

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2011–12..... **\$1,800.5m**

Establishment ceiling 2011–12 (notional annual mid-point salary value) representing an estimated 197 non-directorate posts as at 31 March 2011 rising by one post to 198 posts as at 31 March 2012.... **\$83.1m**

In addition, there will be an estimated seven directorate posts as at 31 March 2011 and as at 31 March 2012.

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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	724.3	752.4	745.4 (–0.9%)	762.1 (+2.2%)
				(or +1.3% on 2010–11 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/departmental buildings;
- vetting or assisting in the vetting of schedules of accommodation for government bureaux/departments in respect of general use/specialist accommodation and for non-governmental 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	2009 (Actual)	2010 (Actual)	2011 (Plan)
take-up rate of office space (%).....	99.8	99.9	99.9	99.8
rental level of leased offices (percentage of market rent) (%)Λ.....	95.0	91.9	94.4	95.0
take-up rate of quarters (%).....	99.8	99.9	99.9	99.8

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	Target	2009 (Actual)	2010 (Actual)	2011 (Plan)
rental level of leased quarters (percentage of market rent) (%) ^Λ	97.0	93.0	96.4	97.0
identifying suitable premises to lease within three months of the Agency's agreement to provide leased office accommodation (%).....	90	100	100	90

Λ The targets are considered to have been met if the rental levels achieved do not exceed the target percentages of market rent.

Indicators

	2009 (Actual)	2010 (Actual)	2011 (Estimate)
total area of office space (m ²) [^]	983 630	980 538	978 000
office space owned by Government (%)	72.3	72.0	72.2
office space leased by Government (%).....	27.7	28.0	27.8
new allocation of owned office space to government bureaux/departments (m ²).....	10 088	6 919	25 000
net change in leased office accommodation (m ²).....	5 389 [#]	2 575 [#]	(2 800)^Ψ
renewals of leased office accommodation (m ²).....	78 685	78 277	46 000
non-departmental quarters (NDQs).....	767	746	730
NDQs owned by Government (%)	100	100	100
departmental quarters (DQs).....	22 298	22 597	22 600
DQs owned by Government (%).....	99.8	99.9	99.9

[^] The office space excludes specialist/departmental buildings occupied and managed by government bureaux/departments.

[#] The net increases in leased office accommodation are mainly due to new requirements of user departments.

^Ψ The net decrease in leased office accommodation is mainly due to deleasing cases.

Matters Requiring Special Attention in 2011–12

5 During 2011–12, the Agency will continue to:

- pursue deleasing 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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	889.1	979.9	944.3 (–3.6%)	999.6 (+5.9%)

(or +2.0% on
2010–11 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 government properties in private developments;

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- reviewing maintenance, security and amenity requirements for government properties under the Agency's management; and
- scrutinising and executing Deeds of Mutual Covenant, assignments and related documents in respect of GIC accommodation in private developments.

8 The key performance measures are:

Target

	Target	2009 (Actual)	2010 (Actual)	2011 (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	96	95

Indicators

	2009 (Actual)	2010 (Actual)	2011 (Estimate)
management of government properties			
GIC non-domestic properties in private developments under the custody of the Agency	213	215	217
residential flats managed by the Agency	22 312	22 533	22 523
government joint-user buildings managed by the Agency	49	48	48
other accommodation managed by the Agency			
sites	24	21	19
area (m ²)	785 794	784 719	751 234
average management fee for non-domestic accommodation in private developments (\$/m ² /month)§	42.1	43.6	47.4
average management cost of major joint-user buildings (\$/m ² /month)Ω	10.2	10.8	11.3
average management fee for quarters in private developments (\$/m ² /month)§	17.4	16.8	19.1
average management cost of wholly-owned government quarters (\$/m ² /month)Ω	8.6	8.5	9.1

§ 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 2011–12

9 During 2011–12, 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

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	36.9	37.7	37.1 (-1.6%)	38.8 (+4.6%)
				(or +2.9% on 2010–11 Original)

Aim

10 The aim is to optimise the utilisation of government sites and surplus properties with potential for alternative government uses or commercialisation.

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Brief Description

11 This programme involves:

- advising government bureaux/departments on ways to optimise site utilisation at the site reservation stage;
- advising on the utilisation of sites to be developed by government bureaux/departments and, where appropriate, assisting them in identifying joint users with a view to optimising the utilisation of the government sites;
- reviewing under-utilised sites managed by government bureaux/departments and, if conditions are appropriate, assisting the bureaux/departments in releasing them for alternative uses or disposal as may be appropriate;
- assisting government bureaux/departments in putting surplus departmental properties to alternative uses or disposal as may be appropriate;
- identifying government properties held by the Agency under its portfolio with commercialisation potential with a view to realising such potential;
- exploring the possibility of introducing commercial activities within 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	2009 (Actual)	2010 (Actual)	2011 (Plan)
preparing and issuing tender invitation to lease out non-domestic premises within three months upon completion of feasibility study (%).....	95	99	100	95
let out rate of surplus government quarters with tenure of two years or more (%)Δ.....	90.0	89.0	85.9	90.0

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

Indicators

	2009 (Actual)	2010 (Actual)	2011 (Estimate)
sites for reviewφ.....	99	109	100
sites ready to be released for disposal, redevelopment or other purposesφ.....	6	10	6
sites included in prioritised redevelopment programme.....	5	6	4
non-domestic premises			
lettings.....	696	741	809
rental income (\$m).....	406.1	439.1	436.4
domestic premises			
lettings.....	293	283	250
rental income (\$m).....	185.7	133.0	129.3
ratio of rental income in respect of domestic and non-domestic premises to related staff cost‡.....	20	21	20
government premises identified as having new commercialisation opportunities.....	21	20	18

φ Sites for review are government sites considered for alternative use or disposal. The review which seeks to optimise the utilisation of government sites covers monitoring the utilisation of government sites, advising government bureaux/departments on alternative uses and/or disposal proposals for under-utilised or surplus sites, and working with the Planning Department and concerned departments in the release of government sites for optimum use. The number of sites eventually ready to be released may vary from year to year as it hinges on the demand for such sites which is outside the control of the Agency.

‡ 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.

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Matters Requiring Special Attention in 2011–12

13 During 2011–12, the Agency will continue to:

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

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ANALYSIS OF FINANCIAL PROVISION

Programme	2009–10 (Actual) (\$m)	2010–11 (Original) (\$m)	2010–11 (Revised) (\$m)	2011–12 (Estimate) (\$m)
(1) Acquisition and Allocation.....	724.3	752.4	745.4	762.1
(2) Property Management	889.1	979.9	944.3	999.6
(3) Estate Utilisation	36.9	37.7	37.1	38.8
	1,650.3	1,770.0	1,726.8 (-2.4%)	1,800.5 (+4.3%)
				(or +1.7% on 2010–11 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2011–12 is \$16.7 million (2.2%) higher than the revised estimate for 2010–11. This is mainly due to anticipated increases in office rentals, partly offset by the anticipated savings from the deleasing of leased accommodation. There will be an increase of one post in 2011–12.

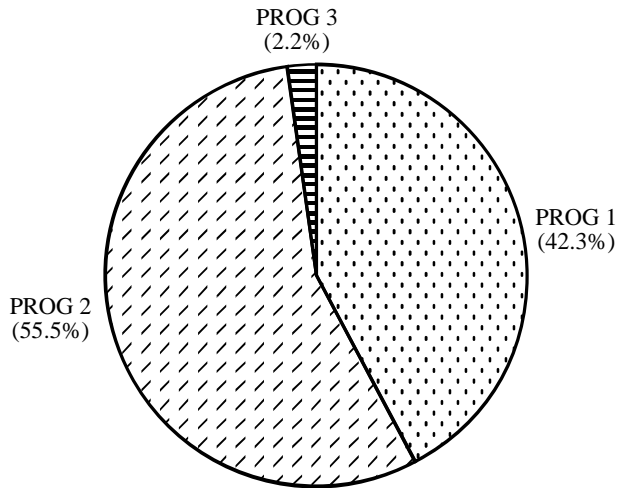
Programme (2)

Provision for 2011–12 is \$55.3 million (5.9%) higher than the revised estimate for 2010–11. This is mainly due to anticipated increases in management charges, costs of property management services, workshop services, requirement for major renovation works for government-owned properties in private developments and provision for contingencies.

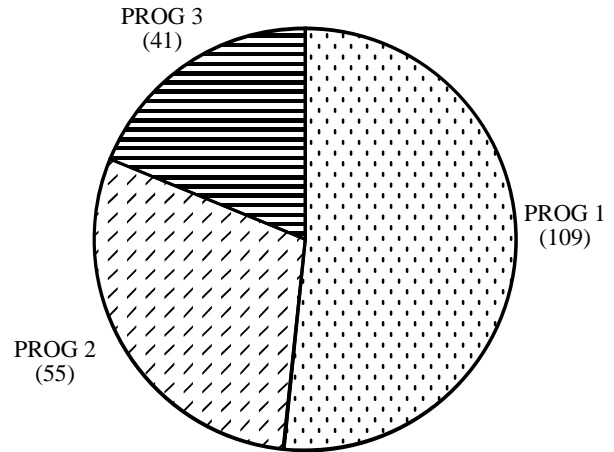
Programme (3)

Provision for 2011–12 is \$1.7 million (4.6%) higher than the revised estimate for 2010–11. This is mainly due to salary increments for staff.

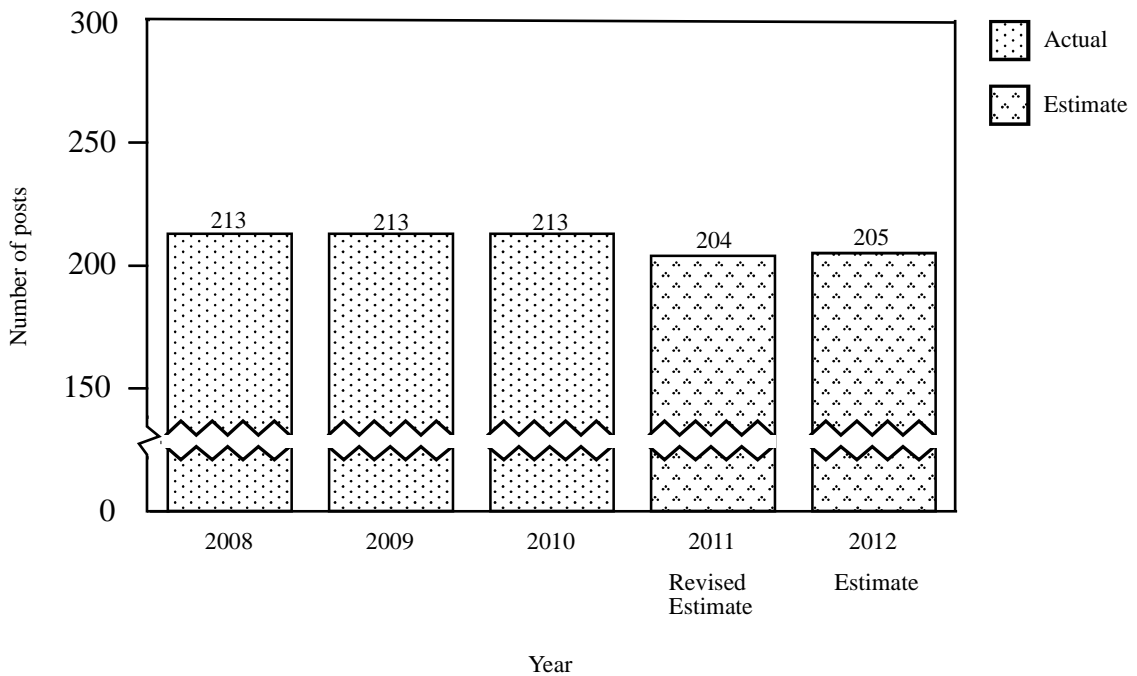
Allocation of provision to programmes (2011-12)



Staff by programme (as at 31 March 2012)



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



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Sub-head (Code)	Actual expenditure 2009–10	Approved estimate 2010–11	Revised estimate 2010–11	Estimate 2011–12	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	1,638,290	1,751,059	1,707,803	1,783,084
	Total, Recurrent	<u>1,638,290</u>	<u>1,751,059</u>	<u>1,707,803</u>	<u>1,783,084</u>
	Total, Operating Account.....	<u>1,638,290</u>	<u>1,751,059</u>	<u>1,707,803</u>	<u>1,783,084</u>
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	12,049	18,953	18,953	17,458
	Total, Plant, Equipment and Works	<u>12,049</u>	<u>18,953</u>	<u>18,953</u>	<u>17,458</u>
	Total, Capital Account	<u>12,049</u>	<u>18,953</u>	<u>18,953</u>	<u>17,458</u>
	Total Expenditure	<u><u>1,650,339</u></u>	<u><u>1,770,012</u></u>	<u><u>1,726,756</u></u>	<u><u>1,800,542</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2011–12 for the salaries and expenses of the Government Property Agency is \$1,800,542,000. This represents an increase of \$73,786,000 over the revised estimate for 2010–11 and of \$150,203,000 over actual expenditure in 2009–10.

Operating Account

Recurrent

2 Provision of \$1,783,084,000 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 2011 will be 204 permanent posts. It is expected that one post will be created in 2011–12. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2011–12, but the notional annual mid-point salary value of all such posts must not exceed \$83,084,000.

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

	2009–10 (Actual) (\$'000)	2010–11 (Original) (\$'000)	2010–11 (Revised) (\$'000)	2011–12 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	100,537	102,438	100,792	104,647
- Allowances	907	974	1,237	1,545
- Job-related allowances.....	—	12	4	12
Personnel Related Expenses				
- Leasing and management of quarters.....	226,123	268,455	254,485	272,631
- Mandatory Provident Fund contribution	207	247	249	200
- Civil Service Provident Fund contribution	180	451	454	1,067
Departmental Expenses				
- Light and power	256,725	268,130	260,030	267,830
- Hire of services and professional fees	100,688	114,682	105,257	115,418
- Specialist supplies and equipment	13,159	14,500	14,500	18,000
- Workshop services.....	185,707	191,078	191,078	195,078
- General departmental expenses.....	7,684	7,779	8,365	8,825
Other Charges				
- Rents and management charges for properties (other than quarters)	746,373	782,313	771,352	797,831
	1,638,290	1,751,059	1,707,803	1,783,084