

Head 51 — GOVERNMENT PROPERTY AGENCY

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

Estimate 2012–13	\$1,768.8m
Establishment ceiling 2012–13 (notional annual mid-point salary value) representing an estimated 197 non-directorate posts as at 31 March 2012 and as at 31 March 2013	\$87.6m
In addition, there will be an estimated seven directorate posts as at 31 March 2012 and as at 31 March 2013.	
Commitment balance	\$0.8m

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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	703.0	762.1	712.6 (–6.5%)	704.7 (–1.1%)
				(or –7.5% on 2011–12 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.

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4 The key performance measures are:

Targets

	Target	2010 (Actual)	2011 (Actual)	2012 (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	94.4	96.3	95.0
take-up rate of quarters (%).....	99.8	99.9	99.9	99.8
rental level of leased quarters (percentage of market rent) (%)Λ	97.0	96.4	93.4	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

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
total area of office space (m ²)^	980 538	981 457	974 000
office space owned by Government (%).....	72.0	71.9	72.1
office space leased by Government (%).....	28.0	28.1	27.9
new allocation of owned office space to government bureaux/departments (m ²)	6 919	24 706	5 400
net change in leased office accommodation (m ²).....	2 575#	919#	(3 800)Ψ
renewals of leased office accommodation (m ²)	78 277	43 140	62 000
non-departmental quarters (NDQs).....	746	732	710
NDQs owned by Government (%).....	100	100	100
departmental quarters (DQs).....	22 597	22 582	22 600
DQs owned by Government (%).....	99.9	99.9	99.9

^ 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 leasing.

Matters Requiring Special Attention in 2012–13

5 During 2012–13, 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

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	892.3	999.6	935.6 (-6.4%)	1,022.9 (+9.3%)

(or +2.3% on
2011–12 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 Government's rights and responsibilities as owner of GIC accommodation in private developments are incorporated in the appropriate legal documents.

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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;
- 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	2010 (Actual)	2011 (Actual)	2012 (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

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
management of government properties			
GIC non-domestic properties in private developments under the custody of the Agency	215	217	218
residential flats managed by the Agency	22 533	22 480	22 288
government joint-user buildings managed by the Agency	48	48	47
other accommodation managed by the Agency			
sites	21	19	18
area (m ²)	784 719	586 050	579 891
average management fee for non-domestic accommodation in private developments (\$/m ² /month)§	43.6	43.3	48.9
average management cost of major joint-user buildings (\$/m ² /month)Ω	10.8	12.2	13.1
average management fee for quarters in private developments (\$/m ² /month)§	16.8	15.5	18.6
average management cost of wholly-owned government quarters (\$/m ² /month)Ω	8.5	9.2	9.9

§ 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 2012–13

9 During 2012–13, the Agency will continue to monitor the performance of its property management services contractors with a view to enhancing their efficiency and effectiveness.

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Programme (3): Estate Utilisation

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	2012–13 (Estimate)
Financial provision (\$m)	35.5	38.8	37.3 (–3.9%)	41.2 (+10.5%)

(or +6.2% on
2011–12 Original)

Aim

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

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 permit, 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	2010 (Actual)	2011 (Actual)	2012 (Plan)
preparing and issuing tender invitation to lease out non-domestic premises within three months upon completion of feasibility study (%).....	95	100	100	95
let out rate of surplus government quarters with tenure of two years or more (%)Δ...	90.0	85.9	95.7	90.0

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

Indicators

	2010 (Actual)	2011 (Actual)	2012 (Estimate)
sites for reviewφ.....	109	103	87
sites ready to be released for disposal, redevelopment or other purposesφ	10	4	6
sites included in prioritised redevelopment programme	6	3	6
non-domestic premises			
lettings	741	760	807
rental income (\$m).....	439.1	669.0	501.3
domestic premises			
lettings	283	303	300
rental income (\$m).....	133.0	151.9	152.5

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	2010 (Actual)	2011 (Actual)	2012 (Estimate)
ratio of rental income in respect of domestic and non-domestic premises to related staff cost [‡]	21	29	22
government premises identified as having new commercialisation opportunities	20	18	15

φ Sites for review are government sites considered for alternative uses 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.

¶ Actual rental income in 2011 included an amount of \$202 million, being the premium paid upfront for the Queensway Plaza tenancy which commenced on 30 January 2012.

‡ 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.

Matters Requiring Special Attention in 2012–13

13 During 2012–13, 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	2010–11 (Actual) (\$m)	2011–12 (Original) (\$m)	2011–12 (Revised) (\$m)	2012–13 (Estimate) (\$m)
(1) Acquisition and Allocation.....	703.0	762.1	712.6	704.7
(2) Property Management	892.3	999.6	935.6	1,022.9
(3) Estate Utilisation	35.5	38.8	37.3	41.2
	1,630.8	1,800.5	1,685.5 (–6.4%)	1,768.8 (+4.9%)
				(or –1.8% on 2011–12 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2012–13 is \$7.9 million (1.1%) lower than the revised estimate for 2011–12. This is mainly due to anticipated savings from the de-leasing of leased accommodation, partly offset by anticipated increases in office and quarters rentals.

Programme (2)

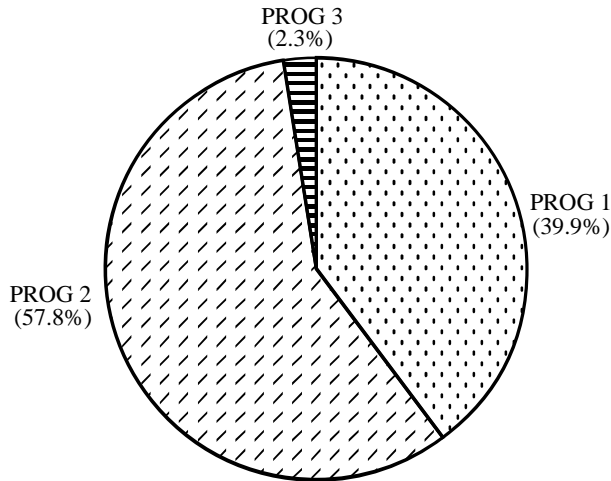
Provision for 2012–13 is \$87.3 million (9.3%) higher than the revised estimate for 2011–12. This is mainly due to anticipated increases in management charges, costs of property management services, workshop services, requirement for major renovation works for government-owned properties in private developments and provision for contingencies.

Programme (3)

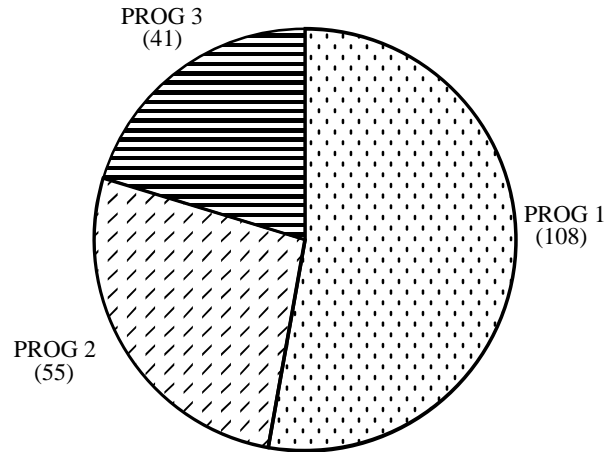
Provision for 2012–13 is \$3.9 million (10.5%) higher than the revised estimate for 2011–12. This is mainly due to the increased requirement for advertising premises scheduled for tendering and salary increments for staff.

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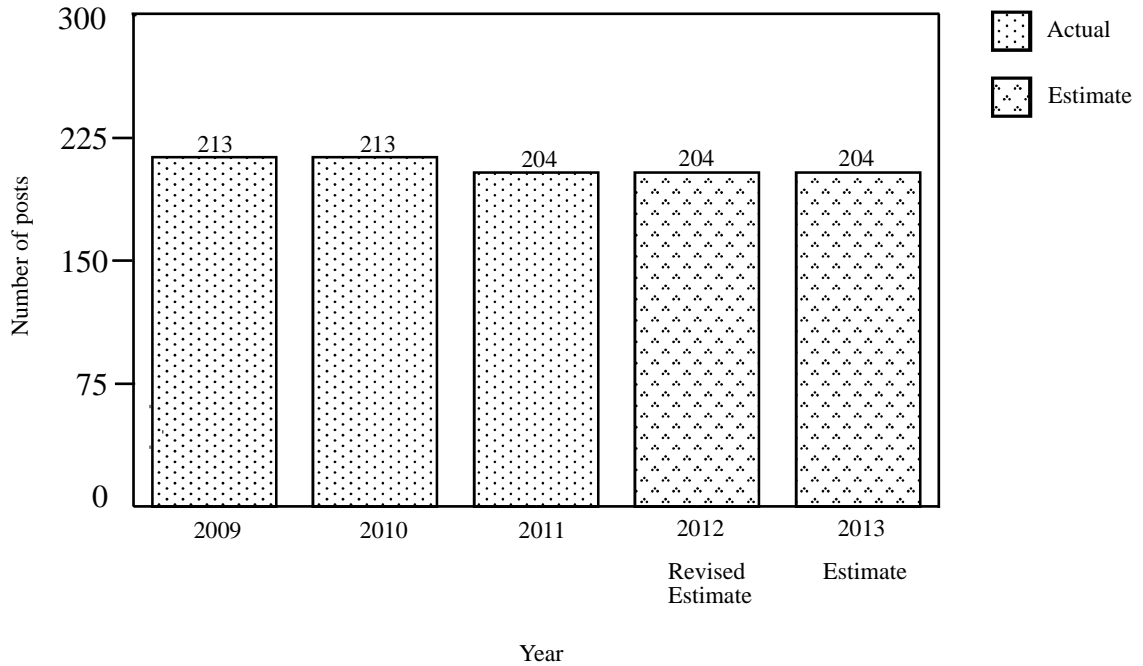
Allocation of provision to programmes (2012-13)



Staff by programme (as at 31 March 2013)



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



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Sub-head (Code)	Actual expenditure 2010-11	Approved estimate 2011-12	Revised estimate 2011-12	Estimate 2012-13	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	1,612,364	1,783,084	1,668,047	1,750,621
	Total, Recurrent	<u>1,612,364</u>	<u>1,783,084</u>	<u>1,668,047</u>	<u>1,750,621</u>
Non-Recurrent					
700	General non-recurrent	—	—	—	750
	Total, Non-Recurrent	<u>—</u>	<u>—</u>	<u>—</u>	<u>750</u>
	Total, Operating Account	1,612,364	1,783,084	1,668,047	1,751,371
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	18,466	17,458	17,458	17,458
	Total, Plant, Equipment and Works	<u>18,466</u>	<u>17,458</u>	<u>17,458</u>	<u>17,458</u>
	Total, Capital Account.....	18,466	17,458	17,458	17,458
	 Total Expenditure	<u>1,630,830</u>	<u>1,800,542</u>	<u>1,685,505</u>	<u>1,768,829</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of the Government Property Agency is \$1,768,829,000. This represents an increase of \$83,324,000 over the revised estimate for 2011–12 and of \$137,999,000 over actual expenditure in 2010–11.

Operating Account

Recurrent

2 Provision of \$1,750,621,000 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 2012 will be 204 permanent posts. No change in establishment is expected in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$87,613,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	2012–13 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	99,119	104,647	105,365	109,946
- Allowances	1,093	1,545	1,563	1,525
- Job-related allowances.....	—	12	2	12
Personnel Related Expenses				
- Leasing and management of quarters.....	229,319	272,631	239,710	275,800
- Mandatory Provident Fund contribution	227	200	198	169
- Civil Service Provident Fund contribution	244	1,067	795	1,529
Departmental Expenses				
- Light and power.....	243,746	267,830	249,628	266,530
- Hire of services and professional fees	103,098	115,418	118,125	129,486
- Specialist supplies and equipment.....	15,428	18,000	18,000	20,000
- Workshop services	187,945	195,078	192,575	204,278
- General departmental expenses	8,196	8,825	8,400	9,513
Other Charges				
- Rents and management charges for properties (other than quarters)	723,949	797,831	733,686	731,833
	1,612,364	1,783,084	1,668,047	1,750,621

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2011	Revised estimated expenditure for 2011-12	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	958	Review of property management service delivery	750	—	—	750
		Total	750	—	—	750
			<u>750</u>	<u>—</u>	<u>—</u>	<u>750</u>