009 (Actual)	2010 (Estimate)
management of government properties			
GIC non-domestic properties in private developments managed by the Agency	209	213	217
residential flats managed by the Agency	22 960	22 312	22 312
government joint-user buildings managed by the Agency	49	49	49
other accommodation managed by the Agency			
sites.....	23	24	24
area (m ²)	770 354	785 794	785 794
average management fee for non-domestic accommodation in private developments (\$/m ² /month)§	42.8	42.1	45.4
average management cost of major joint-user buildings (\$/m ² /month)Ω	9.9	10.2	10.5
average management fee for quarters in private developments (\$/m ² /month)§	16.2	17.4	20.2
average management cost of wholly-owned government quarters (\$/m ² /month)Ω	8.2	8.6	8.8

§ 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 2010–11

9 During 2010–11, 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

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	35.1	43.0	38.3 (–10.9%)	37.7 (–1.6%)
				(or –12.3% on 2009–10 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;
- monitoring the 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 them in identifying joint users;
- reviewing under-utilised sites managed by government bureaux/departments and, if conditions are appropriate, assisting the bureaux/departments in releasing them for alternative uses;
- assisting government bureaux/departments in commercialising surplus departmental properties or their permanent disposal as may be appropriate;
- identifying government properties held by the Agency under its portfolio with commercialisation potential with a view to realising that potential;
- exploring commercial opportunities in government properties where appropriate; 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	2008 (Actual)	2009 (Actual)	2010 (Plan)
preparing and issuing tender invitation to lease out non-domestic premises within three months upon completion of feasibility study (%)	95	100	99	95
let out rate of surplus government quarters with tenure of two years or more (%)Δ	90	93	89	90

Δ The let out rate may vary with changing market conditions.

Indicators

	2008 (Actual)	2009 (Actual)	2010 (Estimate)
sites for reviewφ	110	99	111
sites ready to be released for disposal, redevelopment or other purposesφ	5	6	15
sites included in prioritised redevelopment programme	5	5	8
non-domestic premises			
lettings	670	696	764
rental income (\$m)	414.2	406.1	416.6
domestic premises			
lettings	410	293	285
rental income (\$m)	212.4	185.7	148.8
ratio of rental income in respect of domestic and non-domestic premises to related staff cost‡	22	20	19
government premises identified as having new commercialisation opportunities	33	21	20

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.

Head 51 — GOVERNMENT PROPERTY AGENCY

Matters Requiring Special Attention in 2010–11

13 During 2010–11, the Agency will continue to:

- assist government bureaux/departments in reviewing their under-utilised sites with a view to releasing sites for alternative government use or disposal;
- assist government bureaux/departments in commercialising surplus departmental properties or their permanent disposal as may be appropriate; and
- identify government properties held by the Agency under its portfolio with commercialisation potential with a view to realising that potential.

Head 51 — GOVERNMENT PROPERTY AGENCY

ANALYSIS OF FINANCIAL PROVISION

Programme	2008–09 (Actual) (\$m)	2009–10 (Original) (\$m)	2009–10 (Revised) (\$m)	2010–11 (Estimate) (\$m)
(1) Acquisition and Allocation	739.9	797.3	738.5	752.4
(2) Property Management.....	897.8	987.9	921.2	979.9
(3) Estate Utilisation.....	35.1	43.0	38.3	37.7
	1,672.8	1,828.2	1,698.0 (-7.1%)	1,770.0 (+4.2%)
				(or -3.2% on 2009–10 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2010–11 is \$13.9 million (1.9%) higher than the revised estimate for 2009–10. 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)

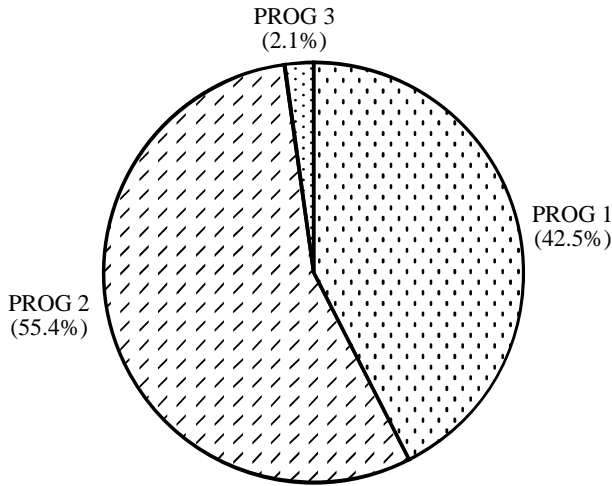
Provision for 2010–11 is \$58.7 million (6.4%) higher than the revised estimate for 2009–10. This is mainly due to the anticipated increase in management charges and costs of property management services, additional requirement for major renovation works for government-owned properties in private developments, increased requirement for scheduled replacement of minor plant and equipment and provision for contingencies.

Programme (3)

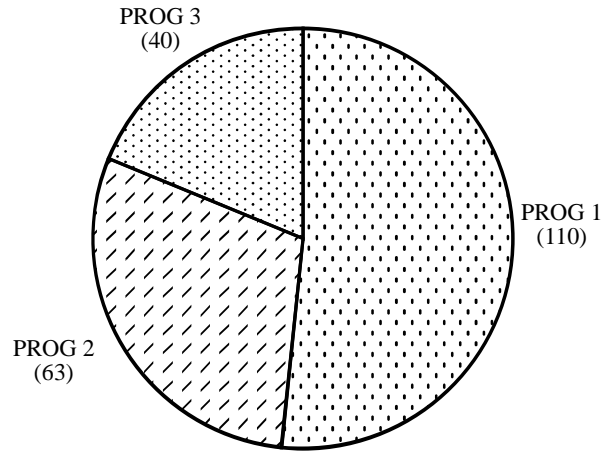
Provision for 2010–11 is \$0.6 million (1.6%) lower than the revised estimate for 2009–10. This is mainly due to the anticipated decrease in the management cost of ex-military sites.

Head 51 — GOVERNMENT PROPERTY AGENCY

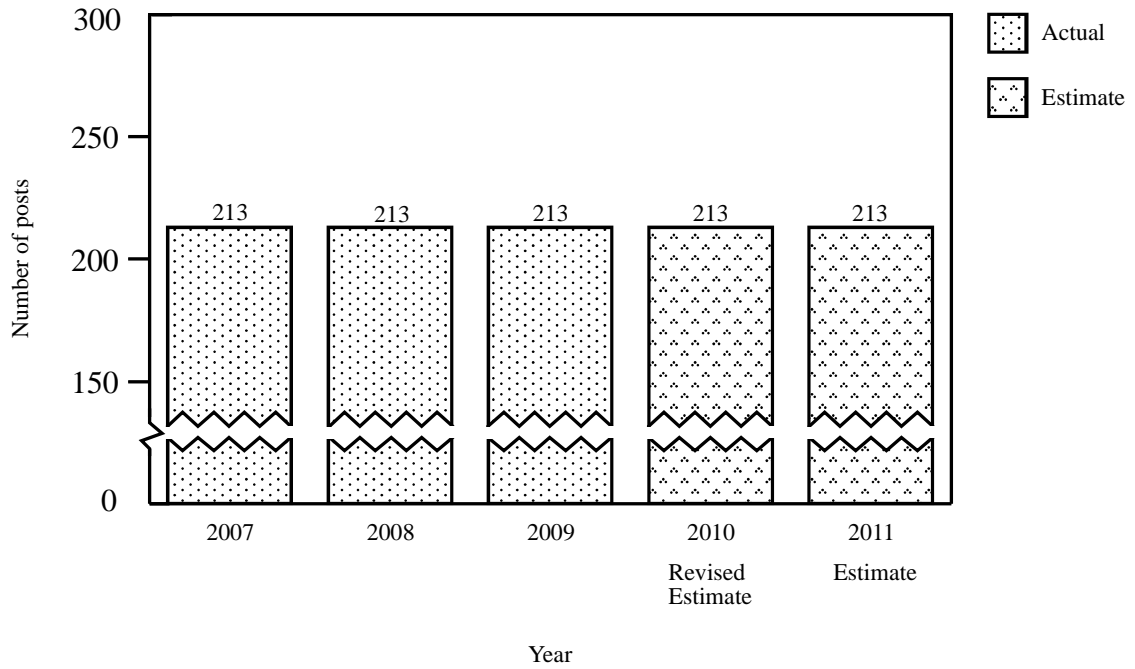
Allocation of provision to programmes (2010-11)



Staff by programme (as at 31 March 2011)



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



Head 51 — GOVERNMENT PROPERTY AGENCY

Sub-head (Code)	Actual expenditure 2008-09	Approved estimate 2009-10	Revised estimate 2009-10	Estimate 2010-11	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	1,647,123	1,814,309	1,684,129	1,751,059
	Total, Recurrent	1,647,123	1,814,309	1,684,129	1,751,059
	Total, Operating Account	1,647,123	1,814,309	1,684,129	1,751,059
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote)	25,655	13,872	13,872	18,953
	Total, Plant, Equipment and Works	25,655	13,872	13,872	18,953
	Total, Capital Account	25,655	13,872	13,872	18,953
	 Total Expenditure	 <u>1,672,778</u>	 <u>1,828,181</u>	 <u>1,698,001</u>	 <u>1,770,012</u>

Head 51 — GOVERNMENT PROPERTY AGENCY

Details of Expenditure by Subhead

The estimate of the amount required in 2010–11 for the salaries and expenses of the Government Property Agency is \$1,770,012,000. This represents an increase of \$72,011,000 over the revised estimate for 2009–10 and of \$97,234,000 over actual expenditure in 2008–09.

Operating Account

Recurrent

2 Provision of \$1,751,059,000 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 2010 will be 213 permanent posts. No change in establishment is expected in 2010–11. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2010–11, but the notional annual mid-point salary value of all such posts must not exceed \$81,288,000.

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

	2008–09 (Actual) (\$'000)	2009–10 (Original) (\$'000)	2009–10 (Revised) (\$'000)	2010–11 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	102,656	106,626	101,577	102,438
- Allowances	849	985	971	974
- Job-related allowances	—	12	4	12
Personnel Related Expenses				
- Leasing and management of quarters	242,220	277,031	236,764	268,455
- Mandatory Provident Fund contribution	122	168	216	247
- Civil Service Provident Fund contribution	167	320	249	451
Departmental Expenses				
- Light and power	261,959	261,500	259,530	268,130
- Hire of services and professional fees	98,450	125,005	109,447	114,682
- Specialist supplies and equipment	13,520	12,400	13,400	14,500
- Workshop services	167,402	191,078	191,078	191,078
- General departmental expenses	6,978	7,924	7,706	7,779
Other Charges				
- Rents and management charges for properties (other than quarters)	752,800	831,260	763,187	782,313
	1,647,123	1,814,309	1,684,129	1,751,059

Capital Account

Plant, Equipment and Works

5 Provision of \$18,953,000 under *Subhead 661 Minor plant, vehicles and equipment (block vote)* represents an increase of \$5,081,000 (36.6%) over the revised estimate for 2009–10. This is mainly due to the increased requirement for scheduled replacement of minor plant and equipment.